



HONG LAI HUAT
GROUP LIMITED

SGX MAINBOARD (CTO.SI)

逢來發集團有限公司

2025

ANNUAL REPORT



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CORPORATE PROFILE ►►

Hong Lai Huat Group Limited is a real estate and property developer with an established track record of over 38 years.

Incorporated in 1988, the Group has successfully completed numerous projects across Singapore, spanning public and private residential developments as well as commercial and industrial properties. Notable developments in Singapore include D'Ecosia, D'Fresco, D'Castilia, D'Almira, D'Lithium, D'Kranji Farm Resort and D'Centennial.

In 2008, the Group expanded into the agricultural sector in the Kingdom of Cambodia, where it established its agriculture division and developed over 10,000 hectares of land dedicated to the cultivation, processing and export. The project was subsequently disposed of for approximately S\$50 million in FY2024.

In 2015, the Group established its property division in Cambodia with the launch of its first freehold mixed-use development in the Kingdom known as D'Seaview. One of the first and largest mixed-use developments in Sihanoukville, it comprises 737 residential units and 67 commercial units. Construction was fully completed in FY2020.

Building on the success of D'Seaview, the Group launched its second freehold mixed-use joint venture development, Royal Platinum, in FY2019. Located in the Toul Kork district of Phnom Penh, Cambodia's capital city, the project comprises 851 residential units and 50 commercial units. Construction was fully completed in FY2024. The Group subsequently acquired a third plot of land in Toul Kork and a minority interest in a fourth plot of land in Sihanoukville. These land banks are being held for future development, subject to prevailing market conditions.

Hong Lai Huat Group Limited has been listed on the Mainboard of the Singapore Exchange since 21 June 2000.



OUR PRESENCE ►►



MESSAGE TO SHAREHOLDERS BY INDEPENDENT CHAIRMAN OF THE BOARD AND EXECUTIVE DEPUTY CHAIRMAN & GROUP CEO ►

The Board has remained committed to strengthening corporate governance across all business divisions of the Group. In particular, we have focused on supporting the management team's initiatives to enhance operational efficiency, optimise asset utilisation, and pursue sustainable growth opportunities.



DEAR SHAREHOLDERS,

On behalf of the Board of Directors and the Management Team, we are pleased to present the Annual Report of Hong Lai Huat Group Limited for the financial year ended 31 December 2025.

Financial Performance & Resilience

After navigating several years of challenging market conditions, the Group has demonstrated resilience and made encouraging progress toward recovery. Despite regional uncertainties, including the impact of the Thailand-Cambodia conflict, we achieved improved revenue and gross profit, as well as net profit compared to financial year 2024.

This progress reflects the continued efforts of the Board and Management to maintain disciplined financial management while adapting to evolving market dynamics. The Group remains focused on strengthening its financial position and maintaining operational stability amid ongoing economic uncertainties.

Strategic Progress

During the year, the Board worked closely with Management to support initiatives aimed at enhancing operational efficiency, optimising asset utilisation, and advancing sustainable growth opportunities across the Group's business divisions.

Within the Property Division, while market conditions in Cambodia remain challenging, the Group has continued to make steady progress in securing sales and maintaining a stable rental portfolio. Management has also worked closely with partners and marketing agents to adapt to the evolving property market environment. In line with our strategy to enhance recurring revenue and optimise asset utilisation, development properties were reclassified as long-term investment properties.

The Marble Mining Division delivered promising results during the year, supported by improved stone yield and stronger operational efficiency. These developments demonstrate the value of the Group's strategy to diversify

its revenue streams while maintaining prudent operational management. The division is expected to progressively scale up production and sales in the coming periods.

ESG & Sustainability Commitment

The Board remains committed to strengthening corporate governance and upholding high standards of accountability across all business operations. We recognise that responsible governance, environmental stewardship, and social responsibility are critical components of long-term value creation.

The Group continues to integrate sustainable practices into its operations, ensuring that business growth is balanced with responsible resource management and the interests of our stakeholders.

Looking Ahead with Confidence

Looking ahead, the Board will continue to exercise vigilance in overseeing the Group's strategic direction and operations. While uncertainties in the regional and global economic environment remain, we will continue to collaborate closely with our marketing agent and business partners to drive sales initiatives, while maintaining prudent cost management and margin preservation. We are confident that the Group's disciplined approach, strengthened governance framework, and resilient business model will position us well for sustainable growth.

On behalf of the Board, we would like to express our sincere appreciation to our fellow Directors, the management team, employees, business partners, and shareholders for their continued commitment and support. Together, we will continue to navigate future challenges with diligence, prudence, and a focus on long-term value creation.

Thank you.

MR ALLEN NG KIAN GUAN
*Independent Chairman
of the Board*

DATO DR ONG BEE HUAT, PBM
*Executive Deputy Chairman
and Group CEO*

OPERATIONS REVIEW ►►



REVIEW OF FINANCIAL PERFORMANCE

Revenue

Revenue increased to S\$2.78 million in FY2025 from S\$0.10 million in FY2024, mainly attributable to S\$0.68 million sales of completed development properties at D'Seaview in Sihanoukville, Cambodia. In addition, the Group recorded revenue of S\$1.79 million from the sale of marble blocks in Cambodia and S\$0.31 million from rental income on investment properties, reflecting contribution from these revenue streams.

Other income

Other income increased to S\$3.66 million in FY2025 from S\$1.21 million in FY2024, primarily due to higher interest income from bank deposits, increased rental income, and forfeited deposits recognised during the financial year.

Administrative expenses

Administrative expenses increased by S\$1.00 million from S\$4.85 million in FY2024 to S\$5.85 million in FY2025, mainly due to higher legal and professional fees incurred and higher depreciation expenses in FY2025.

Write-down of development properties

The Group recognised a write-down of S\$1.44 million on the carrying amount of freehold development land following a decrease in its fair value.

Gain on transfer of development properties to investment properties

The Group recognised a gain of S\$16.90 million in FY2025 upon the reclassification of development properties to investment properties, representing the difference between the previous carrying amount and the fair value at the date of transfer.

Other expenses

Other expenses increased by S\$0.36 million to S\$0.93 million in FY2025 from S\$0.57 million in FY2024, primarily due to foreign exchange losses arising from the weakening of the US dollar against the Singapore dollar.

Finance costs

Finance costs decreased by S\$0.61 million to S\$0.06 million in FY2025 from S\$0.67 million in FY2024, in line with lower borrowings following loan repayments.

Share of profit of a joint venture

The Group's share of profit of a joint venture decreased by S\$1.77 million from S\$3.69 million in FY2024 to S\$1.92 million in FY2025, mainly due to fewer units sold from the Royal Platinum project.

OPERATIONS REVIEW ►

Result for the financial year

The Group recorded a profit attributable to equity holders of S\$14.67 million in FY2025, compared to a loss of S\$12.93 million in FY2024. The improvement was primarily driven by the gain on transfer of development properties to investment properties of S\$16.90 million, higher gross profit, lower write-down on development properties, and the absence of losses from discontinued operations recorded in FY2024, partially offset by a lower share of profit from a joint venture.

REVIEW OF FINANCIAL POSITION

Assets

Total Group assets increased by S\$6.56 million to S\$117.16 million as at 31 December 2025.

Other receivables and deposits decreased mainly due to partial collection of the HLHA disposal consideration amounting to US\$2.60 million (equivalent to S\$3.50 million).

Development properties decreased primarily due to a write-down of S\$1.44 million and the reclassification of completed development properties held for sale to investment properties of S\$16.39 million, following a change in use.

The reclassified investment properties are measured at fair value based on valuations performed by independent professional valuer. Accordingly, a gain on transfer of development properties to investment properties of S\$16.90 million was recognised, resulting in a carrying amount of S\$33.29 million as at the end of FY2025.

Non-current other receivables represent guaranteed interest-bearing deposits placed with a microfinance institution for a tenure of two years. The deposits accrue interest at 9% per annum and are repayable in full upon maturity in June 2027.

Liabilities

Total Group liabilities decreased by S\$3.23 million to S\$2.48 million as at 31 December 2025.

Other payables and accruals decreased mainly due to payments made for other payables and amounts due to a joint venture during the year.

Borrowings decreased mainly due to repayment of bank loans and loan from controlling shareholder.

Lease liabilities increased mainly due to the acquisition of motor vehicles under hire purchase arrangements.

REVIEW OF CASH FLOW STATEMENT

Net cash used in operating activities amounted to S\$4.58 million in FY2025, compared to S\$5.16 million in FY2024. The lower net cash outflow was primarily due to higher operating cash inflows arising from increased sales in FY2025, which contributed to improved gross profit.

Net cash from investing activities was S\$1.73 million in FY2025, mainly due to the net proceeds from the disposal of subsidiaries, HLHA and interest income received, partially offset by the placement of guaranteed interest-bearing deposits and purchase of property, plant and equipment and intangible assets.

Net cash used in financing activities was S\$1.77 million in FY2025, mainly due to repayment of borrowings, share buyback exercise and purchase of right-of-use assets during the year.

As a result, cash and cash equivalents decreased by S\$4.63 million from the end of the previous year to S\$21.58 million as at 31 December 2025.

BOARD OF DIRECTORS ►►



MR ALLEN NG KIAN GUAN

Independent Director and Non-Executive Chairman
Chairman of the Audit Committee

Mr Ng has over 30 years of experience in banking and finance with strong expertise in credit and marketing. He is a Lead Independent Director of International Cement Group, a listed company on the mainboard of Singapore Exchange and Non-Executive Chairman of China Vered Financial Holdings Corporation Ltd, a financial institutions listed in the main board of Hong Kong Stock Exchange. He was Senior Banker of Shanghai Pudong Development Bank from October 2021 to September 2022. He was the Deputy Chief Executive Officer of Maybank Singapore from August 2014 to June 2021, while serving simultaneously as the Head of Corporate Office from September 2011 to December 2018. Prior to this, he led and oversaw various portfolios at the bank including Corporate Banking, Risk Management, Remedial Management, and Group Credit Management.

Mr Ng holds a Bachelor of Business Administration from the National University of Singapore. He also holds an Executive Diploma in Directorship from the Singapore Management University and Singapore Institute of Directors (“SID”) and is an accredited director under the SID Accreditation Framework.



DATO DR ONG BEE HUAT, PBM

Executive Deputy Chairman and Group CEO

Dato' Dr Ong is the founder of the Group. He is responsible for the Group's overall strategic direction and planning as well as business development. Dato' Dr Ong is recognised as an outstanding entrepreneur and for his leadership. He was conferred the “Dato” title by the Sultan of Pahang, Malaysia on 15 January 2000 and awarded the Doctor of Business Administration in 2001 by Wisconsin International University of the United States.

BOARD OF DIRECTORS ►



MR. ONG JIA JING, DYLAN

Executive Director and Chief Strategy Officer

Mr Ong Jia Jing was appointed to the Board on 1 September 2020 and currently serves as Chief Strategy Officer and Executive Director of the Company. He is responsible for the Group's overall strategic direction, business development initiatives and future growth planning, as well as overseeing the Marble Mining Division.

In addition, Mr Ong plays a key role in shaping and executing the Group's long-term expansion strategies, including strengthening market penetration and enhancing the Group's business presence in the Indo-China region and beyond. He also works closely with the management team in evaluating new investment opportunities and driving sustainable growth across the Group's core business segments.



MR. DARRELL LIM CHEE LEK

Independent Director
Chairman of the Remuneration Committee

Mr Darrell Lim was appointed as an Independent Director of our Company on 1 May 2025. He has more than 20 years of capital markets experience and is a partner of ICH Group, where he focuses primarily on helping companies, both publicly-listed and privately-held, scale for long term sustainable growth.

Certified by the Singapore Institute of Directors as a Senior Accredited Director, Mr Darrell currently serves as non-executive director on several SGX-listed, MAS-licensed, and privately-held companies. He holds degrees from Oxford University (UK), Sydney University (Australia) and the National University of Singapore. Additionally, Mr Darrell has completed the SMU-SID Directors Program conducted by the Singapore Management University.



MR. DANIEL DING YEN SHEE

Independent Director
Chairman of the Nominating Committee

Mr Daniel Ding was appointed as an Independent Director of our Company on 1 May 2025. He has more than 20 years of construction and international real estate experience, and has held senior executive roles in listed construction and development companies, as well as REIT management companies such as Soilbuild Group, Mapletree Logistics Trust and Knight Frank.

Mr Daniel is the founder and CEO of Infracore Industries and DH Legacy, with a particular focus on the built environment such as infrastructure engineering and real estate investment respectively. He is also an adjunct lecturer in the Singapore University of Social Sciences specializing in real estate investment and project development and management.

Mr Daniel graduated from Nanyang Technological University with a degree in Civil and Environmental Engineering, and subsequently completed his Masters in Business Administration with a specialisation in Strategy from Nanyang Business School. Additionally, he has completed the Listed Entity Programme which is supported by the Singapore Exchange.

KEY DEVELOPMENTS ►►



OUR PORTFOLIO OF PROJECTS IN CAMBODIA

PROJECT ROYAL PLATINUM

Royal Platinum is the Group's second mixed use development in Cambodia, located in Phnom Penh, the capital city. This project represents a significant milestone in the expansion of the Group's property division within the Kingdom. It is designed to deliver premium urban residences in Toul Kork District, one of the most prestigious residential areas in the capital.

Royal Platinum is a joint venture between the Group and Royal Group of Companies in Cambodia. The development comprises 851 residential units and 50 commercial units, with construction fully completed in FY2024.

Positioned as a landmark in Toul Kork, Royal Platinum offers luxurious living spaces supported by comprehensive lifestyle facilities. These include a clubhouse of over 100,000 square metres, one of the largest in the capital, featuring a whisky and cigar bar, karaoke rooms, steam and sauna facilities, swimming pools, meeting rooms, a Chinese restaurant, gymnasium, sky bar and golf simulator. The project reflects the Group's commitment to delivering quality developments that integrate comfort, convenience and modern amenities.



KEY DEVELOPMENTS ►

PROJECT D'SEAVIEW

D'SEAVIEW is the Group's first freehold mixed use development in Cambodia, strategically located in Sihanoukville. The project comprises 737 residential units and 67 commercial units, developed to meet the growing demand for quality residential and commercial space in this vibrant coastal city. Construction of the entire development was completed in FY2020, with both residential and commercial components thoughtfully designed to provide modern living and business environments.

To date, 80 percent of the residential and commercial units have been sold. The remaining 20 percent have been reclassified as investment properties in October 2025 following a strategy review by the Group and are held for leasing purposes. This allows the Group to generate recurring rental income and maximise returns while retaining flexibility to reassess disposal opportunities in response to future market conditions. The successful completion of the development and continued leasing activities underscore the long-term viability and value of this landmark project in Sihanoukville.

MARBLE MINING DIVISION

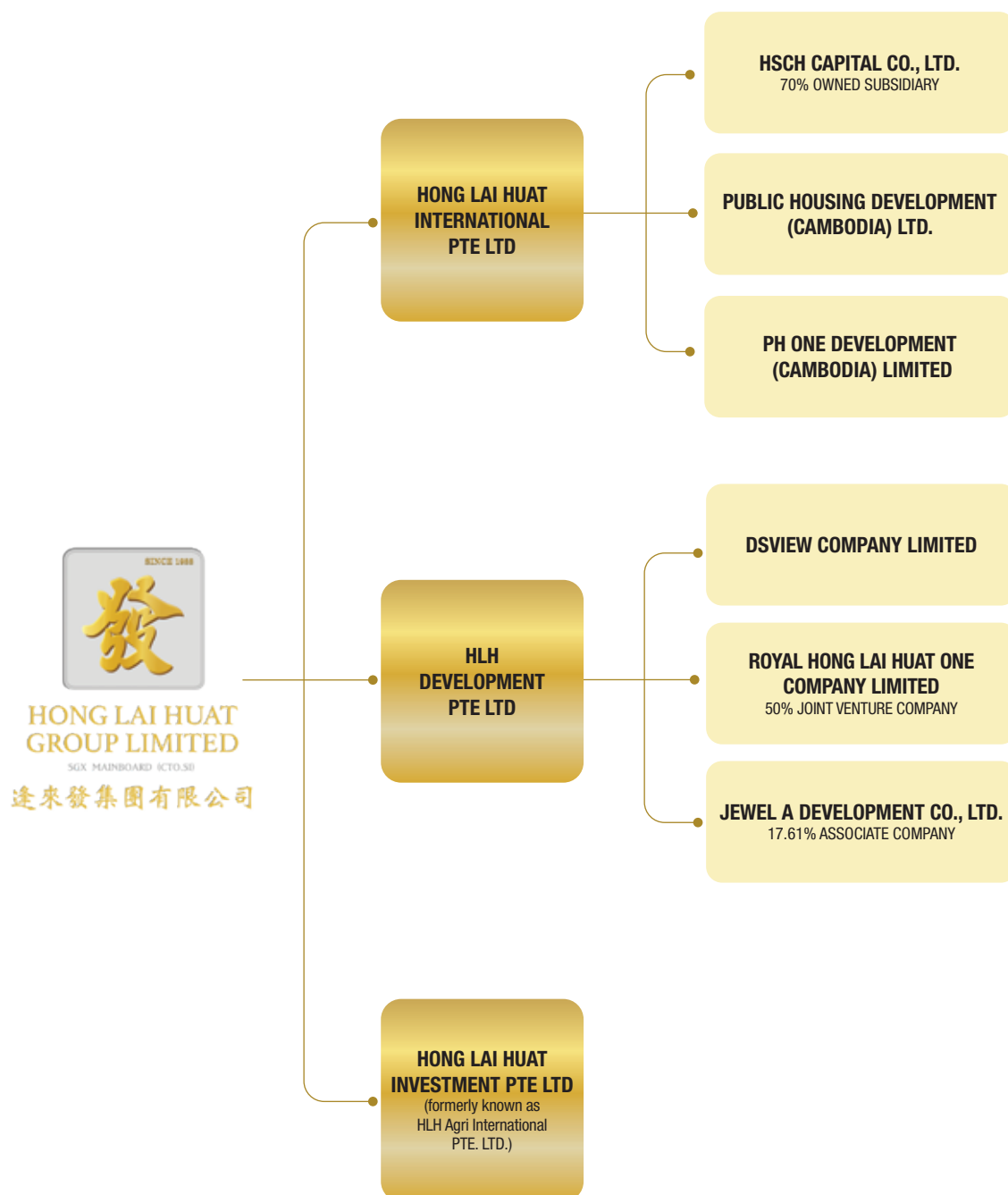
In FY2025, the Marble Mining Division ramped up operations to approximately 30% capacity and contributed over 50% of the Group's total revenue, marking a key milestone in its diversification strategy and strengthening overall revenue streams.

During the initial phase, marble production demonstrated steady growth. Under the current operating model, a subcontractor undertakes extraction activities, while the Division manages exports to customers in China for further processing. In the first year, a total of 667 containers were exported, with volumes expected to increase progressively.

Looking ahead, the Division plans to scale up production from its existing quarry pit, alongside the development of an additional pit. It is also exploring opportunities to establish on-site processing capabilities, converting raw marble blocks into finished marble tiles, subject to favourable conditions, to enhance operational efficiency and capture greater value across the supply chain.



CORPORATE STRUCTURE ►►



CORPORATE INFORMATION ►►

DIRECTORS

Dato Dr Ong Bee Huat, PBM
(Executive Deputy Chairman and Group CEO)

Mr Ong Jia Jing
(Executive Director)

Mr Allen Ng Kian Guan
(Independent Director)

Mr Daniel Ding Yen Shee
(Independent Director)

Mr Darrell Lim Chee Lek
(Independent Director)

SECRETARY

Ms Liew Meng Ling

SHARE REGISTRAR & SHARE TRANSFER OFFICE

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REGISTERED OFFICE

10 Bukit Batok Crescent #13-05
The Spire Building
Singapore 658079

BANKERS

RHB Bank Singapore
RHB Cambodia PLC
CIMB Bank PLC
United Overseas Bank

AUDITORS

Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Engagement partner: Mr Lim Teck Wee
(since financial year ended 31 December 2025)

REPORT ON CORPORATE GOVERNANCE ►

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2018

The Board of Directors (the “Board”) of Hong Lai Huat Group Limited (the “Company”, and together with its subsidiaries, collectively the “Group”) believes that good and well-defined corporate governance establishes and improves internal control, risk management and governance in our organisation and focuses on shareholder value and its creation. The Company has complied in all material respects with the principles and provisions in the Singapore Code of Corporate Governance 2018, last amended on 11 January 2023 (“2018 Code”). We provide a summary of our compliance with the express disclosure requirements in the 2018 Code on pages 28 to 30.

Board Matters

The Board’s Conduct of Affairs

Principle 1. The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board aims to protect and enhance shareholders’ value and to ensure long-term success of the Group. In addition to its statutory duties, the Board focuses on:

- a. providing entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- b. establish a framework of prudent and effective controls which enables risk to be assessed and managed;
- c. review the Management performance; and
- d. set the Company’s values and standards and ensure that obligations to shareholders and other stakeholders are understood and met.

To fulfill its role, the Board would carry out the following activities regularly:

- a. reviewing and approving corporate strategies, financial plans including any investments and divestments;
- b. monitoring and reviewing the performance of the business and annual budgets;
- c. approving the release of the financial results and annual reports of the Group to shareholders;
- d. providing guidance in the overall management of the business and affairs of the Group;
- e. reviewing and approving the recommended remuneration framework and packages for the Board and key executives;
- f. ensuring the Group’s compliance to laws, regulations, policies, directives, guidelines and internal code of conduct; and
- g. approving the nominations to the Board of Directors by NC.

The Board has adopted a set of explicit guidelines on matters that require its approval. Matters of strategic importance that require Board approval include:

- The Group’s strategic plans
- The Group’s annual operating plan and budget
- Full-year and half-year financial results
- Dividend policy and payout

REPORT ON CORPORATE GOVERNANCE ►

- Issue of shares
- Board succession plans
- Succession plans for Senior Management, including appointment of and compensation for Group CEO
- Underlying principles of long-term incentive schemes for employees
- Acquisitions and disposals of investments exceeding material limits
- Capital Expenditures exceeding certain material limits

Board Meetings

The Board conducts regular scheduled meetings on a half-yearly basis to coincide with the announcements of the Group's half yearly results. Ad-hoc meetings may be convened to discuss and update on matters including the development of major investments, strategic plans, evaluating the adequacy of internal controls, risk management and brainstorm on strategic decisions and governance issues. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. Directors are also invited to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations.

The Company permits Directors to attend meetings by way of telephone or video conference under its Constitution. Directors who are unable to attend a Board meeting are provided with briefing materials and can discuss issues relating to the matters to be discussed at the Board meeting with Chairman or the Group CEO. The Board and Board committees may also make decisions by way of circulating resolutions.

All Board and Board Committee meetings are scheduled well in advance of each year in consultation with the Directors. The Non-Executive Directors and Independent Directors set aside time for discussion with the internal auditors and external auditors without the presence of Management at least once a year. Board meetings may include presentations by senior executives and/or external consultants. The Board meets at least 2 times a year and on an ad-hoc basis as warranted by particular circumstances.

The number of Directors and Board Committees meetings and the record of attendance of each Director during the financial year ended 31 December 2025 ("FY2025") are as follows:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee	Shareholders' Meeting
Number of meetings held	3	2	2	1	2
Number of meetings attended:					
Dato Dr Ong Bee Huat, PBM	3	2*	2	1*	2
Mr. Allen Ng Kian Guan	3	2	2	1	2
Mr. Ong Jia Jing	3	2*	2*	1*	2
Mr. Ding Yen Shee Daniel****	2	1	1	–	1
Mr. Darrell Lim Chee Lek****	2	1	1	–	1
Prof. Wong Wen-Young, Winston*** (or his alternate, Dr. Wong Jr. Winston)	1	1*	1*	1*	1
Mr. Lien We King***	1	1	1	1	–
Dr. Lee Bee Wah***	1	1	1	1	1
Mr. Ong Jia Ming**	1	1*	1*	1*	1

* Attended by invitation

** Mr. Ong Jia Ming retired on 30 April 2025

*** Prof. Wong Wen-Young, Winston, Mr. Lien We King and Dr. Lee Bee Wah resigned on 1 May 2025

**** Mr Ding Yen Shee Daniel and Mr Darrell Lim Chee Lek were appointed on 1 May 2025

REPORT ON CORPORATE GOVERNANCE ►

Access to Information

Management recognises that the provision of complete, adequate and timely information on an ongoing basis to the Board is essential for them to make informed decisions and discharge their duties and responsibilities. These information may also be in the form of briefings to the Directors or formal presentations made by the Executive Directors or Senior Management staff in attendance at Board meetings. From time to time, they are furnished with information concerning the Group to enable them to be informed of the development and performance of the Group's business operations. To allow Directors sufficient time to prepare for the meetings, board papers are provided in advance to the Directors to allow adequate time for their preparation for the meetings in order to focus on questions and issues which they may have at the meetings.

In addition, Board members have separate and independent access to the Company Secretary and Senior Management of the Company. The Company Secretary is present at formal meetings when required to answer any query from Directors and to ensure that meeting procedures are adhered to and that applicable rules and regulations are complied with. The Company Secretary assist the Chairman, the Chairman of each Board committee and Management in the development of the agendas for the various Board and Board committee meetings. The appointment and the removal of the Company Secretary is subject to the Board's approval.

Where decisions to be taken by the Board require independent professional advice in furtherance of their duties, the Company will appoint professional advisors with costs borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decision in the best interests of the company.

Currently, the Board comprises five Directors – two Executive Directors, three Independent Non-executive Directors. The Board is supported by various sub-committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively "Board Committees"). Each Board Committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board comprises expertise and competencies from varied fields to complement and reinforce its effectiveness in both the aspect of leading and control as well as bringing valuable experience and advice to contribute to the Group's operations. The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The profile of each of the Directors is disclosed in this Annual Report on pages 5 to 6.

Directors are required to act in good faith and in the interests of the Company. All new Directors appointed to the Board are briefed on the Group's business activities, its strategic direction and policies as well as their statutory and other duties and responsibilities as Directors.

A new director as well as existing directors will be briefed by the Chief Executive Officer ("CEO") from time to time on the development and performance of the Company. The Directors may participate in seminars and/or discussion groups to keep abreast of the latest development which are relevant to the Group. The Directors can sign up and attend appropriate courses, seminars and conferences as well as relevant subscriptions for journals, newsletters or online induction programmes. New Directors without listed company experience would attend programmes run by The Singapore Institute of Directors or other training institutions.

REPORT ON CORPORATE GOVERNANCE ►

Independence

The Board comprises three Independent Non-executive Directors. They are Mr Allen Ng Kian Guan, Mr Ding Yen Shee Daniel and Mr Darrell Lim Chee Lek. The Board, taking into account the views of the NC, assesses the independence of each Director in accordance with the guidance in the 2018 Code and the listing rules of the Exchange. A Director is considered independent if he has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of his independent business judgement in the best interests of the Company. Such relationships include (i) the employment of a Director by the Company, any of its related corporations for the current or any of the past three financial years (ii) a Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Remuneration Committee (iii) a director who has been a director on the Board for an aggregate period of more than nine years (iv) a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the company any of its subsidiaries any significant payments or material services, other than compensation for board services (v) a director or a director whose immediate family member, in the current or immediate past financial year, is or was a substantial shareholder or a partner, or an executive officer of, or a director of, any organization which provided or received from the company or any of its subsidiaries any significant payments or material services (vi) a director who is or has been directly associated with a substantial shareholder of the company in the current or immediate past financial year.

Based on the declarations of independence provided by the Directors and taking into account of the guidance in the 2018 Code, the Board has determined that other than Dato Dr Ong Bee Huat, PBM and Mr Ong Jia Jing who are the Executive Directors, all other members of the Board are considered to be independent Directors.

Diversity

The Company is committed to achieving board diversity and had in its Board Diversity Policy and practices to incorporate a balance of skill, knowledge, experience, background, gender and age in the review of Board composition. The objective of board diversity is to promote the inclusion of different perspectives, ideas and ensure that the Company could benefit from all available talent. The composition of the Board comprises directors with age diversity ranging from 30s to 60s with core competencies in the area of finance, accounting, business acumen, management experience, relevant industry knowledge, technology expertise and familiarity with regulatory requirement and knowledge of risk management, audit and internal controls. The Board recognizes the importance of diversity including gender diversity, in enhancing the effectiveness of board deliberations and decision making. Having considered the current scale and nature of the Company's activities, the Nominating Committee is of the view that the present Board size is appropriate and enables effective and efficient decision making. At this stage, the appointment of additional director solely to achieve gender diversity would increase the Board size beyond what was considered optimal for the Company's current operational needs and governance structure. Nevertheless, the Nominating Committee remains committed to the principle of diversity, including gender representation, as one of the factors in future board renewal.

Under the Board Diversity Policy, the Board strives to have one member with relevant experience in the Group's businesses or markets; and one member with professional qualification in accounting, legal or other professional background or discipline as may be determined by the Board to be necessary and/or beneficial to the Group.

The current Board composition reflects the Company's commitment to Board diversity in terms of different professional experiences, skills, knowledge and gender and any further progress made towards the implementation of the policy will be disclosed in our Corporate Governance Report, as appropriate.

REPORT ON CORPORATE GOVERNANCE ►

DIVERSITY OF THE BOARD

The NC and the Board are of the view that improvements to Board diversity practices are an on-going process and that skill-set and core competencies required of the Board may change over time as the business of the Group develops. Any further progress made towards the implementation of the policy will be disclosed on our Corporate Governance as appropriate.

	Number of Directors	Proportion of Board
Core Competencies		
Accounting, finance, legal	3	60%
Digital Transformation	2	40%
Relevant Industry knowledge or experience	3	60%
Experience in risk management, audit and internal controls	5	100%
Gender		
Male	5	100%
Female	0	0%

Conflict of Interest

The Board puts in place a code of conduct and ethics throughout the organization to ensure proper accountability within the company. An appropriate tone-from-the-top and desired organization culture is practiced. Directors must avoid situations in which their own personal or business interests directly or indirectly conflict or potentially conflict with the interests of the Group. Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she will immediately declare his/her interests immediately by sending a written notice setting out the details of the interest and conflict to the Secretary and/or the Chairman and the notice will be declared at the meeting of the Directors. The director will recuse himself/herself from any discussions on the matter and abstain from participating in any Board decision.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management and no one individual has unfettered powers of decision-making.

The clear division of responsibilities between the Chairman and the Chief Executive Officer ensures a proper balance of power and authority of the Group. Mr. Allen Ng Kian Guan was appointed the Independent Non-Executive Chairman of the Company on 1 May 2025.

To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles of Chairman and CEO are separated. The CEO bears executive responsibility for implementing the Board's decision and policies. In addition, the CEO also supervises and directs the Company's business.

REPORT ON CORPORATE GOVERNANCE ►

The Chairman is responsible for, among other statutory duties,

- a. setting agenda and directing meetings of the Board;
- b. ensuring that the performance of the Board is evaluated regularly, and guides the development needs of the Board;
- c. ascertaining that Board papers or information that were prepared by the Management or Executive Directors to the Board Members are adequate for their review and objective judgment;
- d. reviewing all announcements prior to its release via SGXNet;
- e. exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board as well as between the Company and shareholders;
- f. assisting in ensuring compliance with the guidelines on corporate governance; and
- g. fostering constructive dialogue between shareholders, the Board and Management at AGM and other shareholders meetings.

The CEO of the Company is Dato Dr Ong Bee Huat, PBM. He is the founder of the Company. He is responsible for making strategic plans and setting business objectives for the Company, ensuring the profitability of such plans, and focuses on generating revenues and maintaining profitability of the Company.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board has established a Nominating Committee to make recommendations to the Board for a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of Board.

The NC comprises three Independent Directors and one Executive Director of the Company, Mr Ding Yen Shee Daniel as the Chairman, Mr Allen Ng Kian Guan, Mr Darrell Lim Chee Lek and Dato Dr Ong Bee Huat, PBM as members.

The responsibilities of the NC are:

- a. to determine the criteria and review all nominations for the appointment or re-appointment of members of the Board of Directors, the CEO of the Company, key management personnel, members of the various Board committees, for the purpose of proposing such nominations to the Board for its approval;
- b. to determine annually the independence of the Independent Directors;
- c. to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;
- d. to decide whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company particularly when the Director has multiple Board representations;
- e. to assess the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness to the Board; and
- f. to review training and professional development programs for the Board.

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The procedures and criteria to select a Director are as follows:

- a. the NC evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with the Management, prepares a description of the roles, essential and desirable competencies for a particular appointment;
- b. the NC identifies the need for a new Director taking into consideration the appropriate number of Directors to allow for effective decision-making;
- c. the NC identifies potential candidates who may fill the role, taking into considerations factors such as:
 - complementary to the existing Board composition to ensure that there is an appropriate mix of Directors with different abilities and experiences;
 - value-add to the Board in terms of the skills, knowledge and expertise required by the Group; and
 - ability to commit the necessary time to their position.
- d. the NC conducts formal interview of short listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required;
- e. the NC makes recommendations to the Board for approval; and
- f. the NC approves the appointment and ensures that the announcement is made accordingly.

The NC is also charged with the responsibility of re-nomination, having regard to the Directors' contribution and performance (such as attendance, preparedness, participation and candor), with reference to the results of the assessment of the performance of the individual Director by his peers for the previous financial year.

The Company's Constitution provides that one-third of the Board of Directors is to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM"). It also provides that a newly appointed Director must retire and submit himself for re-election at the forthcoming AGM following his appointment. The NC has reviewed the multiple directorships disclosed by each director of the Company and was of the view that for the role expected of each Director, the existing various directorships of the respective Director has not impinged on his ability to discharge his duties.

Process for Selection and Appointment of New Directors

The NC conducts annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board or as part of ongoing Board renewal process. The NC will review and identify the desired competencies for a new appointment.

Where there is a resignation or retirement of an existing director, the Nominating Committee re-evaluates the Board composition to assess the competencies for the replacement and submits its recommendations to the Board for approval.

A set of criteria has to be determined by the NC to assess all new appointments and the following are some of the criteria generally used:

- (a) knowledge and expertise;
- (b) integrity;
- (c) independent mindset;
- (d) ability to commit time and effort to carry out duties and responsibilities effectively; and
- (e) past achievements and value-add to the company.

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Search

Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from directors and management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

Selection

The NC will shortlist candidates and conducts formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.

The NC undertakes a review process to assess the performance and effectiveness of the Board as a whole, Board Committees and the contribution by individual Directors to the Board. On an annual basis, the Company Secretary assists the NC in the evaluation process, questionnaires were sent by the Company Secretary to the Directors for evaluation of the Board and its Board Committees. All Directors are required to complete evaluation questionnaires on matters such as Board composition, Board processes, Board effectiveness and training, standards of conduct and managing company performance. The findings from this evaluation are presented to the NC and Board for discussion to facilitate improvements to the Board's practices.

Questionnaires are also sent to individual Directors for their self-assessment and factors considered in their assessment include their attendance record, intensity of participation, maintenance of independence, quality of interventions and articulation of thoughts and compliance with corporate governance. In the process, NC will assess the performance of individual directors in their respective roles such as Chairman, CEO, Executive Director, Non-Executive Director and Independent Non-Executive Director.

NC ensures that directors are able to and are adequately carrying out their duties. Where Directors hold other Board directorships and commitments, NC performs a qualitative assessment of the Directors' effective contribution. NC is satisfied that these Directors have allocated sufficient time and resources to the affairs of the Company and are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits. Based on the overall assessment for FY2025, the Board was effective as a whole.

Key information on the Directors including directorships and chairmanships in other listed companies, other major appointments, academic/professional qualifications, membership/chairmanship in the Company's Board Committees, date of first appointment and last re-election, is set out in Table A of page 27 of the Annual Report.

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedures for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and Senior Management.

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The functions of RC include as follows:

- (i) to review periodically and recommend to the Board for endorsement a framework of remuneration policies to attract, retain and motivate Senior Management of the required competency to manage the Group to achieve better performance of the Group;
- (ii) to review and recommend the specific remuneration package for each director and Senior Management including Directors' fees, salaries, allowances, variable bonuses, annual wage supplement, share based incentives and awards, benefits-in-kind and termination payments;
- (iii) to administer long term performance incentive schemes;
- (iv) to perform annual review of the remuneration of employees related to Directors or are employed in managerial positions to ensure that their remuneration packages are in line with our staff remuneration and level of responsibilities; and
- (v) to review the renewal of service agreements of executive Directors and Senior Management to ensure that all aspects of remuneration including termination terms, compensation commitments and notice periods for termination are fair and reasonable.

The RC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Amongst other things, this helps the Company to stay competitive in its remuneration packages. For FY2025, the RC did not require the service of any external consultants.

The RC comprises three Independent Directors, Mr Darrell Lim Chee Lek as the Chairman, Mr Allen Ng Kian Guan and Mr Ding Yen Shee Daniel as members.

No director participates in the deliberation of his/her own remuneration packages and shall abstain on voting on any resolutions pertaining to their remuneration.

Level and Mix of Remuneration Principle

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company.

The RC administers the performance related compensation of the Senior Management and Executive Directors. An appropriate proportion of the Executive Directors and Senior Management's remuneration is structured so that their rewards are linked to performance of the Group and individual key performance. The incentive schemes are designed to align the interests of CEO, Senior Management and employees with the interests of shareholders to promote long-term success of the Company. Employees are given the opportunity to participate in the equity of the Company when they have contributed significantly to the growth and performance of the Company.

The RC is responsible for the administration of the Company's HLH Employee Share Option Scheme 2017 and HLH Performance Share Plan 2017 ("Incentive Schemes"), both of which were approved at an Extraordinary General Meeting on 28 April 2017. RC will determine and approve the allocation of the share options and awards, the date of grant and the price. There were no share options under the Employee Share Option Scheme 2017 during FY2025. No share awards were issued under the Performance Share Plan 2017 during FY2025.

Executive Directors do not receive director's fees and is paid a basic salary and a variable component which is the annual bonus, based on performance of the Group as a whole and their individual performance. Executive Directors are eligible to participate in the Incentive Schemes. There are no termination, retirement and post-employment benefits granted under the contracts of service of the Executive Directors and Senior Management employees. Adjustments to the remuneration package of an Executive Director are subject to review and approval by the RC and the Board. The Company does not have any contractual provisions in the employment contracts for the Company to reclaim incentive components of remuneration from executive directors and Senior Management. The RC viewed that Board incentive rewards are based on achievement of certain specific performance conditions and may not be appropriate to include the "claw-back" provisions in the service agreements.

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The Non-Executive Directors have no service contracts and are paid Directors' fees, the amount of which is dependent on their level of contribution, taking into account factors such as effort, time spent and responsibilities. Non-Executive directors do not participate in the Company's Incentive Schemes. Each of the Non-Executive Director receives a director's fee and the Board Chairman is paid additional basic directors' fee. The Chairman of each Board committee is paid a higher fee compared with members of the committee in view of greater responsibility carried by that office. The Board concurred with RC that the proposed directors' fees for FY2025 are appropriate and not excessive taking into consideration of the Company's level of activities, contributions level of each director and time spent for serving the Board as well as their responsibilities and obligations. The amount of Directors' fees payable to Non-Executive Directors is contingent upon shareholders' approval at the Company's annual general meeting.

The framework of Directors' fee is as follows:

Basic Directors' Fee	\$22,000
Board Chairman	\$3,000
AC Chairman	\$10,000
AC member	\$2,000
NC or RC Chairman	\$4,000
NC or RC member	\$2,000

Disclosure of Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The breakdown of the total remuneration of the directors (including the CEO) for the year ended 31 December 2025 including the breakdown in percentage of the remuneration is set out in the following table:

Name of Directors	Share-Based Remuneration	Salary	Bonus	Other Benefits	Board and Committee Fee	Total \$
Mr. Allen Ng Kian Guan	–	–	–	–	100%	39,000
Dato Dr Ong Bee Huat, PBM	–	80%	6%	14%	–	843,088
Mr. Ong Jia Ming*	–	100%	–	–	–	53,432
Mr. Ong Jia Jing	–	93%	7%	–	–	174,453
Prof. Wong Wen-Young, Winston**	–	–	–	–	100%	3,945
Mr. Lien We King***	–	–	–	–	100%	7,562
Dr. Lee Bee Wah***	–	–	–	–	100%	16,438
Mr. Ding Yen Shee Daniel****	–	–	–	–	100%	20,137
Mr. Darrell Lim Chee Lek****	–	–	–	–	100%	20,137

* Mr. Ong Jia Ming retired as Executive Director on 30 April 2025.

** Prof. Wong Wen-Young, Winston resigned as Non-Executive Vice Chairman and Director on 1 May 2025.

*** Mr. Lien We King and Dr. Lee Bee Wah resigned as Independent Directors on 1 May 2025.

**** Mr. Ding Yen Shee Daniel and Darrell Lim Chee Lek were appointed as Independent Director on 1 May 2025.

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The Directors' fees for the financial year 2024 amounted to \$125,479 were paid in the financial year 2025 after approval by the members at the AGM held on 30 April 2025.

The remuneration of the top five key Management executives (who are not Directors or the CEO) in the bands of \$250,000 with a breakdown of the key components are shown in the table below:

Key Executive	Salary	Bonus	Other Benefits	Total
Below \$250,000				
Mr. Ong Jia Ming	90%	10%	–	100%
Mr. Neo Chee Siong	97%	3%	–	100%
Mr. Leong Kok Shin	100%	–	–	100%
Mr. Mario Allied Talens	92%	8%	–	100%
Mr. Ong Bee Wah	95%	5%	–	100%

For FY2025, the aggregate total remuneration paid to the top five Executive key Management (who are not Directors or the CEO) amounted to \$428,835.

The remuneration of employees who are immediate family members of directors, the CEO or a substantial shareholder of the Company and whose remuneration exceeds \$100,000 during the year is shown in the table below:

Employees and relationship with Director	Remuneration Band	Salary	Bonus	Other Benefits	Total
Mr. Ong Jia Ming Son of Dato Dr Ong Bee Huat, PBM	\$100,000 to \$199,999	93%	7%	–	100%
Mr. Ong Jia Jing Son of Dato Dr Ong Bee Huat, PBM	\$100,000 to \$199,999	93%	7%	–	100%

Accountability and Audit

Risk Management And Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for overseeing risk management and that a sound system of internal controls is in place to safeguard the shareholders' investments and the Company's asset. The Company's internal controls and risk management systems provide reasonable assurance against foreseeable events that may adversely affect the Company's business objectives. However, the Board acknowledges that no internal controls and risk management systems can preclude the occurrence of material misstatements, poor judgement in decision-making, human error, losses, frauds and irregularities. The Company recognises the importance of balancing risks and returns to achieve the optimal level of risk that it can tolerate to prevent any impediment on its business opportunities and strategic priorities. The Company has not put in place a Risk Management Committee. However, the AC conducts regular reviews of the Company's business and operational activities to identify and deliberate on the areas of significant business risks and control measures to constantly improve the processes and standards. The process used by the AC to monitor includes discussions with management on the identified risk areas, review of internal and external audit plans and processes and review significant issues arising from the audits.

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The Company adopts a risk-based approach in formulating the annual audit plan and the plan is reviewed and approved by AC. AC on behalf of the Board performs their review with the internal auditors the Enterprise Risk Management Framework aimed at identifying, filtering, assessing and compiling the enterprise strategies and key risks as well as assessing the general control environment of the Group. From this exercise, the internal audit plan is developed and suitable audit resources are being allocated in priority of risk ranking with a view to achieving an optimal balance between risks and returns. The internal auditors report to AC their evaluation on the organization's internal control systems in the identified risks areas. In their evaluation, the internal auditors will (a) walk through the business process with the process owners to understand the process and identify key internal controls through various methods and perform verifications to supporting source documentation (b) perform a system of controls evaluation on identified high-risk areas within the business processes and (c) review the overall control environment for implementation lapses. Any material non-compliance and internal control weaknesses noted during the internal audit and the recommendations to improve the areas of weakness are reported to the AC as part of the review of the internal control system.

Whilst internal auditors provide assurance that controls over the key risks of the Group are adequate and effective, the external auditors are engaged to provide assurance on the true and fair presentation of the Group's financial statements.

Management is tasked to take appropriate measures to control and mitigate areas of risks and document such measures in the Company's risk management policies. During the year, the AC has reviewed the Company's system of internal controls, including financial, operational, compliance and information technology controls, risk management policies and systems established by the Management.

The Management has put in place reasonably adequate internal control systems to provide the Board with reasonable assurance against material misstatement or loss. The Management provides the Board with detailed reports on the Group's financial performance and related matters on a regular basis. Procedures are in place to ensure that financial information relating to the Group's operations are not false or misleading in order to increase the assurance level of the AC in its review of the half-yearly financial information.

The Board has received assurance from:

- a. the CEO and the Executive Director overseeing the finance function that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- b. the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control system.

In addition, the Board has also relied to a certain extent, the review by the external auditors of the effectiveness of the Company's internal controls that affect significant business processes, to the extent of their scope as laid out in their audit plan. The auditors' recommendations on non-compliance and internal accounting control weakness, if any noted during their audit are reported to the AC.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and review performed by Management as well as the assurances received by the CEO and Executive Director in the abovementioned, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during the year as at 31 December 2025.

The Board and Senior Management officers of the Group also signed a letter of undertaking pursuant to Rule 720(1) of the Exchange's listing rules.

REPORT ON CORPORATE GOVERNANCE ►

Whistleblowing Policy

Management has also implemented the Whistleblowing policy (“Policy”) setting out the procedures which provides for the well-defined mechanism and accessible channel by which employees, vendors, service providers, customers and other stakeholders may in confidence, raise concerns on possible improprieties, misconduct, irregularities or malpractices relating to the Company and its officers without fear of harassment or victimization. The policy is communicated to all employees and all relevant stakeholders at the outset. While the Policy allows anyone to report possible improprieties, it excludes employee grievances or disagreements which are handled by the Company’s Human Resource Division.

The Policy establishes a confidential line of communication to report concerns about possible improprieties to the receiving officer who will first investigate a complain, handle and escalate the reportable concerns. He ensures that there is independent investigation and follow-up, on reports made in good faith. The designated receiving officer is the CEO and the contact details for the channel to reach him is published in the Policy. The Policy also sets out how the complaints are handled and the appropriate disciplinary action to be taken when the alleged violations are substantiated after independent investigation is concluded.

The Company will treat all information received confidentially and protect the identity of all whistleblowers. Non-anonymous whistleblowers will be informed that action has been taken at the conclusion of the investigation without divulging confidential information.

The Policy prohibits unfair treatment or detrimental treatment of any kind against a whistleblower who submits a complaint in good faith. In this instance, the Policy provides that a whistleblower should immediately report those facts to the CEO to facilitate the investigation for appropriate action to be taken.

AC is responsible for the overall oversight and monitoring of the whistleblowing policy and its implementation. Any incidents of complaint in good faith would be submitted for AC’s review and the outcome of each investigation is reported to AC. Whistleblowing is on the agenda at every half yearly AC meeting and AC will review and ensure that independent, thorough investigation and appropriate follow-up actions are taken and documented on reported incidences.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises three Independent Non-executive Directors of the Company, Mr Allen Ng Kian Guan as the Chairman, and Mr Ding Yen Shee Daniel and Mr Darrell Lim Chee Lek who have invaluable professional expertise and managerial experience as members. The AC has a member, Mr Allen Ng Kian Guan (being AC Chairman) who has recent and relevant accounting or related financial management expertise or experience. None of the AC members were former partners or directors of the Company’s existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the audited corporation and none of the AC members hold any financial interests in the auditing firm or auditing corporation.

The AC meets at least two times a year and as warranted by circumstances, to perform the following functions:

- a. reviews the audit plan of the Group’s internal and external auditors;
- b. reviews with the internal and external auditors on their findings, if any, on the Company’s system of internal accounting controls;
- c. reviews with the internal and external auditors on the scope and results of the audit as well as its cost effectiveness;
- d. reviews the co-operation given by the Group’s officers to the internal and external auditors;
- e. reviews with the internal and external auditors on any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company or the Group’s results or financial position;
- f. reviews the half and full-year financial results announcements and annual financial statements of the Group and the external auditors’ report thereon before their submission to the Board for adoption;

REPORT ON CORPORATE GOVERNANCE ►

- g. monitors the extent of the Group's compliance with the Exchange's listing rules;
- h. nominates internal and external auditors for re-appointment and reviews their independence;
- i. makes recommendations to the Board on the remuneration and terms of engagement of the internal and external auditors;
- j. reviews interested person transactions;
- k. reviews the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any announcements relating to the Company's financial performance;
- l. reviews the adequacy and effectiveness of the internal controls including financial, operational, compliance and information technology controls and risk management systems;
- m. reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; and
- n. in accordance with Rule 711B of the SGX-ST Listing Manual, an external consultant was appointed to conduct a review of the sustainability reporting process for identified key material topics in the FY2025 Sustainability Report. AC reviewed all significant audit findings reported, recommendations made and Management's response thereto. Internal Audit will follow up on all recommendations in a timely manner and will report the results to AC.

The AC reviewed and discussed the key audit matters ("KAMs") for FY2025 with Management and the external auditors. In assessing the KAMs, the AC took into consideration the approach, accounting treatment, methodology and key assumptions applied.

The AC has full access to the Company's internal auditor and Management and has full discretion to invite any director or executives to attend its meetings and investigate any matter within its terms of reference. In performing its functions, the AC also reviews the assistance given by the Company's executives to the auditors as well as the independence, adequacy of the internal audit function, its effectiveness and its resources. The AC concurred with the basis and conclusions included in the FY2025 Independent Auditors' Report with respect to the KAMs. The KAMs are set out on pages 38 to 41 in the FY2025 Independent Auditors' Report.

Internal Audit

The Company has outsourced its internal audit function to external audit professionals, Crowe Governance Sdn Bhd. The internal audit functions were carried out in accordance with International Professional Practices Framework issued by The Institute of Internal Auditors Malaysia. Crowe Governance Sdn Bhd is a corporate member of the Institute of Internal Auditors Malaysia and a member firm of Crowe Global, a top 10 global accounting network with member firms in 130 countries. It has significant experience in providing risk consulting services, including internal audit.

The internal audit engagement partner is a chartered member of Malaysian Institute of Internal Auditors and has 28 years of experience in performing internal audits for listed companies in Malaysia and Singapore. The primary reporting line of the internal audit function is to the AC. The internal auditors have unfettered access to all the Company's documents, record, properties and personnel, including the Chairman of the Board, AC, and have appropriate standing within the Company.

External Auditors

The AC oversees the Company's relationship with its external auditor. It reviews the selection of the external auditor and recommends to the Board the appointment, re-appointment and removal of the external auditor, as well as the remuneration and terms of engagement of the external auditors. The annual re-appointment of the external auditor is subject to shareholders' approval at the Annual General Meeting.

REPORT ON CORPORATE GOVERNANCE ►

AC confirms that the Company complied with Rules 712 and 715 of the Listing Manual in relation to its appointment of Baker Tilly TFW LLP (“BT”) as the external auditors of the Company which is registered with the Accounting and Corporate Regulatory Authority. BT are the external auditors of the Company and of its Singapore subsidiaries. The independent overseas member firms of Baker Tilly International, performs the audit of the overseas subsidiaries and joint venture. For FY2025, the external auditors’ remuneration in respect of audit services provided to the Group amounted to \$172,000. There were no non-audit services provided to the Group during the year.

In recommending the re-appointment of auditors, AC takes into consideration various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner, the firm’s other audit engagements and the number and experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. AC also takes into consideration of its ongoing corporate governance initiatives as well as the management of the Company’s overall business costs and expenses to meet the challenges of business climates.

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meeting

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company is committed to treat all shareholders fairly and equitably. All shareholders are provided with rights to attend shareholders’ meetings in the Constitution, relevant laws and regulations. Notice of general meeting is dispatched to shareholders together with explanatory notes or circular on items where necessary. The Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet. The Group’s website at www.honglaihuategroup.com provides information of our products and services, corporate profile and latest information as well as an enquiry section to respond to comments, feedbacks or enquiries.

The Board welcomes questions from shareholders at general meetings and views AGM as the principal forum for dialogue with shareholders. Shareholders are accorded with the opportunity to raise issues, communicate their views and direct their questions to Directors and Management at the general meeting. All directors and Chairpersons of Board Committees are present at AGM and other general meetings of shareholders to assist the Board in addressing shareholders’ questions. Directors’ attendance at shareholders at general meetings held during the financial year are disclosed on page 12 of the Annual Report.

At every AGM, shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy. Shareholders are also informed of the rules, including the voting procedures that govern general meetings. In accordance with Rule 730A(2) of the Exchange’s Listing Rules and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by poll at all of its general meetings. Results and the detailed voting results of each resolutions tabled are announced via SGXNet on the same day after the meeting. Upon the close of voting of a resolution, the poll results including the number and percentage of votes are immediately presented to the shareholders prior to the declaration of the result by the Chairman of the meeting.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are bundled to form one significant proposal, the Company will explain the reasons and the material implications in the notice of meeting. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions passed.

While there is no limit imposed on the number of proxy votes for nominee companies, the Company’s Constitution allows each shareholder to appoint up to two proxies to attend AGMs and any other general meeting. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax as issues concerning authentication, security, privacy and integrity have to be satisfactorily dealt with and resolved.

The Company Secretary prepares minutes of shareholders’ meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. The Company updates the corporate website with the minutes of shareholders’ meeting.

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The Company does not have a formal dividend policy but the Board seeks to balance dividend return to shareholders with the need for long-term sustainable growth and the requirements for short term cash and capital expenditure requirements in proposing a dividend. No dividend has been declared or recommended for the financial year ended 31 December 2025 as the Board of Directors deemed it necessary to preserve cash for working capital.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Shareholders are encouraged to attend the Company's general meetings and sufficient time is given for them to ask questions, to provide their views. Directors and Senior Management hold dialogues with shareholders after the businesses of the general meetings are concluded where views from shareholders would be solicited.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price. Information is disseminated to shareholders on a timely basis through SGXNet announcements, Annual Reports and shareholders circulars, news releases on major developments of the Group, Notices and explanatory notes for AGM and other general meetings, as well as the Company's website. Shareholders could contact the Company's investor relations officers directly with questions and the Company may respond to such questions through such officers. The investors relation contact details are published on the Company's website www.honglaihuatgroup.com/contact-general/.

In accordance with the Exchange's Listing Rules, the Company does not practice selective disclosure and price-sensitive information is publicly released on an immediate basis where required.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company's material stakeholders are its shareholders, customers, employees, regulator and suppliers and engagement with them are set out in its Sustainability Reports.

Stakeholders can access information of the Company through the corporate website which provides corporate announcements, press releases and profiles of Company.

Dealing in Securities

The Group has in place an internal code of conduct which prohibits the Directors, key executives of the Group and their connected persons from dealing in the Company's shares during the "closed window" period – being one month prior to the announcement of the Group's half yearly and full year financial results and ending on the date of the announcement of the results, or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors, key executives and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations. Circulars are issued to all Directors and employees of the Company to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company on short-term consideration and during prohibitive periods.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries as at the end of the financial year involving the interests of any Directors and controlling shareholder in the year under review.

REPORT ON CORPORATE GOVERNANCE ►

Interested Person Transactions

The Company has established procedures to ensure that all interested persons are reported in a timely manner to the AC and that the transactions, if any are conducted at arm's length and not prejudicial to the interest of the shareholders.

There are no interested person transactions between the Company or its subsidiaries and any of its interested persons during the financial year under review.

TABLE A OF THE CORPORATE GOVERNANCE REPORT

Date of Director's initial appointment, last re-election and their present and past directorships

Name of Directors	Age	Date of initial appointment	Date of last election	Present directorships in listed companies	Past (preceding 3 years directorships in listed companies)
Dato Dr Ong Bee Huat, PBM	56	25.06.2007	30.04.2025	Hong Lai Huat Group Limited	N.A.
Mr Allen Ng Kian Guan	69	20.05.2024	30.04.2025	1) Hong Lai Huat Group Limited 2) International Cement Group Limited	N.A.
Mr Ong Jia Jing	31	01.09.2020	28.04.2023	Hong Lai Huat Group Limited	N.A.
Mr Ding Yen Shee Daniel	48	01.05.2025	–	Hong Lai Huat Group Limited	N.A.
Mr Darrell Lim Chee Lek	48	01.05.2025	–	1) Hong Lai Huat Group Limited 2) Prospera Global Limited 3) Coolan Group Limited 4) BRC Asia Limited 5) Hafary Holdings Limited	N.A.

REPORT ON CORPORATE GOVERNANCE ►

SUMMARY DISCLOSURE ON THE CORPORATE GOVERNANCE REPORT FOR FY2025

Provisions	Compliance	Page Reference in Annual Report 2025	Remarks
Provision 1.2 The induction, training and development provided to new and existing directors are disclosed in the Company's annual report.	Yes	Page 13	–
Provision 1.3 Matters requiring board approval are disclosed in the Company's annual report.	Yes	Pages 11 to 12	–
Provision 1.4 The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the Company's annual report.	Yes	Pages 15 to 19 Pages 23 to 24	–
Provision 1.5 The number of Board and board committee meetings and each individual director's attendances at such meetings are disclosed in the Company's annual report.	Yes	Page 12	–
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the Company's annual report.	Yes	Pages 14 to 15	–
Provision 4.3 The Company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the Company's annual report.	Yes	Pages 17 to 18	–
Provision 4.4 If the Board, having taken into account the views of the NC, determine that certain directors are independent notwithstanding the existence of a relationship which may affect his or her independence, the Company discloses the relationships and its reasons in its annual report.	Not applicable	Not applicable	None of the NEIDs has such a relationship. A negative statement is disclosed.

REPORT ON CORPORATE GOVERNANCE ►

Provisions	Compliance	Page Reference in Annual Report 2025	Remarks
Provision 4.5 The Company discloses in its annual report the listed company directorships and principal commitments ⁽¹⁾ of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	Yes	Page 27	Refer to Table A
Provision 5.2 The Company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its directors.	Yes	Page 18	–
Provision 6.4 The Company discloses the engagement of any remuneration consultants and their independence in the Company's annual report.	Yes	Page 19	–
Provision 8.1 The Company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.	Yes	Pages 20 to 21	–
Provision 8.2 The Company discloses the names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds \$100,000 during the year, in bands no wider than \$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	Yes	Page 21	–

¹ The term "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the board of non-active relation corporations, those appointments should not normally be considered principal commitments.

REPORT ON CORPORATE GOVERNANCE ►

Provisions	Compliance	Page Reference in Annual Report 2025	Remarks
Provision 8.3 The Company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries and key management personnel of the Company. It also discloses details of employee share schemes.	Yes	Page 21	–
Provision 9.2 The Board requires and discloses in the Company's annual report that it has received assurance from: (a) the CEO and the Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	Yes	Page 22	–
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year is disclosed in the Company's annual report.	Yes	Page 12	–
Provision 12.1 The Company discloses in its annual report the steps taken to solicit and understand the views of shareholders.	Yes	Pages 25 to 26	–
Provision 13.2 The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Yes	Page 26	–

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

(PURSUANT TO RULE 720(6) AND APPENDIX 7.4.1 OF THE SGX-ST LISTING)

Name of Directors	Ong Jia Jing	Ding Yen Shee Daniel	Darrell Lim Chee Lek
Date of Appointment	01 September 2020	01 May 2025	01 May 2025
Date of last re-election	28 April 2023	–	–
Age	31	48	48
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on the Nominating Committee's ("NC's") recommendation for re-election	Having considered NC's assessment of the performance and contributions of Mr Ong Jia Jing as an Executive Director, the Board agreed with NC's recommendation.	Having considered NC's assessment of the performance and contributions of Mr Ding Yen Shee Daniel as an Independent Non-Executive Director, the Board agreed with NC's recommendation.	Having considered NC's assessment of the performance and contributions of Mr Darrell Lim Chee Lek as an Independent Non-Executive Director, the Board agreed with NC's recommendation.
Whether appointment is executive, and if so, the area of responsibility	Executive Director, Chief Strategy Officer	Non-Executive Director.	Non-Executive Director.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director, Chief Strategy Officer	Independent Director, Chairman of NC, AC Member and RC Member	Independent Director, Chairman of RC, AC Member and NC Member
Professional qualifications	Management Development Institute of Singapore Diploma in International Business (Awarded by Southern Cross University).	Master of Business Administration (Strategy) Nanyang Technology University	Master of Business Administration Master of International Business Bachelor of Mechanical Engineering
Working experience and occupation(s) during the past 10 years	Executive Director of Hong Lai Huat Group Limited	Jan 2025 to present – Founder & CEO of Infracore Industries Pte. Ltd. Jan 2025 to present – Adjunct Faculty Lecturer of Singapore University of Sciences Jan 2020 to Dec 2024 – Head of Knight Frank Singapore Jul 2012 to Aug 2019 – Group CEO of Soilbuild Construction Group Ltd	Jul 2024 to present – Independent Director of Hafary Holdings Limited Sept 2024 to present – Independent Chairman of Prospera Global Limited Aug 2020 to present – Independent Chairman of Coolan Group Limited May 2022 to present – Non-Independent Director of BRC Asia Limited Aug 2019 to present – Co-founder & Non Executive Director of Bright Point Capital Pte. Ltd. Jul 2016 to Jan 2019 – Head of Corporate Coverage of SGX Limited Jul 2013 to Jun 2016 – Head of Investor Relations of SGX Limited

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING ►

(PURSUANT TO RULE 720(6) AND APPENDIX 7.4.1 OF THE SGX-ST LISTING)

Name of Directors	Ong Jia Jing	Ding Yen Shee Daniel	Darrell Lim Chee Lek
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Ong Bee Huat (Executive Deputy Chairman and CEO and substantial shareholder. Father of Ong Jia Jing) Ong Bee Wah (Marble Mining Manager, Uncle of Ong Jia Jing) Ong Jia Ming (Chief Operating Officer. Brother of Ong Jia Jing) Ms Cheryl Ong Jia Hui (CEO Secretary. Sister of Ong Jia Jing)	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including Directorships	Past (for the last 5 years) Nil Present 1) Hong Lai Huat Group Limited 2) HLH Agriculture (Cambodia) Co., Ltd 3) HLHI (Cambodia) Co., Ltd 4) Royal Hong Lai Huat One Company Limited 5) Public Housing Development (Cambodia) Limited 6) PH One Development (Cambodia) Limited 7) DSView Company Limited	Past (for the last 5 years) Nil Present 1) Hong Lai Huat Group Limited 2) Infracore Industries Pte. Ltd. 3) Sedifly Pte Ltd	Past (for the last 5 years) XM Studio Pte. Ltd. Present 1) Hong Lai Huat Group Limited 2) Hafary Holdings Limited 3) Prospera Global Limited 4) Coolan Group Limited 5) BRC Asia Limited 6) E Street Capital Pte. Ltd. 7) Prometheus (S) Pte. Ltd. 8) First APAC Fund VCC 9) Pristine Islands Investment Pte. Ltd. 10) Bright Point Capital Pte. Ltd. 11) Zenera Pte Ltd

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

(PURSUANT TO RULE 720(6) AND APPENDIX 7.4.1 OF THE SGX-ST LISTING)

The general statutory disclosures of the Directors are as follows:

Question	Ong Jia Jing	Ding Yen Shee Daniel	Darrell Lim Chee Lek
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

(PURSUANT TO RULE 720(6) AND APPENDIX 7.4.1 OF THE SGX-ST LISTING)

Question	Ong Jia Jing	Ding Yen Shee Daniel	Darrell Lim Chee Lek
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

(PURSUANT TO RULE 720(6) AND APPENDIX 7.4.1 OF THE SGX-ST LISTING)

Question	Ong Jia Jing	Ding Yen Shee Daniel	Darrell Lim Chee Lek
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No No No No	No No No No	No No No No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Hong Lai Huat Group Limited (the “Company”) and its subsidiaries (the “Group”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2025.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 42 to 92 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2025 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)"); and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are:

Dato Dr. Ong Bee Huat, PBM	(Executive Director)
Mr. Ng Kian Guan	(Lead Independent Director)
Mr. Ong Jia Jing	(Executive Director)
Mr. Darrell Lim Chee Lek	(Independent Director) (Appointed on 1 May 2025)
Mr. Daniel Ding Yen Shee	(Independent Director) (Appointed on 1 May 2025)

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

Name of Directors	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Company				
Dato Dr. Ong Bee Huat, PBM	213,802,465	217,801,465	10,410,833	10,410,833

DIRECTORS' STATEMENT ►

Directors' interest in shares or debentures (Cont'd)

The director, Dato Dr. Ong Bee Huat, PBM, by virtue of Section 7 of the Act is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations and the following not wholly-owned subsidiary corporation:

	Number of ordinary shares	
	At beginning of year	At end of year
HSCH Capital Co., Ltd.	3,500	3,500

The directors' interests in the ordinary shares and share options of the Company as at 21 January 2026 were the same as those as at 31 December 2025.

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit Committee

The members of the Audit Committee ("AC") during the financial year and at the date of this statement are as follows:

Mr. Ng Kian Guan	(Independent Director and Chairman of Audit Committee)
Mr. Darrell Lim Chee Lek	(Independent Director) (Appointed on 1 May 2025)
Mr. Daniel Ding Yen Shee	(Independent Director) (Appointed on 1 May 2025)

The AC carried out its functions in accordance with Section 201B(5) of the Act. The functions performed are detailed in the Report on Corporate Governance as set out in the Annual Report.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Dato Dr. Ong Bee Huat, PBM
Director

Ong Jia Jing
Director

13 April 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONG LAI HUAT GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hong Lai Huat Group Limited (the “Company”) and its subsidiaries (the “Group”) as set out on pages 42 to 92, which comprise the statements of financial position of the Group and of the Company as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

Description of key audit matter:

As at 31 December 2025, the Group’s investment properties comprise a residential property based in Cambodia and amounted to \$33,287,000 (2024: \$Nil).

The investment properties are stated at their fair values based on the valuation performed by the independent valuer.

The independent valuer applied the market approach and determined the fair value by comparing the properties with similar properties for which observable market transaction prices are available. We focused on this area as the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and assessing the reasonableness of the underlying assumptions adopted by the independent valuer, which includes selecting the appropriate comparable transactions and determining the adjustments for differences in terms of location, tenure, size, design and layout, age and condition of buildings, date of transactions and the prevailing market conditions amongst other factors affecting their values.

Given the significance of the investment properties and the significant management judgment in selecting an appropriate valuation methodology and assessing the reasonableness of underlying assumptions adopted by the independent valuer, we considered the valuation of investment properties to be a key audit matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONG LAI HUAT GROUP LIMITED

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Valuation of investment properties (Cont'd)

Our procedures to address the key audit matter:

We obtained an understanding of management's process for determining the fair value of the investment properties and evaluated the objectivity, capability and competence of the independent valuer engaged by the Group, including management's own assessment of the valuation, where they applied their business knowledge and consideration of the current market conditions to evaluate the assumptions adopted by the independent valuer.

We held discussions with the independent valuer to understand the valuation methodology used and compared them against prevailing industry norms for similar property types. We evaluated the reasonableness of the key inputs used by the independent valuer in the valuation report. This included corroborating market-based inputs, such as prices of comparable plots and properties, against independently sourced industry data, taking into account their relevance, comparability and the prevailing market conditions. We also assessed the adequacy of the disclosures in the financial statements relating to the valuation of investment properties in describing the inherent subjectivity and key assumptions used in the estimates on the valuation of investment properties. The significant estimates applied in determining the fair value of investment properties, and disclosures for key assumptions used, are included in Note 15 to the financial statements.

Net realisable value of development properties

Description of key audit matter:

As at 31 December 2025, the carrying value of the Group's development properties amounted to \$20,711,000 (2024: \$41,029,000), comprising freehold land held for development and the related development costs.

Development properties are stated at the lower of cost and net realisable values. The determination of the carrying value, including whether an allowance for write-down is required, is highly dependent on the estimated selling price of the freehold land. This estimation is based on valuations performed by an independent valuer as described in Note 3 to the financial statements.

Based on management's assessment, a write-down on development properties of \$1,436,000 (2024: \$6,051,000) was recognised in the Group's profit or loss for the financial year ended 31 December 2025.

We identified this as a key audit matter because the assessment of net realisable value requires significant management judgement in selecting an appropriate valuation methodology and assessing the reasonableness of underlying assumptions adopted by the independent valuer.

Our procedures to address the key audit matter:

We obtained an understanding of management's process for assessing the net realisable value of development properties and evaluated the objectivity, capability and competence of the independent valuer engaged by the Group. We reviewed management's oversight of the valuation process, including how they applied their business knowledge and considered current market conditions to evaluate the appropriateness of the market comparison approach and the underlying assumptions adopted by the valuer.

We held discussions with the independent valuer to understand the valuation methodology used and to benchmark these against prevailing market practices applied to similar property types. We evaluated the reasonableness of the key inputs used by the independent valuer in the valuation report. This included corroborating market-based inputs, such as prices of comparable plots and properties, to independently sourced industry data, taking into account their relevance, comparability and the prevailing market conditions. We evaluated the reasonableness of the cost of disposal used in determining the net realisable value of development properties. This included assessing the nature and components of costs considered by management and comparing these to historical actual disposal costs incurred for similar property types where available. We also assessed the adequacy of the disclosures in the financial statements relating to the valuation of development properties in describing the inherent degree of subjectivity and key assumptions used in the estimates on the valuation of development properties. The significant estimates applied in determining the net realisable value of development properties, and disclosures for key assumptions used, are included in Note 3 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONG LAI HUAT GROUP LIMITED

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONG LAI HUAT GROUP LIMITED

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lim Teck Wee.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

13 April 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		Group	
	Note	2025 \$'000	2024 \$'000
Continuing operations			
Revenue	4	2,781	102
Cost of sales		(1,264)	(87)
Gross profit		1,517	15
Other income	5	3,655	1,205
Distribution and selling expenses		(120)	(3)
Administrative expenses		(5,846)	(4,852)
Bad debts written off		(413)	–
Write-down of development properties	21	(1,436)	(6,051)
Gain on transfer of development properties to investment properties	15	16,901	–
Other expenses		(931)	(574)
Finance costs	6	(55)	(668)
Share of loss of an associated company		(333)	(46)
Share of profit of a joint venture	7	1,924	3,691
Profit/(loss) before tax	8	14,863	(7,283)
Income tax expense	10	(118)	(582)
Profit/(loss) from continuing operations		14,745	(7,865)
Loss from discontinued operations, net of tax	11	–	(5,287)
Profit/(loss) for the financial year		14,745	(13,152)
Other comprehensive (loss)/income:			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		(2,736)	1,941
Share of other comprehensive (loss)/income of a joint venture	7	(1,471)	728
Share of other comprehensive (loss)/income of an associated company		(398)	217
Reclassification of currency translation reserve to profit or loss upon disposal of subsidiaries	11	–	3,850
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		15	(4)
Other comprehensive (loss)/income for the financial year, net of tax		(4,590)	6,732
Total comprehensive income/(loss) for the financial year		10,155	(6,420)
Profit/(loss) attributable to:			
Equity holders of the Company		14,676	(12,927)
Non-controlling interests		69	(225)
Profit/(loss) for the financial year		14,745	(13,152)
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit/(loss) from continuing operations		14,676	(7,640)
Loss from discontinued operations		–	(5,287)
		14,676	(12,927)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		10,071	(6,191)
Non-controlling interests		84	(229)
		10,155	(6,420)
Profit/(loss) per share for loss attributable to equity holders of the Company (cents per share)			
From continuing and discontinued operations			
Basic and diluted	12	2.84	(2.50)
From continuing operations			
Basic and diluted	12	2.84	(1.48)
From discontinued operations			
Basic and diluted	12	–	(1.02)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION ►

AT 31 DECEMBER 2025

		Group		Company	
	Note	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	1,493	1,674	207	317
Right-of-use assets	14	672	179	261	–
Investment properties	15	33,287	–	–	–
Intangible assets	16	61	144	–	–
Investment in an associated company	17	6,833	7,564	–	–
Investment in subsidiaries	18	–	–	57,188	58,119
Investment in a joint venture	7	27,277	26,824	–	–
Trade and other receivables	19	2,568	–	–	–
Financial assets at fair value through profit or loss	20	254	254	254	254
Total non-current assets		72,445	36,639	57,910	58,690
Current assets					
Trade and other receivables	19	2,405	5,446	108	93
Financial assets at fair value through profit or loss	20	20	20	–	–
Development properties	21	20,711	41,029	–	–
Amounts due from subsidiaries	22	–	–	54,040	57,556
Cash and cash equivalents	23	21,576	27,459	3,960	7,120
Total current assets		44,712	73,954	58,108	64,769
Total assets		117,157	110,593	116,018	123,459
EQUITY AND LIABILITIES					
LIABILITIES					
Non-current liabilities					
Lease liabilities	24	253	77	98	–
Deferred tax liabilities	25	17	17	17	17
Total non-current liabilities		270	94	115	17

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION ►

AT 31 DECEMBER 2025

		Group		Company	
	Note	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
LIABILITIES					
Current liabilities					
Amounts due to subsidiaries	22	–	–	14,052	19,527
Lease liabilities	24	103	35	35	–
Borrowings	26	–	613	–	613
Trade payables	27	–	387	–	–
Other payables and accruals	28	2,104	3,870	367	600
Contract liabilities	29	–	126	–	–
Loan from controlling shareholder	30	–	353	–	–
Tax payable		3	236	–	–
Total current liabilities		2,210	5,620	14,454	20,740
Total liabilities		2,480	5,714	14,569	20,757
EQUITY					
Share capital	31	120,666	121,023	120,666	121,023
Accumulated losses		(2,299)	(16,975)	(18,758)	(17,862)
Capital reserve	32	414	414	(459)	(459)
Foreign currency translation reserve	32	(3,975)	630	–	–
Equity attributable to owners of the Company		114,806	105,092	101,449	102,702
Non-controlling interests	18	(129)	(213)	–	–
Total equity		114,677	104,879	101,449	102,702
Total equity and liabilities		117,157	110,593	116,018	123,459

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ►►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Attributable to equity holders of the Company						
	Share capital \$'000	Accumulated losses \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Group							
2025							
Balance at 1 January 2025	121,023	(16,975)	414	630	105,092	(213)	104,879
Profit for the financial year	–	14,676	–	–	14,676	69	14,745
<i>Other comprehensive (loss)/income</i>							
Currency translation differences arising on consolidation	–	–	–	(2,736)	(2,736)	15	(2,721)
Share of other comprehensive loss of a joint venture	–	–	–	(1,471)	(1,471)	–	(1,471)
Share of other comprehensive loss of an associated company	–	–	–	(398)	(398)	–	(398)
Total comprehensive income/(loss) for the financial year	–	14,676	–	(4,605)	10,071	84	10,155
<i>Transactions with owners, recognised directly in equity:</i>							
Share buyback and cancellation (Note 31)	(357)	–	–	–	(357)	–	(357)
Balance at 31 December 2025	120,666	(2,299)	414	(3,975)	114,806	(129)	114,677
2024							
Balance at 1 January 2024	121,023	(4,048)	414	(6,106)	111,283	–	111,283
Loss for the financial year	–	(12,927)	–	–	(12,927)	(225)	(13,152)
<i>Other comprehensive income/(loss)</i>							
Currency translation differences arising on consolidation	–	–	–	1,941	1,941	(4)	1,937
Share of other comprehensive income of a joint venture	–	–	–	728	728	–	728
Share of other comprehensive income of an associated company	–	–	–	217	217	–	217
Currency translation differences reclassified to profit or loss upon disposal of subsidiaries	–	–	–	3,850	3,850	–	3,850
Total comprehensive (loss)/income for the financial year	–	(12,927)	–	6,736	(6,191)	(229)	(6,420)
<i>Transactions with owners, recognised directly in equity:</i>							
Contribution of equity by non-controlling shareholders	–	–	–	–	–	16	16
Balance at 31 December 2024	121,023	(16,975)	414	630	105,092	(213)	104,879

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY ►►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Share capital \$'000	Accumulated losses \$'000	Capital reserve \$'000	Total equity \$'000
Company				
2025				
Balance at 1 January 2025	121,023	(17,862)	(459)	102,702
Loss for the financial year, representing total comprehensive loss for the financial year	–	(896)	–	(896)
<i>Transactions with owners, recognised directly in equity:</i>				
Share buyback and cancellation (Note 31)	(357)	–	–	(357)
Balance at 31 December 2025	120,666	(18,758)	(459)	101,449
2024				
Balance at 1 January 2024	121,023	(16,621)	(459)	103,943
Loss for the financial year, representing total comprehensive loss for the financial year	–	(1,241)	–	(1,241)
Balance at 31 December 2024	121,023	(17,862)	(459)	102,702

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Group	
	2025 \$'000	2024 \$'000
Cash flows from operating activities		
Profit/(loss) before tax		
– Continuing operations	14,863	(7,283)
– Discontinued operations	–	(5,287)
	14,863	(12,570)
Adjustments for:		
Depreciation of property, plant and equipment	310	537
Depreciation of right-of-use assets	156	1,375
Amortisation of intangible assets	118	100
Gain on transfer of development properties to investment properties	(16,901)	–
Write-down of development properties	1,436	6,051
Bad debts written off	413	–
Gain on disposal of property, plant and equipment	(6)	(121)
Gain on disposal of right-of-use assets	–	(253)
Loss from disposal of subsidiaries	–	2,997
Net loss on change in fair value of financial assets at fair value through profit or loss	–	9
Foreign exchange adjustments	1,174	284
Interest income	(983)	(85)
Interest expense	55	668
Net gain on repossession of development properties	–	(82)
Property, plant and equipment written off	13	80
Share of loss of an associated company	333	46
Share of profit of a joint venture	(1,924)	(3,691)
Operating cash flows before movement in working capital	(943)	(4,655)
Trade receivables and contract assets	(542)	94
Other receivables and deposits	(482)	330
Prepayments	110	153
Development properties	386	89
Trade payables and contract liabilities	(373)	(17)
Other payables and accruals	(1,783)	(1,225)
Currency translation adjustments	(615)	308
Cash used in operations	(4,242)	(4,923)
Income tax paid	(341)	(238)
Net cash used in operating activities	(4,583)	(5,161)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Group	
	2025 \$'000	2024 \$'000
Cash flows from investing activities		
Interest received	983	85
Loan to third party	(2,568)	–
Purchase of property, plant and equipment	(181)	(412)
Purchase of intangible assets	(42)	(244)
Proceeds from disposal of property, plant and equipment	14	314
Proceeds from disposal of right-of-use assets	–	294
Proceeds from the disposal of subsidiaries, net of disposal transaction costs (Note A)	3,520	39,461
Net cash generated from investing activities	1,726	39,498
Cash flows from financing activities		
Interest paid	(55)	(668)
Contribution of equity by non-controlling shareholders	–	16
Repayment of controlling shareholder loan	(341)	(545)
Purchase of right-of-use assets (Note B)	(339)	–
Share buyback and cancellation	(357)	–
Proceeds from loan from controlling shareholder and payment on behalf	–	340
Repayment of bank loans	(613)	(7,586)
Repayment of lease liabilities	(66)	(162)
Net cash used in financing activities	(1,771)	(8,605)
Net (decrease)/increase in cash and cash equivalents	(4,628)	25,732
Cash and cash equivalents at beginning of financial year	27,459	1,617
Effects of exchange rate changes on cash and cash equivalents	(1,255)	110
Cash and cash equivalents at end of financial year	21,576	27,459

	Group	
	2025 \$'000	2024 \$'000
<u>Note A: Proceeds from the disposal of subsidiaries</u>		
Consideration received, satisfied by cash	3,520	45,228
Less: Disposal transaction costs	–	(5,767)
Net cash inflow for disposal of subsidiaries	3,520	39,461
<u>Note B: Purchase of right-of-use assets</u>		
Aggregate cost of right-of-use assets acquired (Note 14)	649	–
Less: New lease liabilities (Note 24)	(310)	–
Net cash outflow for purchase of right-of-use assets	339	–

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

Hong Lai Huat Group Limited (the “Company”) (Co. Reg. No. 199905292D) is domiciled and incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited. The Company’s registered address and principal place of business is at 10 Bukit Batok Crescent, #13-05 The Spire Building, Singapore 658079.

The principal activity of the Company is that of investment holding.

The principal activities of the Company’s subsidiaries are disclosed in Note 18.

2. MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar (“\$”), which is the Company’s functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand (“\$’000”) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of trade and other receivables, cash and cash equivalents, trade payables, other payables and accruals, amounts due from/to subsidiaries, loan from controlling shareholder, and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) that are relevant to its operations and effective for the current financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (Cont'd)

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2025 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below:

SFRS(I) 18 Presentation and Disclosure in Financial Statements

SFRS(I) 18 will replace SFRS(I) 1-1 *Presentation of Financial Statements* for annual reporting period beginning on or after 1 January 2027, with earlier application permitted. It requires retrospective application with specific transition provisions.

The new standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present subtotals and totals for “operating profit”, “profit or loss before financing and income taxes”, and “profit or loss” in the statement of profit or loss.
- Management-defined performance measures (“MPMs”) are disclosed in a single note within the financial statements. This note includes details on how the measure is calculated, the relevance of the information provided to users, and a reconciliation to the most comparable subtotal specified by the SFRS(I).
- Enhanced guidance on aggregating and disaggregating information in financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Company are in the process of assessing the impact of the new standard on the primary financial statements and notes to the financial statements.

b) Revenue recognition

Sale of completed development properties

For sale of completed development properties, revenue is recognised at a point in time when control of the property is transferred to the customers and there is no unfulfilled obligation that could affect the customer acceptance of the property. Control of the property is transferred upon signing of sale and purchase agreement with the customers.

Sale of marble blocks

Revenue from the sale of marble blocks is recognised when control of the marble blocks is transferred to the customer. Control is generally transferred upon shipment of the marble blocks in accordance with the agreed delivery terms with customers, which are typically based on international commercial terms.

Rental income from investment properties

Rental income from investment properties is recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

e) Associated company and joint venture

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in associated company and joint venture are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in associated company and joint venture are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Distributions received from associated company and joint venture are adjusted against the carrying amount of the investment. When the Group's share of losses in the associated company and joint venture equals or exceeds its interest in the associated company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company or joint venture.

f) Investment properties

Investment properties are owned properties that are held for rental income and/or for capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation. Investment properties comprise completed properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined at least annually by the independent valuer on the highest-and-best-use basis. Changes in fair values are recognised in the profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS ►►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

f) Investment properties (Cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party.

g) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis to write off the cost of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Leasehold improvements	10 to 30 years
Building and structure	25 years
Office premises	35 years
Computers	5 years
Furniture and fittings and office equipment	10 years
Machineries and equipment	10 to 20 years
Motor vehicles	3 to 10 years
Renovation	2 to 10 years

No depreciation is provided on freehold land. Leasehold improvements are depreciated evenly over the term of the lease.

h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low-value asset leases (e.g. tablet, personal computers, small items of office equipment, telephones). For these exempted leases, lease payments are recognised as operating expenses on a straight-line basis over the lease term, unless another systematic basis better represents the consumption of economic benefits from the leased assets.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liabilities are presented as a separate line in the statement of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

h) Leases (Cont'd)

When a Group entity is the lessee (Cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

Depreciation for right-of-use assets are charged on the following bases:

Leasehold land and improvements	Over the lease period of 20 to 50 years
Motor vehicles	Over the lease period of 3 to 5 years

When a Group entity is the lessor

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss on the same basis as the lease income.

i) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

i) Financial assets (Cont'd)

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents, trade receivables, other receivables and deposits (excluding non-refundable deposits and prepayments) and amounts due from subsidiaries. These are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristics of the asset.

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Interest income from these financial assets is included in interest income using the EIR method.

Investments in life insurances

The Group's investments in life insurances are classified as FVTPL. Movements in fair values and interest income are recognised in profit or loss in the period in which it arises and presented in "other income".

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

i) Financial assets (Cont'd)

Impairment (Cont'd)

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a “12-month ECL”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a “lifetime ECL”).

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

j) Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group’s own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

k) Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are addressed in subsequent paragraphs).

Investment in an associated company

Management has considered the Group's representation in the board of directors of Jewel A Development Co., Ltd. and contractual terms in the shareholders' agreement, and has determined that the Group has significant influence on Jewel A Development Co., Ltd. even though the Group's shareholding is 17.61% (2024: 17.61%). Consequently, this investment has been classified as investment in an associated company.

The carrying amount of the Group's investment in associated company as at 31 December 2025 is disclosed in Note 17.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of investment in subsidiaries

The Company assesses whether there are any indicators of impairment in investment in subsidiaries, at each reporting date. Investments are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The determination of fair value less costs of disposal involves estimation of the fair values of the underlying assets and liabilities of the subsidiary, less incremental costs for disposing the asset. When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows.

The recoverable amount of the investment in Hong Lai Huat Investment Pte. Ltd. ("HLHAI") was determined to be lower than its carrying amount of \$34,206,000 as HLHAI had been making losses. Accordingly, an impairment loss of \$931,000 (2024: \$1,388,000) was recognised for the financial year. Following this impairment, the carrying amount of the Company's investment in subsidiaries decreased to \$57,188,000 as at 31 December 2025, as disclosed in Note 18.

In performing the impairment assessment, the recoverable amounts are determined based on the estimation of the fair values of the underlying assets and liabilities of HLHAI less costs of disposal. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

Net realisable value of development properties

As at 31 December 2025, the Group's development properties amounted to \$20,711,000 (2024: \$41,029,000), net of allowance for write-down (Note 21). Development properties are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. In estimating the future selling prices of unsold development properties, the Group has taken into account recent selling prices for the development project or comparable projects or independent valuation and the prevailing market conditions less costs to be incurred in selling the property.

In the current financial year, management has engaged an independent valuer to determine the future selling prices of the development properties. The valuers adopted the direct comparison method, by taking into consideration the selling prices of sales transactions of comparable properties and have made due adjustments for differences between these properties in terms of locations, size and other factors affecting their values.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Net realisable value of development properties (Cont'd)

Based on management's assessment, the Group recognised additional write-down of \$1,436,000 (2024: \$6,051,000) on development properties in respect of freehold land in the Group's profit or loss for the financial year ended 31 December 2025. The significant unobservable input for the valuation is average selling price per square meter ("sqm") which is estimated to be \$1,793/sqm (2024: \$1,965/sqm). Market conditions may change and affect future selling prices which may affect the carrying values of development properties in future periods.

The fair value measurement of the development properties is classified within Level 3 of the fair value hierarchy.

Valuation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in the profit or loss, determined annually by the independent valuer on the highest and best use basis. Valuations were obtained from the independent valuer for the Group's investment properties with the resultant fair value changes recognised in the Group's profit or loss.

In determining the fair values, the independent valuer have applied the direct comparison method, whereby the fair value is determined by reference to recent transaction prices of comparable properties, adjusted for differences in characteristics such as location, tenure, size, design and layout, age and condition of buildings, date of transactions and prevailing market conditions. Significant judgement is involved in identifying appropriate comparable transactions and determining the adjustments required to reflect differences between the subject properties and the comparables. Management has exercised judgement in assessing the appropriateness of the valuation methodology applied and the reasonableness of the key assumptions adopted by the independent valuer.

The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Note 15.

4. REVENUE

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market and timing of revenue recognition:

	Primary geographical markets	2025 \$'000	Group 2024 \$'000
Disaggregation of revenue			
Sale of marble blocks	Cambodia	1,793	–
Sale of completed development properties	Cambodia	676	102
Rental income from investment properties	Cambodia	312	–
		2,781	102
Timing of revenue recognition			
At point in time		2,469	102
Over time		312	–
		2,781	102

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5. OTHER INCOME

	Group	
	2025 \$'000	2024 \$'000
Interest income – bank deposits	865	85
Interest income – third party (Note 19)	118	–
Deposit forfeited	1,202	–
Rental income for short-term leases	1,095	604
Gain on disposal of property, plant and equipment	6	121
Gain on disposal of right-of-use assets	–	253
Gain on change in fair value of financial assets at fair value through profit or loss	–	11
Government grants	13	6
Net gain on repossession of development properties	–	82
Other sundry income	356	43
	3,655	1,205

6. FINANCE COSTS

	Group	
	2025 \$'000	2024 \$'000
Interest expense – lease liabilities	15	10
Interest expense – bank loans and overdrafts	40	658
	55	668

7. INVESTMENT IN A JOINT VENTURE

	Group	
	2025 \$'000	2024 \$'000
<i>Unquoted equity shares at cost</i>		
At 1 January	26,824	22,405
Share of profit	1,924	3,691
Share of other comprehensive (loss)/income	(1,471)	728
At 31 December	27,277	26,824

Name of joint venture	Country of incorporation	Principal activities	Proportion of ownership interest	
			2025	2024
			%	%
Joint venture held by HLH Development Pte. Ltd.				
Royal Hong Lai Huat	Cambodia	Property development	49	49
One Company Limited ^{#(i)}		and real estate		

[#] Audited by independent overseas member firms of Baker Tilly International.

⁽ⁱ⁾ A third party (2024: a third party) holds 1% interest in the joint venture, in trust for the Group, pursuant to deeds of trust agreement between the third party (2024: the third party) and the Group. The above joint venture is accounted for using the equity method in these consolidated financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7. INVESTMENT IN A JOINT VENTURE (CONT'D)

Summarised financial information of Royal Hong Lai Huat One Company Limited ("Royal") based on its FRS financial statements (not adjusted for the Group's share of those amounts) and a reconciliation to the carrying amounts of the investment in the consolidated financial statements are as follows:

	Royal	
	2025 \$'000	2024 \$'000
Revenue	10,161	20,285
Profit before tax	4,176	7,382
Profit for the financial year	3,848	7,382
Other comprehensive (loss)/income	(2,941)	1,456
Total comprehensive income for the financial year	907	8,838

The above profit for the financial year includes the following:

Depreciation and amortisation	18	22
Non-current assets	85	125
Current assets	91,675	99,910
Non-current liabilities	(545)	(2,260)
Current liabilities	(36,660)	(44,127)
Net assets	54,555	53,648

The above amounts of assets and liabilities include the following:

	Royal	
	2025 \$'000	2024 \$'000
Cash and cash equivalents	210	2,054
Borrowings	(26,043)	(28,521)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	Group	
	2025 \$'000	2024 \$'000
Net assets of the joint venture	54,555	53,648
Proportion of the Group's ownership interest in the joint venture	27,277	26,824
Carrying amount of the Group's interest in the joint venture	27,277	26,824

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8. PROFIT/(LOSS) BEFORE TAX

	Group	
	2025 \$'000	2024 \$'000
Profit/(loss) before tax is arrived at after charging/(crediting):		
Audit fees paid/payable to:		
– Auditors of the Company	85	95
– Baker Tilly International network firms	87	40
Fees for non-audit services paid/payable to:		
– Auditors of the Company	–	–
– Baker Tilly International – network firms	–	–
Bad debts written off	413	–
Depreciation of property, plant and equipment	310	252
Depreciation of right-of-use assets	156	100
Amortisation of intangible assets	118	100
Gain on disposal of property, plant and equipment	(6)	(121)
Gain on disposal of right-of-use assets	–	(253)
Write-down of development properties (Note 21)	1,436	6,051
Legal and professional fees	594	231
Net gain on change in fair value of financial assets at fair value through profit or loss	–	9
Rental of premises and office facilities (Note 24)	10	17
Staff costs, including directors' remuneration (Note 9)	2,266	2,400

9. STAFF COSTS

	Group	
	2025 \$'000	2024 \$'000
Staff costs:		
– Salaries and bonuses	953	773
– Central Provident Fund contributions	78	18
	1,031	791
Directors of the Company:		
– Short-term employee benefits	1,046	1,433
– Central Provident Fund contributions	48	67
– Fees	141	109
	1,235	1,609
	2,266	2,400

10. INCOME TAX EXPENSE

	Group	
	2025 \$'000	2024 \$'000
<u>From continuing operations</u>		
Current income tax	35	1
Deferred tax	–	216
	35	217
Under-provision in respect of prior years:		
Current income tax	83	365
	118	582
<u>From discontinued operations</u>		
Deferred tax	–	–
	118	582

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10. INCOME TAX EXPENSE (CONT'D)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the applicable income tax rates in respective jurisdictions due to the following factors:

	Group	
	2025 \$'000	2024 \$'000
Profit/(loss) before tax from:		
– Continuing operations	14,863	(7,283)
– Discontinued operations	–	(5,287)
Share of results of a joint venture and an associated company	(1,591)	(3,645)
Profit/(loss) before tax excluded share of results of a joint venture and an associated company	13,272	(16,215)
Tax at domestic tax rate applicable to the countries where the Group operates	2,783	(3,194)
Singapore statutory stepped income exemption	–	(17)
Income not subject to tax	(3,234)	(197)
Expenses not deductible for tax purposes	350	1,833
Deferred tax assets not recognised	304	1,029
Utilisation of previously unrecognised tax losses	(175)	(5)
Expiry of unutilised tax losses	–	217
Under provision of current income tax in respect of prior years	83	365
Others	7	551
	118	582

The income tax rate applicable to the Company and its subsidiaries in Singapore is 17% (2024: 17%). The Cambodia companies within the Group are subject to tax on profit at the rate of 20% (2024: 20%) of taxable income or minimum tax based on 1% of turnover, whichever is higher.

11. DISCONTINUED OPERATIONS

During the previous financial year ended 31 December 2024, the Group completed the disposal of its wholly-owned subsidiaries, HLH Agriculture (Cambodia) Co., Ltd. (“HLHA”) and H.L.H.I. (Cambodia) Company Limited (“HLHI”), pursuant to sale and purchase agreements dated 1 February 2024. The cash consideration for the disposal was US\$36,000,000 (equivalent to \$48,032,000) for HLHA and US\$1,500,000 (equivalent to \$2,000,000) for HLHI.

Shareholders’ approval for the disposal was obtained on 20 May 2024. The disposal of HLHI was completed on 16 July 2024, and the disposal of HLHA was completed on 13 September 2024. Following the completion of the disposal in the financial year 2024, HLHA and HLHI ceased to be subsidiaries of the Group. Consequently, the disposal group was classified as discontinued operations, and its assets and liabilities were deconsolidated from the Group as at 31 December 2024.

In respect of the above-mentioned, the Group had received US\$33,900,000 (equivalent to \$45,228,000) of the total sale consideration in 2024, and another US\$2,600,000 (equivalent to \$3,520,000) during the current financial year 2025. The remaining US\$1,000,000 (equivalent to \$1,284,000) was received subsequently to the end of the current financial year.

The financial performance of the disposal group was presented as discontinued operations in the Group’s consolidated statement of comprehensive income in 2024.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11. DISCONTINUED OPERATIONS (CONT'D)

(i) The analysis of the loss from discontinued operations are as follows:

	Note	Group 2024 \$'000
Revenue	(a)	70
Cost of sales		(34)
Gross profit		36
Other income		138
Administrative expenses		(2,328)
Other expenses		(136)
Loss before tax from discontinued operations	(b)	(2,290)
Income tax credit		–
		(2,290)
Loss from disposal of subsidiaries	(c)	(2,997)
Loss from discontinued operations, net of tax		(5,287)

(a) Revenue		Group 2024 \$'000
		70

(b) Loss before tax from discontinued operations		Group 2024 \$'000
Loss before tax is arrived at after charging/(crediting):		
Audit fees payable/paid to:		
– Auditors of the Company		–
– Baker Tilly International network firms		14
Depreciation of property, plant and equipment		285
Depreciation of right-of-use assets		1,275
Property, plant and equipment written off		80
Rental income		(138)
Staff costs (inclusive of directors' remuneration):		
– Salaries and bonuses		137

(c) Loss from disposal of subsidiaries		Group 2024 \$'000
Consideration received, satisfied by cash		45,228
Remaining 10% of HLHA disposal consideration receivable (Note 19)		4,804
		50,032
Less: Net assets		(43,412)
Less: Disposal transaction costs		(5,767)
Less: Reclassification of cumulative foreign currency translation reserve		(3,850)
Loss from disposal of subsidiaries		(2,997)

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11. DISCONTINUED OPERATIONS (CONT'D)

- (ii) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group 2024 \$'000
Operating cash flows	(91)

- (iii) Details of assets and liabilities of the disposal group as at the completion date of disposal were as follows:

	Group 2024 \$'000
Assets directly associated with disposal group:	
Property, plant and equipment	3,104
Right-of-use assets	45,434
Biological assets	357
Inventories	89
Prepayments	39
Other receivables and deposits	148
	<u>49,171</u>
Liabilities directly associated with disposal group:	
Lease liabilities	764
Trade payables	3
Other payables and accruals	580
Deferred tax liabilities	4,412
	<u>5,759</u>
Net assets of the disposal group	<u>43,412</u>
Reserve directly associated with disposal group:	
Foreign currency translation reserve	<u>3,850</u>

- (iv) The segment information of discontinued operations is disclosed in Note 37.

12. PROFIT/(LOSS) PER SHARE

The calculation of the basic and diluted profit/(loss) per share based on the Group's profit/(loss) for the financial year attributable to the ordinary equity holders of the Company divided by the weighted average number of ordinary shares outstanding.

- (i) From continuing operations and discontinued operations

	Group 2025	2024
Profit/(loss) for the financial year attributable to equity holders of the Company (\$'000)	<u>14,676</u>	<u>(12,927)</u>
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	<u>517,499</u>	<u>517,844</u>
Basic and diluted earnings per share (cents per share)	<u>2.84</u>	<u>(2.50)</u>

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12. PROFIT/(LOSS) PER SHARE (CONT'D)

(ii) From continuing operations

	Group	
	2025	2024
Profit/(loss) for the financial year attributable to equity holders of the Company (\$'000)	14,676	(7,640)
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	517,499	517,844
Basic and diluted earnings per share (cents per share)	2.84	(1.48)

(iii) From discontinued operations

Loss for the financial year attributable to equity holders of the Company (\$'000)	–	(5,287)
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	–	517,844
Basic and diluted earnings per share (cents per share)	–	(1.02)

13. PROPERTY, PLANT AND EQUIPMENT

	Office premises \$'000	Computers \$'000	Furniture and fittings \$'000	Machineries and equipment \$'000	Motor vehicles \$'000	Office equipment \$'000	Renovation \$'000	Total \$'000
Group 2025 Cost								
At 1 January 2025	850	164	296	46	768	87	253	2,464
Additions	–	15	22	–	144	–	–	181
Disposals	–	–	–	–	(10)	–	–	(10)
Written off	–	(32)	(6)	–	–	(15)	–	(53)
Currency translation differences	–	(1)	(12)	(2)	(17)	(1)	(4)	(37)
At 31 December 2025	850	146	300	44	885	71	249	2,545
Accumulated depreciation and impairment losses								
At 1 January 2025	84	117	66	6	266	66	185	790
Depreciation charge	24	14	107	9	137	9	10	310
Disposals	–	–	–	–	(2)	–	–	(2)
Written off	–	(22)	(6)	–	–	(12)	–	(40)
Currency translation differences	–	(1)	(4)	(1)	–	–	–	(6)
At 31 December 2025	108	108	163	14	401	63	195	1,052
Net carrying value 31 December 2025	742	38	137	30	484	8	54	1,493

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold improvements \$'000	Building and structure \$'000	Office premises \$'000	Computers \$'000	Furniture and fittings \$'000	Machineries equipment \$'000	Motor vehicles \$'000	Office equipment \$'000	Renovation \$'000	Freehold land \$'000	Total \$'000
Group											
Cost											
At 1 January 2024	1,844	2,777	850	163	313	12,011	1,597	138	206	1,594	21,493
Additions	-	-	-	32	5	46	260	7	62	-	412
Disposals	-	-	-	-	-	-	(706)	-	-	-	(706)
Written off	-	-	-	(17)	-	-	(199)	-	-	-	(216)
Transfer to disposal group assets											
(Note 11(iii))	(1,865)	(2,844)	-	(16)	(29)	(12,147)	(203)	(58)	(15)	(1,612)	(18,789)
Currency translation differences	21	67	-	2	7	136	19	-	-	18	270
At 31 December 2024	-	-	850	164	296	46	768	87	253	-	2,464
Accumulated depreciation and impairment losses											
At 1 January 2024	1,617	1,741	60	133	59	11,509	964	103	182	-	16,368
Depreciation charge	18	153	24	15	29	99	170	11	18	-	537
Disposals	-	-	-	-	-	-	(513)	-	-	-	(513)
Written off	-	-	-	(17)	-	-	(119)	-	-	-	(136)
Transfer to disposal group assets											
(Note 11(iii))	(1,655)	(1,947)	-	(15)	(24)	(11,733)	(247)	(49)	(15)	-	(15,685)
Currency translation differences	20	53	-	1	2	131	11	1	-	-	219
At 31 December 2024	-	-	84	117	66	6	266	66	185	-	790
Net carrying value											
31 December 2024	-	-	766	47	230	40	502	21	68	-	1,674

Office premises with net carrying value of \$742,000 (2024: \$766,000) has been pledged to bank to secure the bank borrowings (Note 26).

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Office equipment \$'000	Renovation \$'000	Total \$'000
Company 2025						
Cost						
At 1 January 2025	127	48	510	44	127	856
Additions	10	–	–	–	–	10
At 31 December 2025	137	48	510	44	127	866
Accumulated depreciation						
At 1 January 2025	91	26	258	37	127	539
Depreciation charge	12	4	102	2	–	120
At 31 December 2025	103	30	360	39	127	659
Net carrying value						
At 31 December 2025	34	18	150	5	–	207
2024						
Cost						
At 1 January 2024	99	48	611	38	127	923
Additions	28	–	–	6	–	34
Disposal	–	–	(101)	–	–	(101)
At 31 December 2024	127	48	510	44	127	856
Accumulated depreciation						
At 1 January 2024	81	22	257	34	127	521
Depreciation charge	10	4	102	3	–	119
Disposal	–	–	(101)	–	–	(101)
At 31 December 2024	91	26	258	37	127	539
Net carrying value						
At 31 December 2024	36	22	252	7	–	317

14. RIGHT-OF-USE ASSETS

The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

- (i) The Group leases motor vehicles from non-related parties. The leases have an average tenure of between three to five years.
- (ii) In the previous financial year, the Group also makes annual lease payments for a leasehold land and improvements.
- (iii) In addition, the Group leases certain office equipment and these leases are either short-term or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

14. RIGHT-OF-USE ASSETS (CONT'D)

The Group as a lessee (Cont'd)

Nature of the Group's leasing activities (Cont'd)

	Leasehold land and improvements \$'000	Motor vehicles \$'000	Total \$'000
Group			
2025			
Cost			
At 1 January 2025	–	262	262
Additions	–	649	649
At 31 December 2025	–	911	911
Accumulated depreciation			
At 1 January 2025	–	83	83
Depreciation charge	–	156	156
At 31 December 2025	–	239	239
Net carrying value			
At 31 December 2025	–	672	672
2024			
Cost			
At 1 January 2024	70,575	748	71,323
Disposals	–	(486)	(486)
Transfer to disposal group assets (Note 11(iii))	(71,845)	–	(71,845)
Currency translation differences	1,270	–	1,270
At 31 December 2024	–	262	262
Accumulated depreciation			
At 1 January 2024	24,393	428	24,821
Depreciation charge	1,275	100	1,375
Disposal	–	(445)	(445)
Transfer to disposal group assets (Note 11(iii))	(26,411)	–	(26,411)
Currency translation differences	743	–	743
At 31 December 2024	–	83	83
Net carrying value			
At 31 December 2024	–	179	179

	Company Motor vehicles	
	2025 \$'000	2024 \$'000
Cost		
At 1 January	–	–
Addition	320	–
At 31 December	320	–
Accumulated depreciation		
At 1 January	–	–
Amortisation charge	59	–
At 31 December	59	–
Net carrying amount		
At 31 December	261	–

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15. INVESTMENT PROPERTIES

	Group
	2025 \$'000
	2024 \$'000
At fair value	
At beginning of the year	–
Transfer from completed development properties held for sale	33,287
At end of the year	33,287

The following amounts are recognised in the profit or loss:

Rental income from investment properties	312	–
Direct operating expenses arising from investment properties that generated rental income during the year	199	–

The details of the Group's investment properties at the end of the financial year are as follows:

Name of building/location	Description/existing use	Tenure of land
D'Seaview Condominium Preah Sihanouk Province, Cambodia	211 units of D'Seaview Condominium, net unit area of 17,166.49 square meter	Freehold, in respect of all titles

Transfer from completed development properties held for sale

During the financial year, the Group reclassified properties previously classified as completed development properties held for sale (Note 21) to investment properties following a change in use to hold the properties for capital appreciation and rental income.

Accordingly, the properties were transferred at a fair value of \$33,287,000, while their carrying amount prior to the transfer was \$16,386,000. As a result, a gain of \$16,901,000 was recorded in profit or loss in the financial year ended 31 December 2025.

Valuation of investment properties

The fair values of the Group's investment properties have been determined based on valuation carried out as at 31 December 2025 by the independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the assets being valued. The following table presents the valuation methodology and key inputs that were used to determine the fair value of the investment properties and the fair value measurement. The fair value measurement of investment properties is categorised as Level 3 in the fair value hierarchy:

Fair value at 31 December 2025 (\$'000)	Valuation methodology	Significant unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
33,287	Direct Comparison Method	Market price per square meter	\$1,286 to \$1,928	The higher the market price per square meter, the higher the fair value.

There were no transfers into or out of the fair value hierarchy levels during the year.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15. INVESTMENT PROPERTIES (CONT'D)

Valuation processes of the Group

The Group engages the independent valuer to determine the fair value of the Group's investment properties at each reporting date based on the properties' highest and best use. As at 31 December 2025, the fair value of the properties have been determined by Asia Real Estate Cambodia.

For each valuation, management:

- verifies all major inputs to the valuation reports;
- assesses property valuation movements when compared to the previous valuation reports; and
- holds discussions with the independent valuers.

The Direct Comparison Method involves analysis of recent transactions of comparable properties within the vicinity and elsewhere in Cambodia. Necessary adjustments have been made for the differences in terms of location, tenure, size, design and layout, age and condition of buildings, date of transactions and the prevailing market condition amongst other factors affecting their values.

16. INTANGIBLE ASSETS

	Group Mining license	
	2025 \$'000	2024 \$'000
Cost		
At 1 January	244	–
Addition	42	244
Currency translation differences	(13)	–
At 31 December	273	244
Accumulated depreciation		
At 1 January	100	–
Amortisation charge	118	100
Currency translation differences	(6)	–
At 31 December	212	100
Net carrying amount		
At 31 December	61	144

Intangible assets refer to the mining license granted to the Group's subsidiary, HSCH Capital Co., Ltd. by Cambodia's Ministry of Mines and Energy. This license provides the legal right to extract mineral resources from a designated area within the country. The license is issued for a period of two years till 19 March 2026 and the rights granted by this license is classified as intangible assets. This asset is being amortised on a straight-line basis over the license period. The amortisation expense is included in the 'administrative expenses'. Subsequent to the financial year end, the mining licence was renewed for a further period of two years till 19 March 2028.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. INVESTMENT IN AN ASSOCIATED COMPANY

The Group's investments in an associated company are summarised below:

	Group	
	2025 \$'000	2024 \$'000
Unquoted equity shares		
<u>Carrying amount:</u>		
Jewel A Development Co., Ltd.*	6,833	7,564

The following information relates to associated company of the Group, which in the opinion of the management are material to the Group:

Name of company	Principal activities	Place of incorporation and business	Proportion of ownership interest	
			2025 %	2024 %
Associated company held by HLH Development Pte. Ltd.				
Jewel A Development Co., Ltd.*	Property development and real estate	Cambodia	17.61	17.61

* Audited by independent overseas member firms of Baker Tilly International.

The activity of the associated company is strategic to the Group as the associated company provides the Group with access to expertise in property development and real estate services.

Summarised financial information of Jewel A Development Co., Ltd. ("Jewel A") based on its FRS financial statements (not adjusted for the Group's share of those amounts) and a reconciliation to the carrying amounts of the investment in the consolidated financial statements are as follows:

	Jewel A	
	2025 \$'000	2024 \$'000
Revenue	–	–
Loss before tax	(1,891)	(259)
Loss for the financial year	(1,891)	(259)
Other comprehensive (loss)/income	(2,260)	1,234
Total comprehensive (loss)/income for the financial year	(4,151)	975

The above loss for the financial year includes the following:

Depreciation and amortisation	57	12
Non-current assets	101	185
Current assets	38,722	42,850
Current liabilities	(21)	(82)
Net assets	38,802	42,953

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. INVESTMENT IN AN ASSOCIATED COMPANY (CONT'D)

The above amounts of assets and liabilities include the following:

	Jewel A	
	2025	2024
	\$'000	\$'000
Cash and cash equivalents	1,048	1,311

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associated company recognised in these consolidated financial statements:

	Group	
	2025	2024
	\$'000	\$'000
Net assets of the associated company	38,802	42,953
Proportion of the Group's ownership interest in the associated company	6,833	7,564
Carrying amount of the Group's interest in the associated company	6,833	7,564

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025	2024
	\$'000	\$'000
Unquoted equity investment at cost	100,129	100,129
Less: allowance for impairment loss	(42,941)	(42,010)
Net carrying amount	57,188	58,119
Movements in impairment loss are as follows:		
Balance at beginning of financial year	42,010	40,622
Allowance made	931	1,388
Balance at end of financial year	42,941	42,010

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of subsidiaries held by the Company	
		2025	2024
Investment holding	Singapore	3	3
Investment holding, property investment	Cambodia	2	2
Property development and real estate	Cambodia	1	1
Mining	Cambodia	1	1
Dormant	Singapore	–	1
		7	8

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The subsidiaries as at 31 December 2025 are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest	
			2025 %	2024 %
Subsidiaries held by the Company				
Hong Lai Huat Investment Pte. Ltd. (Formerly know as HLH Agri International Pte. Ltd.) [*]	Singapore	Investment holding	100	100
HLH Development Pte. Ltd. [*]	Singapore	Investment holding	100	100
Hong Lai Huat International Pte. Ltd. [*]	Singapore	Investment holding	100	100
Subsidiaries held by Hong Lai Huat Investment Pte. Ltd.				
HLH Global Trading Pte.Ltd. ^{**}	Singapore	Dormant	–	100
Subsidiary held by HLH Development Pte. Ltd.				
DSView Company Limited ^{***}	Cambodia	Investment holding, property investment	100	100
Subsidiaries held by Hong Lai Huat International Pte. Ltd.				
Public Housing Development (Cambodia) Ltd. ^{***(i)}	Cambodia	Investment holding, property investment	49	49
PH One Development (Cambodia) Limited ^{***(i)}	Cambodia	Property development and real estate	49	49
HSCH Capital Co., Ltd. ^{***(ii)}	Cambodia	Mining	70	70

* Audited by Baker Tilly TFW LLP.

** The subsidiary was struck-off from register of companies with effect from 5 June 2025.

*** Audited by independent overseas member firms of Baker Tilly International.

⁽ⁱ⁾ A director of the subsidiaries of the Company holds the remaining 51% (2024:51%) interest in these subsidiaries, in trust for the Group, pursuant to deeds of trust agreement between the director and the companies in the Group. Accordingly, 100% interests of these subsidiaries have been consolidated in the consolidated financial statements of the Group.

⁽ⁱⁱ⁾ A director of the subsidiary of the Company holds 70% (2024: 70%) interest in this subsidiary, in trust for the Group, pursuant to deeds of trust agreement between the director and the company in the Group. Accordingly, this subsidiary has been consolidated in the consolidated financial statements of the Group after the Group obtained control of this subsidiary on 26 August 2024 (Note 18(b)).

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of a subsidiary

On 26 August 2024, the Group acquired 1,750 shares in HSCH Capital Co., Ltd. for an aggregate consideration of US\$14,000 (equivalent to \$19,000). As a result of this acquisition, the Group's shareholding in HSCH Capital Co., Ltd. increased from 35% to 70% and HSCH Capital Co., Ltd. became a subsidiary of the Group. The fair value of identifiable assets and liabilities of HSCH Capital Co., Ltd. at acquisition date and effect of cash flows on acquisition towards the Group have not been disclosed because the information is not material.

(c) Summarised financial information of subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiary that has NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI	
		2025 %	2024 %
HSCH Capital Co., Ltd.	Cambodia	30	30

The following are the summarised financial information (before inter-company eliminations) of the Group's subsidiary with NCI that are considered by management to be material to the Group.

Summarised Statement of Financial Position

	HSCH Capital Co., Ltd.	
	2025 \$'000	2024 \$'000
Non-current assets	156	274
Current assets	510	60
Current liabilities	(1,097)	(1,043)
Net liabilities	(431)	(709)
Net liabilities attributable to NCI	(129)	(213)

Summarised Statement of comprehensive income

	HSCH Capital Co., Ltd.	
	2025 \$'000	2024 \$'000
Revenue	1,793	–
Profit/(loss) before tax	250	(750)
Income tax expense	(21)	–
Profit/(loss) after tax	229	(750)
Other comprehensive income	–	–
Total comprehensive income	229	(750)
Profit/(loss) allocated to NCI	69	(225)

Summarised Cash Flows

	HSCH Capital Co., Ltd.	
	2025 \$'000	2024 \$'000
Cash flows from operating activities	150	48
Cash flows from investing activities	(43)	(387)
Cash flows from financing activities	111	136
Net increase/decrease in cash and cash equivalents	218	(203)

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Non-current				
<i>Other receivable</i>				
Loan to third party ^(a)	2,568	–	–	–
Current				
<i>Trade receivables</i>				
Third party	192	69	–	–
<i>Other receivables</i>				
Loan to a related party ^(b)	647	–	–	–
Consideration receivable ^(c)	1,286	4,804	–	–
Prepayments	99	213	86	75
Other receivables and deposits	181	360	22	18
	2,213	5,377	108	93
	2,405	5,446	108	93

(a) During the financial year, the Group granted a loan to a public limited company incorporated in Cambodia. The loan bears a fixed interest rate of 9% per annum and is repayable in full upon maturity on 2 June 2027.

The loan is secured by a personal guarantee provided by a director of the borrower. As at the reporting date, the carrying amount of the loan receivable is \$2,568,000 (2024:\$Nil) and interest income of \$118,000 (2024:\$Nil) has been recognised during the year.

(b) The Group extended a loan to a director of its associate company for a term of three months ending on 21 March 2026. The loan is interest-free and unsecured.

(c) Consideration receivable as at 31 December 2025 arose from the disposal of HLHA (Note 11).

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Non-current				
<i>Financial assets measured at FVTPL</i>				
Investments in life				
insurances, at fair value ^(a)				
– Life Insurance Policy I	152	152	152	152
– Life Insurance Policy II	102	102	102	102
	254	254	254	254
Current				
<i>Financial assets measured at FVTPL</i>				
Quoted equity instruments in				
Singapore ^(b)	20	20	–	–

(a) *Life insurance policies*

During the financial year ended 31 December 2020, the Group entered into two life insurance policies – Prulife Vantage Achiever Prime for two Executive Directors of the Group with a single premium amounting to \$311,000. The total sum insured of Policy I and Policy II is \$1,000,000 individually and will mature in 2101 and 2103 respectively. At the time of death of the insured, 100% of the insured amount plus the accumulated investment returns will be payable to the Group.

The fair values of the life insurances are based on the surrender values of the insurance policies as stated in the annual statements received from the insurance company at the end of the reporting period and are classified as Level 2 on the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

(b) Quoted equity instruments

Investments in quoted equity securities offers the Group the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year and are classified as Level 1 on the fair value hierarchy.

21. DEVELOPMENT PROPERTIES

	Group	
	2025 \$'000	2024 \$'000
Development properties under construction		
– Freehold land	29,043	30,372
– Development costs	252	146
	29,295	30,518
Less: allowance for write-down of development properties	(8,584)	(7,148)
	20,711	23,370
Completed development properties held for sale	–	17,659
	20,711	41,029

Movements in allowance for write-down of development properties during the financial year are as follows:

	Group	
	2025 \$'000	2024 \$'000
Balance at beginning of financial year	7,148	1,097
Additions	1,436	6,051
Balance at end of financial year	8,584	7,148

Description and location	% owned	Site area (square metre)	Gross floor area (square metre)	Stage of completion at the end of reporting period (expected year of completion)
Freehold land located at Toul Kork District, Cambodia	100% (2024: 100%)	11,817	11,817	NA (2024: NA)
D'Seaview Condominium Preah Sihanouk Province, Cambodia*	2024: 100%	2024: 9,818	2024: 92,566	2024: 100%

* During the financial year, the properties were transferred to investment properties (Note 15) as a result of a change in use.

Development properties are classified as current assets in accordance with SFRS(I) 1-1 *Presentation of Financial Statements* as it is expected to be realised in the normal operating cycle of the Group.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22. AMOUNTS DUE FROM/TO SUBSIDIARIES

	Company	
	2025 \$'000	2024 \$'000
Due from (non-trade)	54,040	57,556
Due to (non-trade)	14,052	19,527

The amounts due from/to subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Cash at banks and on hand	5,010	8,989	2,676	7,120
Short-term fixed deposits with financial institutions	16,566	18,470	1,284	–
Cash and cash equivalents	21,576	27,459	3,960	7,120

24. LEASE LIABILITIES

(a) The Group as a lessee

Carrying amount of lease liabilities

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Current	103	35	35	–
Non-current	253	77	98	–
	356	112	133	–

Lease expense not included in the measurement of lease liabilities

	Group	
	2025 \$'000	2024 \$'000
Lease expense – short-term leases (Note 8)	10	17
Interest expense on lease liabilities (Note 6)	15	10

During the financial year, total cash flows for leases amounted to \$91,000 (2024: \$189,000).

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24. LEASE LIABILITIES (CONT'D)

(a) The Group as a lessee (Cont'd)

Lease expense not included in the measurement of lease liabilities (Cont'd)

Reconciliation of movements of lease liabilities to cash flows arising from financing activities:

	Group	
	2025 \$'000	2024 \$'000
Balance at 1 January	112	1,029
Changes from financing cash flows:		
– Repayments	(66)	(162)
– Interest paid	(15)	(10)
Non-cash changes:		
– Interest expenses	15	10
– Additions	310	–
– Transfer to disposal group liabilities (Note 11(iii))	–	(764)
– Currency translation differences	–	9
Balance at 31 December	356	112

(b) The Group as a lessor

Nature of the Group's leasing activities – Group as a lessor

The Group leased out its investment properties to third parties for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 4.

Maturity analysis of lease payments – the Group as a lessor

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	Group	
	2025 \$'000	2024 \$'000
Less than one year	1,086	–
1 to 2 years	167	–
2 to 3 years	141	–
	1,394	–

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

25. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax account are as follows:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Balance at beginning of the year	17	3,932	17	17
Currency translation differences	–	281	–	–
Tax charge to Profit or loss	–	216	–	–
Transfer to disposal group liabilities	–	(4,412)	–	–
	17	17	17	17
Representing:				
<i>Non-current</i>				
Deferred tax asset	–	–	–	–
Deferred tax liabilities	17	17	17	17
	17	17	17	17

The following are the major deferred tax liabilities and (assets) recognised by the Group and the movements thereon, during the current and prior reporting periods.

	Accelerated tax depreciation \$'000	Fair value (losses)/gains on biological assets \$'000	Tax losses \$'000	Right- of-use assets \$'000	Lease liabilities \$'000	Others \$'000	Total \$'000
Group							
At 1 January 2024	(2,352)	(874)	(1,728)	9,236	(151)	(199)	3,932
Charged to profit or loss for the financial year	–	–	–	–	–	216	216
Transfer to disposal group liabilities (Note 11(iii))	2,222	884	1,748	(9,419)	153	–	(4,412)
Currency translation differences	130	(10)	(20)	183	(2)	–	281
At 31 December 2024	–	–	–	–	–	17	17
Charged to profit or loss for the financial year	–	–	–	–	–	–	–
At 31 December 2025	–	–	–	–	–	17	17

The Group has unutilised tax losses of approximately \$14,994,000 (2024: \$14,508,000) that are available for carry forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. No deferred tax asset has been recognised as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries and joint venture for which deferred tax liabilities have not been recognised is \$4,229,000 (2024: \$3,696,000). No liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

25. DEFERRED TAX (CONT'D)

	Others \$'000
Company	
At 1 January 2024, 31 December 2024 and 31 December 2025	17

26. BORROWINGS

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<i>Current</i>				
Bank Loan 1	–	123	–	123
Bank Loan 2	–	179	–	179
Bank Loan 3	–	311	–	311
	–	613	–	613

All bank loans were denominated in SGD, bore interest at 3.00% per annum, and were fully repaid during the financial year.

Reconciliation of movements of bank loans to cash flows arising from financing activities:

	Group	
	2025 \$'000	2024 \$'000
Balance at 1 January	613	8,012
Changes from financing cash flows:		
– Repayments	(613)	(7,586)
– Interest paid	(40)	(658)
Non-cash changes:		
– Interest expenses	40	658
– Currency translation differences	–	187
Balance at 31 December	–	613

27. TRADE PAYABLES

These amounts were non-interest bearing and normally settled on 60-days' terms.

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Other payables	561	1,658	14	15
Amounts due to a joint venture	27	442	–	–
Deposits received	890	1,090	–	–
Accrued operating expenses	626	680	353	585
	2,104	3,870	367	600

Other payables are unsecured, non-interest bearing and are repayable on demand in cash.

Amounts due to a joint venture are non-trade, unsecured, non-interest bearing and are repayable on demand in cash.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

29. CONTRACT LIABILITIES

Contract liabilities relate to advance consideration received from customers from the Group's property development project. Contract liabilities were recognised as revenue when the control of the property is transferred to the customers.

The following table provides information about contract liabilities from contracts with customers in respect of the Group's property development project:

	2025 \$'000	2024 \$'000	1.1.2024 \$'000
Group			
Trade receivables from sale of development properties	–	–	160
Contract liabilities	–	126	346

The revenue recognised during the financial year that was included in the contract liabilities balance as at 31 December 2024 is \$126,000.

30. LOAN FROM CONTROLLING SHAREHOLDER

Loan from controlling shareholder was non-trade in nature, interest-free, unsecured and was repayable on demand.

Reconciliation of movements of loan from controlling shareholder to cash flows arising from financing activities:

	Group	
	2025 \$'000	2024 \$'000
Balance at 1 January	353	558
Changes from financing cash flows:		
– New loan and payment on behalf	–	340
– Repayments	(341)	(545)
Non-cash changes:		
– Currency translation differences	(12)	–
Balance at 31 December	–	353

31. SHARE CAPITAL

	Group and Company			
	2025		2024	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued share capital \$'000
At 1 January	517,844	121,023	517,844	121,023
Share buyback and cancellation	(5,200)	(357)	–	–
At 31 December	512,644	120,666	517,844	121,023

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

During the financial year, the Company undertook share buyback exercises on 2 December 2025 and 12 December 2025 whereby the Company repurchased and cancelled 2,200,000 ordinary shares for a total consideration of \$126,000 and a further 3,000,000 ordinary shares for a total consideration of \$231,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

31. SHARE CAPITAL (CONT'D)

In total, 5,200,000 ordinary shares were repurchased and cancelled during the financial year for an aggregate consideration of \$357,000. The consideration paid was recognised as a deduction from share capital. Accordingly, the Company's issued and paid-up capital, excluding treasury shares, comprised 512,644,114 (2024: 517,844,114) ordinary shares as at 31 December 2025.

Subsequent to the end of the financial year, the Company has repurchased and cancelled 25,949,400 ordinary shares pursuant to its Share Buyback Mandate with a total consideration of \$2,198,000. Following the share buybacks and cancellations, the Company's issued and paid-up capital comprises 486,694,714 ordinary shares with total share capital of \$118,468,000.

32. OTHER RESERVES

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Capital reserve	414	414	(459)	(459)
Foreign currency translation reserve	(3,975)	630	–	–
	(3,561)	1,044	(459)	(459)

Capital reserve

Capital reserve of the Group and the Company relates to adjustment on share capital issued in relation to the settlement of certain debts of the Group and the Company and net reserve on consolidation taken directly to shareholders' interests in accordance with the Group's accounting policy. The balance is not available for distribution as dividends in any form.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and the translation of monetary items that form part of the Group's net investment in foreign operations.

33. RELATED PARTY TRANSACTIONS

- (a) Other than as disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

	Group	
	2025 \$'000	2024 \$'000
Staff costs ⁽ⁱ⁾	140	61
Collections of sales receipts on behalf of joint venture	415	392
Loan to a related party (Note 19)	647	–

- (i) Staff costs of \$140,000 (2024: \$61,000) were paid to individuals who are close family members of directors. These individuals are occupying managerial positions of the Company and its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

33. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Key management personnel compensation is analysed as follows:

	Group	
	2025 \$'000	2024 \$'000
Comprise amounts paid to:		
– Directors of the Company	1,235	1,609
– Director of subsidiaries	121	–
– Other key management personnel	63	53
	1,419	1,662

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<i>Financial assets</i>				
Financial assets at amortised cost	26,450	32,692	58,022	64,694
Financial assets at fair value through profit or loss	274	274	254	254
<i>Financial liabilities</i>				
Financial liabilities at amortised cost	2,460	5,335	14,552	20,740

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

Foreign currency risk

The Group has currency exposure arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly United States dollars ("USD").

Currently, the Group does not hedge against the foreign currency exposure as the cash flows from purchases partially offset the cash flows from sales transactions and the time between the date of settlement and the date of collections are relatively short. The Group's net investments in Cambodia are not hedged as currency positions in USD are considered to be long-term in nature. The remaining exposure is not considered by management to be significant.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Foreign currency risk (Cont'd)

In order to minimise foreign currency risk, the Group has implemented policies and guidelines to facilitate the management of the foreign exchange risk. Whenever practicable, the Group will endeavour to match the currency of sales and purchases to minimise the net exposure and also to minimise excess foreign currency held by utilising bank facilities to bridge the short-term foreign currency needs due to the short-term gap between receivables and payables. The choice of invoicing currency will be made such that the Group's total currency exposure is minimised. It is not the Group's policy to take speculative positions in foreign currencies.

At the end of the reporting period, the Group and the Company have the following financial assets and financial liabilities denominated in USD based on information provided to key management:

	Group		Company	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Amounts due from subsidiaries	–	–	–	204
Cash and cash equivalents	20,841	26,063	3,163	6,801
Other receivables	4,500	4,889	–	–
Amount due to a joint venture	(27)	(442)	–	–
Amounts due to subsidiaries	–	–	(10,160)	(10,916)
Net financial (liabilities)/assets denominated in foreign currencies	25,314	30,510	(6,997)	(3,911)

A 5% strengthening of USD against SGD at the end of the reporting period would have the following effect to profit/(loss) after tax.

	Group		Company	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Increase/(decrease) in profit/loss after tax	1,051	1,266	291	162

A 5% weakening of USD against SGD at the end of the reporting period would have equal but opposite effect to the amounts shown above.

The above analysis assumes all other variables remain constant.

Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from borrowings and interest-bearing deposits placed with various financial institutions. Borrowings at variable rates expose the Group and the Company to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Borrowings at fixed rates expose the Group and the Company to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

The sensitivity analysis for interest rate risk for those financial assets and financial liabilities at variable interest rates is not disclosed as the effect on the profit or loss is considered not significant.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets including investment securities and cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

It is the Group's policy that guidelines are in place to ensure that the credit sales are only made to customers with appropriate credit standing.

The credit risk on liquid funds is limited because the counterparties are reputable financial institutions.

At the end of the reporting period, the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities or if they operate within the same industry. The Company has no significant concentration of credit risk except for the amounts due from subsidiaries as disclosed in Note 22.

Before taking into account any collateral held, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

The Group determines concentrations of credit risk by monitoring the country sector profile of the Group's trade receivables as at the end of the reporting period is as follows:

	2025		2024	
	\$'000	%	\$'000	%
<u>By geographical area</u>				
Cambodia	192	100	69	100

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Credit risk (Cont'd)

Significant increase in credit risk (Cont'd)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers information developed internally or obtained from external sources indicating that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group) as constituting an event of default for internal credit risk management purposes as historical experience indicates that such receivables are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no significant change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Credit risk (Cont'd)

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration of current macroeconomic conditions on the ability of the customers to settle the receivables.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and deposits, amounts due from subsidiaries and cash and cash equivalents.

Credit quality of financial assets

The table below details the credit quality of the Group's and the Company's financial assets at amortised cost:

2025 Group	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Trade receivables	Lifetime ECL	192	–	192
Other receivables and deposits	12-month ECL	4,682	–	4,682
Cash and cash equivalents	N.A. Exposure Limited	21,576	–	21,576
Company				
Other receivables and deposits	12-month ECL	22	–	22
Amounts due from subsidiaries	Lifetime ECL	54,040	–	54,040
Cash and cash equivalents	N.A. Exposure Limited	3,960	–	3,960
2024 Group				
Trade receivables	Lifetime ECL	69	–	69
Other receivables and deposits	12-month ECL	5,164	–	5,164
Cash and cash equivalents	N.A. Exposure Limited	27,459	–	27,459
Company				
Other receivables and deposits	12-month ECL	18	–	18
Amounts due from subsidiaries	Lifetime ECL	57,556	–	57,556
Cash and cash equivalents	N.A. Exposure Limited	7,120	–	7,120

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Credit risk (Cont'd)

Credit quality of financial assets (Cont'd)

The credit loss exposure for the Group's and the Company's financial assets at amortised cost have been assessed to be insignificant and accordingly, no credit loss allowances are required as at 31 December 2025 and 31 December 2024.

Liquidity risk

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company maintain sufficient cash and bank balances and internally generated cash flows to finance its activities.

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	Within one year \$'000	Within two to five years \$'000	More than five years \$'000	Total \$'000
Group				
2025				
Other payables and accruals	2,104	–	–	2,104
Lease liabilities	106	287	–	393
	2,210	287	–	2,497
2024				
Trade payables	387	–	–	387
Other payables and accruals	3,870	–	–	3,870
Borrowings	619	–	–	619
Lease liabilities	36	86	–	122
Loan from controlling shareholder	353	–	–	353
	5,265	86	–	5,351
Company				
2025				
Other payables and accruals	367	–	–	367
Amounts due to subsidiaries	14,052	–	–	14,052
Lease liabilities	36	112	–	148
	14,455	112	–	14,567
2024				
Other payables and accruals	600	–	–	600
Amounts due to subsidiaries	19,527	–	–	19,527
Borrowings	619	–	–	619
	20,746	–	–	20,746

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

35. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) *Fair value hierarchy*

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- (a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- (c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) *Fair value measurements of assets and liabilities that are measured at fair value*

Fair values have been determined for measurement purposes based on the following methods:

Financial assets at fair value through profit or loss

The basis of determining fair values for measurement at the end of the reporting period is disclosed in Note 20.

Investment properties at fair value through profit or loss

The basis of determining fair values for measurement at the end of the reporting period is disclosed in Note 15.

There were no transfers between Levels 1, 2 and 3 of the fair value hierarchy in the period.

(c) *Fair values of financial instruments by classes that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values*

The carrying amounts of trade receivables, other receivables and deposits, cash and cash equivalents, borrowings, trade payables, other payables and accruals, and amounts due from/to subsidiaries approximate their respective fair values due to their relatively short-term nature of these financial instruments and where the effect of discounting is immaterial.

36. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders and issue new shares. Adjusted capital comprises all components of equity (that is, share capital and reserves) and debts (including borrowings, lease liabilities and loan from controlling shareholder).

There were no changes in the objectives, policies or processes during the financial years ended 31 December 2025 and 31 December 2024.

The gearing ratio is calculated as borrowings, lease liabilities and loan from controlling shareholder divided by total capital which include equity attributable to the equity holders of the Company. The Group's policy is to maintain gearing ratio below 60%.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

36. CAPITAL MANAGEMENT (CONT'D)

	Group	
	2025 \$'000	2024 \$'000
Borrowings	–	613
Lease liabilities	356	112
Loan from controlling shareholder	–	353
	356	1,078
Equity attributable to the equity holders of the Company, representing total capital of the Company	114,806	105,092
Gearing ratio	0.3%	1.0%

37. SEGMENT INFORMATION

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 *Operating Segments*. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management purposes, the Group is organised into the following major strategic operating segments: agriculture division, property development and real estate division, marble mining division and others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the type of products and services are as follows:

(i) *Agriculture division (discontinued in FY2024)*

The agriculture division carries on the business of agricultural development, cultivation, branding and merchandising, and distribution of cassava, and includes the co-operation agreements with third parties to operate the agriculture land, and the agriculture-related resort business.

(ii) *Property development and real estate division*

The property development and real estate division is carrying on the business of investment and prime development of commercial and residential properties.

(iii) *Marble mining division*

The marble mining division carries on the business of exploration, extraction, processing and sale of marble and other related stone materials. The division includes quarrying activities, production of marble blocks and slabs, and the marketing and distribution of marble products to domestic and international markets.

(iv) *Others*

Others segment comprises:

- (a) the Company who is engaged in the business of investment holding generating income from management services provided to related companies and dividend; and
- (b) other subsidiaries whose scope of activities and financial results are not material enough to be reported under a separately reportable segment or which are currently dormant.

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

37. SEGMENT INFORMATION (CONT'D)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The segment information provided to management for the reportable segments are as follows:

	← Continuing operations →				
	Marble mining division \$'000	Property development and real estate division \$'000	Others \$'000	Elimination \$'000	Total \$'000
2025					
Revenue					
External sales	1,793	988	–	–	2,781
Inter-segment sales	–	50	2,100	(2,150)	–
Total revenue	1,793	1,038	2,100	(2,150)	2,781
 Segment profit/(loss)	 229	 13,493	 (896)	 1,919	 14,745
 Depreciation of property, plant and equipment and right-of-use assets	 (20)	 (267)	 (179)	 –	 (466)
Amortisation of intangible assets	–	(118)	–	–	(118)
Property, plant and equipment written off	–	(13)	–	–	(13)
Finance costs	–	(38)	(17)	–	(55)
Income tax expense	(21)	(14)	(83)	–	(118)
Gain on disposal of property, plant and equipment	6	–	–	–	6
Gain on transfer of development properties to investment properties	–	16,901	–	–	16,901
Write-down of development properties	–	(1,436)	–	–	(1,436)
Interest income	–	834	149	–	983
Share of loss of an associated company	–	(333)	–	–	(333)
Share of profit of a joint venture	–	1,924	–	–	1,924
 Segment assets	 666	 111,700	 4,791	 –	 117,157
<i>Segment assets include:</i>					
Additions to non-current assets	–	542	330	–	872
Investment in an associated company	–	6,833	–	–	6,833
Investment in a joint venture	–	27,277	–	–	27,277
 Segment liabilities	 (621)	 (1,342)	 (517)	 –	 (2,480)

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

37. SEGMENT INFORMATION (CONT'D)

The segment information provided to management for the reportable segments are as follows (Cont'd):

	Discontinued operations	← Continuing operations →			
		Property development and real estate			
	Agriculture division \$'000	division \$'000	Others \$'000	Elimination \$'000	Total \$'000
2024					
Revenue					
External sales	70	102	–	–	172
Inter-segment sales	–	50	3,100	(3,150)	–
Total revenue	70	152	3,100	(3,150)	172
Segment loss	(5,287)	(7,774)	(1,241)	1,150	(13,152)
Depreciation of property, plant and equipment and right-of-use assets	(1,560)	(234)	(118)	–	(1,912)
Amortisation of intangible assets	–	(100)	–	–	(100)
Property, plant and equipment written off	(80)	–	–	–	(80)
Finance costs	–	(586)	(82)	–	(668)
Income tax expense	–	(582)	–	–	(582)
Loss from disposal of subsidiaries	(2,997)	–	–	–	(2,997)
(Loss)/gain on disposal of property, plant and equipment	–	(20)	141	–	121
Gain on disposal of right-of-use assets	–	253	–	–	253
(Loss)/gain on change in fair value of financial assets at fair value through profit or loss	–	(20)	11	–	(9)
Net gain on repossession of development properties	–	82	–	–	82
Write-down of development properties	–	(6,051)	–	–	(6,051)
Interest income	–	83	2	–	85
Share of loss of an associated company	–	(46)	–	–	(46)
Share of profit of a joint venture	–	3,691	–	–	3,691
Segment assets	–	102,811	7,782	–	110,593
<i>Segment assets include:</i>					
Additions to non-current assets	–	621	35	–	656
Investment in an associated company	–	7,564	–	–	7,564
Investment in a joint venture	–	26,824	–	–	26,824
Segment liabilities	–	(4,486)	(1,228)	–	(5,714)

NOTES TO THE FINANCIAL STATEMENTS ►

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

37. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Singapore	–	–	1,631	1,278
Cambodia	2,781	102	67,992	35,107
	2,781	102	69,623	36,385

Non-current assets information presented above are non-current assets as presented on the statements of financial position excluding loan to third party and financial assets at fair value through profit and loss.

Information about major customers

Revenue is derived from 2 (2024: 2) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the marble mining (2024: property development and real estate) division.

	Group	
	2025 \$'000	2024 \$'000
Customer B	–	201
Customer C	–	148
Customer D	1,200	–
Customer E	413	–
	1,613	349

38. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors dated 13 April 2026.

STATISTICS OF SHAREHOLDINGS ►

AS AT 18 MARCH 2026

ISSUED AND FULLY PAID-UP CAPITAL : 119,107,191
 NUMBER OF SHARES : 493,346,914
 CLASS OF SHARES : ORDINARY SHARES
 VOTING RIGHTS : ONE VOTE PER SHARE
 NUMBER OF TREASURY SHARES AND : NIL
 SUBSIDIARY HOLDINGS HELD

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	737	13.06	32,222	0.01
100 – 1,000	1,003	17.77	529,860	0.11
1,001 – 10,000	2,521	44.67	10,934,870	2.22
10,001 – 1,000,000	1,354	23.99	92,567,582	18.76
1,000,001 & above	29	0.51	389,282,380	78.90
TOTAL	5,644	100.00	493,346,914	100.00

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
1 ONG BEE HUAT	217,801,465	44.15
2 PHILLIP SECURITIES PTE LTD	27,106,355	5.49
3 ONG JIA MING	20,599,765	4.18
4 ONG KIAN HENG	16,931,177	3.43
5 WONG WEN-YOUNG	13,841,850	2.81
6 LAU YEN ENG	10,410,833	2.11
7 GOH GUAN SIONG (WU YUANXIANG)	10,235,836	2.07
8 DBS NOMINEES PTE LTD	9,879,983	2.00
9 NG CHUEN GUAN (HUANG JUNYUAN)	8,584,000	1.74
10 CGS INTERNATIONAL SECURITIES SINGAPORE PTE LTD	5,221,409	1.06
11 HSU HUNG-CHUN	4,000,000	0.81
12 TOH TIAM HOCK	3,731,688	0.76
13 JIB SPECIALIST CONSULTANTS PTE LTD	3,000,000	0.61
14 TEO HO PIN	3,000,000	0.61
15 TIGER BROKERS (SINGAPORE) PTE. LTD.	2,564,666	0.52
16 UNITED OVERSEAS BANK NOMINEES PTE LTD	2,414,199	0.49
17 CHUA POH SUAN	2,300,000	0.47
18 RAFFLES NOMINEES (PTE) LIMITED	2,198,866	0.44
19 SOH CHIAP HOI	1,918,033	0.39
20 CHENG BUCK POH @ CHNG BOK POH	1,700,000	0.34
	367,440,125	74.48

STATISTICS OF SHAREHOLDINGS ►

AS AT 18 MARCH 2026

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 18 March 2026)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
DATO DR ONG BEE HUAT, PBM	217,801,465	44.15	10,410,833 ⁽¹⁾	2.11

Note:

(1) Dato Dr Ong Bee Huat, Pbm, deemed interest 10,410,833 shares held by his spouse.

COMPLIANCE WITH RULE 723 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") LISTING MANUAL

Based on information available and to the best knowledge of the Company as at 18 March 2026, approximately 49.56% of the ordinary shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual.



HONG LAI HUAT
GROUP LIMITED

SGX MAINBOARD #COT.SB

逢來發集團有限公司

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