



ANNUAL REPORT
2025

CONTENTS

Overview	1-3
Corporate Information	1
Board of Directors	2-3

Operating and Financial Review	4-8
Chairman's Statement	4-5
Group Structure	6
Company Information and Management Team	7
Audited Year End Summary	8

Sustainability Report	9-39
------------------------------	-------------

Corporate Governance Report	40-68
------------------------------------	--------------

Financial Statements	69-134
Directors' Statement	69-73
Independent Auditor's Report	74-77
Consolidated Statement of Comprehensive Income	78
Statements of Financial Position	79
Consolidated Statement of Changes in Equity	80-81
Consolidated Statement of Cash Flows	82
Notes to the Financial Statements	83-134

Statistics of Shareholdings as at 16 March 2026	135-136
Distribution of Shareholdings	135
Substantial Shareholders	135
Public Float	135
Top Twenty Shareholders	136

Annual General Meeting	137-141
Notice of Annual General Meeting	137-141
Proxy Form	

CORPORATE INFORMATION

BOARD COMPOSITION

- **Board of Directors**
Siaw Lu Howe
(Independent Director and Non-Executive Chairman)
Alan Chin Yu
(Executive Director)
John Lee Yow Meng
(Executive Director and Chief Financial Officer)
Ng Keok Chai
(Lead Independent Director)
Tan Gim Kang, Arran
(Non-independent Non-Executive Director)
Aris Muhammad Rizal
(Non-independent Non-Executive Director)
- **Audit Committee**
Ng Keok Chai
(Chairman)
Tan Gim Kang, Arran
Siaw Lu Howe
- **Remuneration Committee**
Ng Keok Chai
(Chairman)
Siaw Lu Howe
Aris Muhammad Rizal
- **Nominating Committee**
Siaw Lu Howe
(Chairman)
Ng Keok Chai
Aris Muhammad Rizal
- **Environmental, Social and Governance Committee**
Ng Keok Chai
(Chairman)
Tan Gim Kang, Arran
Siaw Lu Howe

COMPANY SECRETARY

Tong Shan, Helen

REGISTRAR

Tricor Barbinder Share
Registration Services
9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

AUDITORS

PKF-CAP LLP

Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 1 #38-01
Singapore 068809

Audit Partner in charge
(appointment since financial year 2021)

Titus Kuan Tjian

REGISTERED OFFICE

Apex @ Henderson
201 Henderson Road
#05-19
Singapore 159545
Tel : (65) 6332 9488

OPERATING SUBSIDIARIES

- **Singapore**
Tria Holdings Pte. Ltd.
Asphere Holdings Pte. Ltd.
Adroit Innovations Investment Pte Ltd
SAL Resort & Development Pte. Ltd.

Apex @ Henderson
201 Henderson Road
#05-19
Singapore 159545
- **Malaysia**
Gemisuria Corporation Sdn. Bhd.

No. 177-3, 3rd Floor,
Jalan Sarjana
Taman Connaught, Cheras
56000 Kuala Lumpur
Malaysia

- **Indonesia**

PT Rel-ion Sterilization Services

Kampung Mariuk RT.02 RW.02
Gandamekar
Cikarang Barat
Bekasi –Jawa Barat 17530
Indonesia

- **Seychelles**

Solid Base Limited

P.O. Box 1239
Offshore Incorporations Centre
Victoria, Mahe
Seychelles

NON-OPERATING SUBSIDIARIES

- **Malaysia**
Trackplus Sdn. Bhd.
(voluntary liquidation commenced on 1 January 2025)

No. 177-3, 3rd Floor
Jalan Sarjana
Taman Connaught, Cheras
56000 Kuala Lumpur
Malaysia

PRINCIPAL BANKERS

Maybank Singapore
2 Battery Road
#21-01 Maybank Tower
Singapore 049907

DBS Bank Ltd
12 Marina Boulevard
Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982

BOARD OF DIRECTORS

MR. ALAN CHIN YU

Executive Director

Mr. Alan Chin Yu (“**Mr. Yu**”) was appointed as Executive Director on 6 November 2020 and was last re-elected on 26 April 2023.

Mr. Yu is a Bachelor of Commerce graduate from the University of Western Australia. He has extensive experience in banking, finance and corporate management. He has no other directorship in public or public-listed companies.

MR. JOHN LEE YOW MENG

Executive Director and Chief Financial Officer

Mr. John Lee Yow Meng (“**Mr. Lee**”) was appointed as Executive Director and Chief Financial Officer on 25 April 2019. He was last re-elected on 24 April 2025.

Mr. Lee is a member of the Association of Certified Accountants, Malaysia. He has extensive experience in auditing, taxation, financial management, treasury operations and company secretarial work across many industries such as banking, manufacturing, retail, travel, property development, insurance and information technology. He has no other directorship in public or public-listed companies.

MR. SIAW LU HOWE

Independent Director and Non-Executive Chairman

Mr. Siaw Lu Howe (“**Mr. Siaw**”) was appointed as Executive Chairman and Chief Executive Officer on 6 December 2017 and subsequently been re-designated as Independent Director and Non-Executive Chairman on 25 April 2024. He was last re-elected on 24 April 2025. He is the Chairman of the Nominating Committee and a member of the Audit Committee; Environmental, Social and Governance Committee; Remuneration Committee.

Mr. Siaw has had over 20 years of experience in managing diverse businesses, such as in hospitality, real estate and mining services industries, primarily located in the state of Sarawak, Malaysia. He has been a director at Sri Datai Construction (Sarawak) Sdn Bhd since 1995 and at Modal Sempura Sdn Bhd since 2009 and is currently advisor to Juara Cahya Sarawak Sdn Bhd, since 2015. He has no other directorship in public or public-listed companies.

MR. NG KEOK CHAI

Lead Independent Director

Mr. Ng Keok Chai (“**Mr. Ng**”) was appointed as Lead Independent Director on 25 April 2019 and was last re-elected on 26 April 2023. He is the Chairman of the Audit Committee; Remuneration Committee; Environmental, Social and Governance Committee; and a member of the Nominating Committee.

Mr. Ng holds a Bachelor of Laws (Hons.) from University of Wolverhampton, London and Certificate of Legal Practice from Legal Profession Qualifying Board, Malaysia. He started his early career as a Police Inspector with the Royal Malaysia Police in 1982 and was then posted to serve in Sarawak for 20 years until the rank of Assistant Superintendent of Police. During his tenure in Sarawak, his exposure included the Criminal Investigation

BOARD OF DIRECTORS

Department, General Duty and Police Field Force. In 2003, Mr. Ng was transferred to West Malaysia to serve in Commercial Crime Investigation Department (“CCID”) until his retirement in 2019. Mr. Ng was promoted to Assistant Commissioner of Police in 2016 and his last held position was Principal Assistant Director in Forensic Accounting Investigation Division, CCID, Royal Malaysia Police, Bukit Aman. Throughout his 36 years’ service in Royal Malaysia Police, he was very much involved in police investigations due to his legal background. He specialises in criminal investigation across various fields which include commercial crime, general crime and forensic accounting with ample management and special operations experience.

Directorships in other listed companies (past 3 years):

- CSH Alliance Berhad
- Dynaciate Group Bhd
- Green Packet Bhd

Directorships in other listed companies (present):

- NexG Bina Berhad
- Landmarks Berhad
- Hong Seng Consolidated Berhad

MR. TAN GIM KANG, ARRAN

Non-independent Non-Executive Director

Mr. Tan Gim Kang, Arran (“**Mr. Tan**”) was appointed as the Independent Non-Executive Director on 30 May 2014 and subsequently been re-designated as Non-Independent Non-Executive Director upon his last re-election on 25 April 2024. He is a member of the Audit Committee; and Environmental, Social and Governance Committee.

Mr. Tan has vast experience in the general civil and structural engineering, project management, construction management and traffic engineering and carpark management industry. His working experience spans across Singapore, New Zealand, Indonesia, Vietnam, India and United Arab Emirates. Mr. Tan has worked in various hospitality projects namely Bintan Lagoon Resort in Bintan/Indonesia, Premier Apartment in Surabaya/Indonesia, Summit Parkview Hotel in Yangon/Myanmar and Ananda In The Himalayas, Rishikesh/India where he is involved in various stages of the construction from conception, design and construction. Mr. Tan holds a Bachelor of Engineering (Civil) (2nd Class Honours) from the University of Canterbury in 1986. He has no other directorship in public or public-listed companies.

MR. ARIS MUHAMMAD RIZAL

Non-independent Non-Executive Director

Mr. Aris Muhammad Rizal (“**Mr. Aris**”) was appointed as the Independent Non-Executive Director on 10 October 2014 and subsequently been re-designated as Non-Independent Non-Executive Director upon his last re-election on 25 April 2024. He is a member of the Nominating Committee; and Remuneration Committee.

Mr. Aris holds a Bachelor of Engineering (Geological) from the University of Padjadjaran, Indonesia and is currently the mining manager (Kepala Teknik Tambang) at KUD Nomontang which is an Indonesian private company holding gold interest in Lanut, North Sulawesi, Indonesia. He has no other directorship in public or public listed companies.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Southern Archipelago Ltd. ("SAL" or the "Company" and together with its subsidiaries, the "Group"), I am pleased to present to you the Group's annual report for the financial year ended 31 December 2025 ("FY2025").

BUSINESS OVERVIEW

FY2025 has been a year of corporate rationalisation and operational fortitude. While the broader economic environment remains volatile, the Group's primary focus was twofold: maintaining the resilience of our core sterilisation business in Indonesia and continuing to systematic streamlining of our corporate structure.

The Group recorded a net loss of S\$0.93 million for the year. This loss includes non-recurring accounting impacts from our ongoing restructuring efforts and reflects a contraction in revenue within our sterilisation segment. However, these results must be viewed alongside the significant operational milestones we achieved, particularly the completion of major capital upgrades that position us for future recovery.

KEY DEVELOPMENT AND CHANGES

Sterilisation Business

Our Indonesian subsidiary, PT Rel-ion Sterilization Services ("PTRI"), continues to be the Group's core revenue generator. In FY2025, PTRI faced a significant decline in sales, largely due to the challenging macroeconomic and political climate in Indonesia, which dampened industrial demand and intensified local competition.

Despite these headwinds, we demonstrated operational fortitude by completing our significant facility upgrades, and our expanded capabilities are now operational. By enhancing our irradiation services, we have significantly diversified our service offerings.

Investment Holdings and Opportunities

We have continued our efforts to create a leaner, more efficient corporate structure through deliberate corporate rationalisation. The liquidation of Raintree Rock Sdn. Bhd. was successfully completed as announced on 21 January 2026. Meanwhile, the voluntary liquidation of Trackplus Sdn. Bhd. ("Trackplus"), which commenced on 1 January 2025, remains in progress. While the Trackplus liquidation resulted in a one-off accounting loss of approximately S\$0.83 million in FY2025, these actions are vital to ensuring a leaner, more efficient corporate structure moving forward.

CHAIRMAN'S STATEMENT

Despite the challenges, the Group continue to explore potential investment opportunities that are viable and in line with our strategic objectives. However, the ongoing market conditions have made it difficult to secure suitable investments.

Hospitality and Wellness Sector

The Group maintained its “pause” on new acquisitions in the hospitality sector throughout FY2025. Our priority remains the health of our current balance sheet and the optimisation of our existing assets. We will continue to monitor the market and remain open to new opportunities only when conditions are favourable and align with our prudent growth strategy.

THE WAY FORWARD

As we enter 2026, the Group is transitioning from a phase of heavy capital expenditure to a phase of operational ramp-up. With a streamlined corporate structure and our upgraded facility now operational, our focus is on driving higher utilisation rates at PTRI and restoring profitability.

We are grateful for the continued support of our substantial shareholders, whose commitment has been vital as we manage our liquidity and navigate financial covenants. We remain committed to exploring avenues that can create long-term value for all our stakeholders.

CONCLUSION

On behalf of the Board, I thank our management team and staff for their continued dedication during this period. To our shareholders, we appreciate your continued trust as we work to emerge as a leaner and more focused organisation.

Yours sincerely,

SIAW LU HOWE

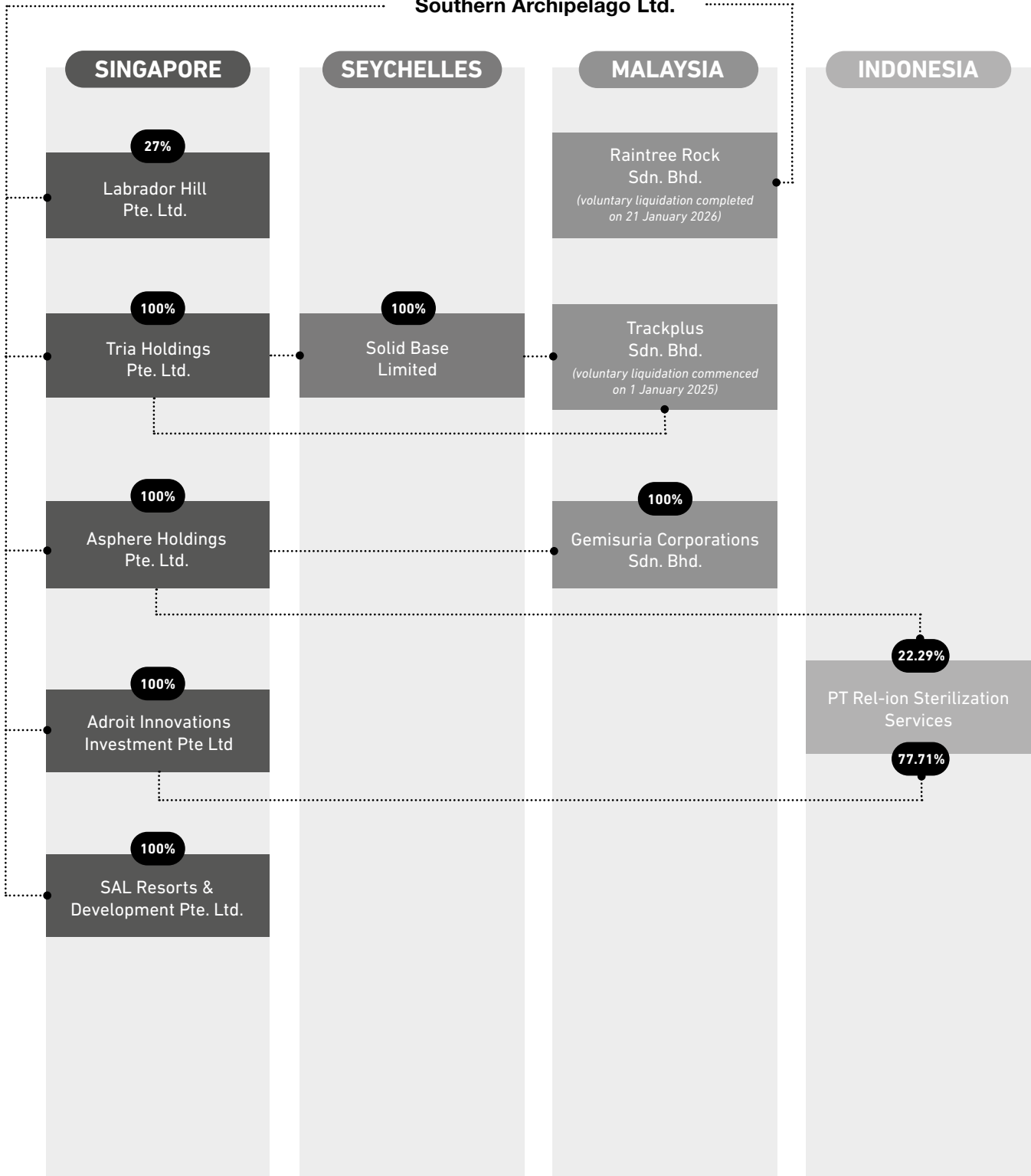
Independent Director and Non-Executive Chairman

GROUP STRUCTURE

As at 31 December 2025



Southern Archipelago Ltd.



COMPANY INFORMATION AND MANAGEMENT TEAM

COMPANY INFORMATION

Southern Archipelago Ltd. (“SAL” or the “Company” and its subsidiaries collectively, the “Group”) is a strategic investment group. The Company has been listed on the mainboard of Singapore Exchange Securities Trading Limited since 2000. The Company is headquartered in Singapore, with operations in Singapore, Indonesia and Malaysia. With focus on global market trends, our business ventures are conducted in an ethical, environmentally, friendly, and socially responsible manner.

MANAGEMENT TEAM

MR. BRYAN NICHOLAS LEE MUN HEI

Chief Executive Officer of Southern Archipelago Ltd.

Mr. Bryan Lee is responsible for the overall management, operations, strategic planning and business expansion of the Group. He oversees the execution of the Group’s corporate and business strategies and the day-to-day operations of the Group.

MR. ALAN CHIN YU

Executive Director of Southern Archipelago Ltd.

Mr. Alan Yu is responsible for the planning and implementation of the Group’s strategies and directions as well as overseeing the Group’s businesses and investments.

MR. JOHN LEE YOW MENG

Executive Director and Chief Financial Officer of Southern Archipelago Ltd.

Mr. John Lee is responsible for managing the overall accounting and financial management of the Group.

MR. YUSMAN, SH

Managing Director of PT Rel-ion Sterilization Services

Mr. Yusman is responsible for the overall operational aspects and day-to-day management of PT Rel-ion Sterilization Services. He holds a degree in Law from the University of Tanjung Pura, West Kalimantan, Indonesia.

AUDITED YEAR END SUMMARY

The Group

Consolidated Statement of Comprehensive Income – S\$

	31 December 2025 12 months	31 December 2024 12 months
Operating Revenue	3,961,146	4,816,725
Other Gains – net	80,083	272,015
Interest Income	1,516	12,120
Total Expenses	(4,779,077)	(4,865,331)
Income Tax Expense	(197,823)	(388,252)
Total Loss	(934,155)	(152,723)
– Owners of the Company	(934,155)	(152,723)

The Group

Consolidated Statements of Financial Position – S\$

	As at 31 December 2025	As at 31 December 2024
Total Assets	11,584,171	10,842,757
Total Liabilities	(10,653,799)	(8,400,577)
Net Assets	930,372	2,442,180
Intangible Assets	49,814	64,519
Net Tangible Assets – The Group	880,558	2,377,661
Equity: The Group	930,372	2,442,180
– Owners of the Company	930,372	2,442,180

Owners of the Company

Per Share Computation

	31 December 2025	31 December 2024
Number of Shares	27,570,762,183	27,570,762,183
Net Assets Value per Share – in cents	0.0034	0.0089
Net Tangible Assets per Share – in cents	0.0032	0.0086
Weighted Average Number of Shares	27,570,762,183	27,570,762,183
Loss per Share – in cents	(0.0034)	(0.0006)

The Group

Ratio Computation

	31 December 2025	31 December 2024
Return on Assets	-8.1%	-1.4%
Return on Equity	-100.4%	-6.3%

SUSTAINABILITY REPORT

Southern Archipelago Ltd. (“**SAL**” or the “**Company**,” and together with its subsidiaries, the “**Group**”) has been listed on the Singapore Exchange Mainboard (“**SGX-ST**”) since 19 June 2000. With its headquarters in Singapore, the Group conducts operations across Singapore, Indonesia, and Malaysia.

The Group is currently organised into the following four business segments:



Investment Holding

Investment in transferable securities, including but not limited to marketable shares, warrants and debentures.



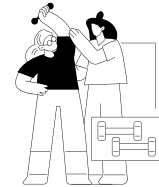
Sterilisation

Provision of contract sterilisation, decontamination and polymerisation services for food (non-frozen), food (frozen), food packaging, medical devices, cosmetic, pharmacy, pharmacy packaging, and other consumer products.



Property

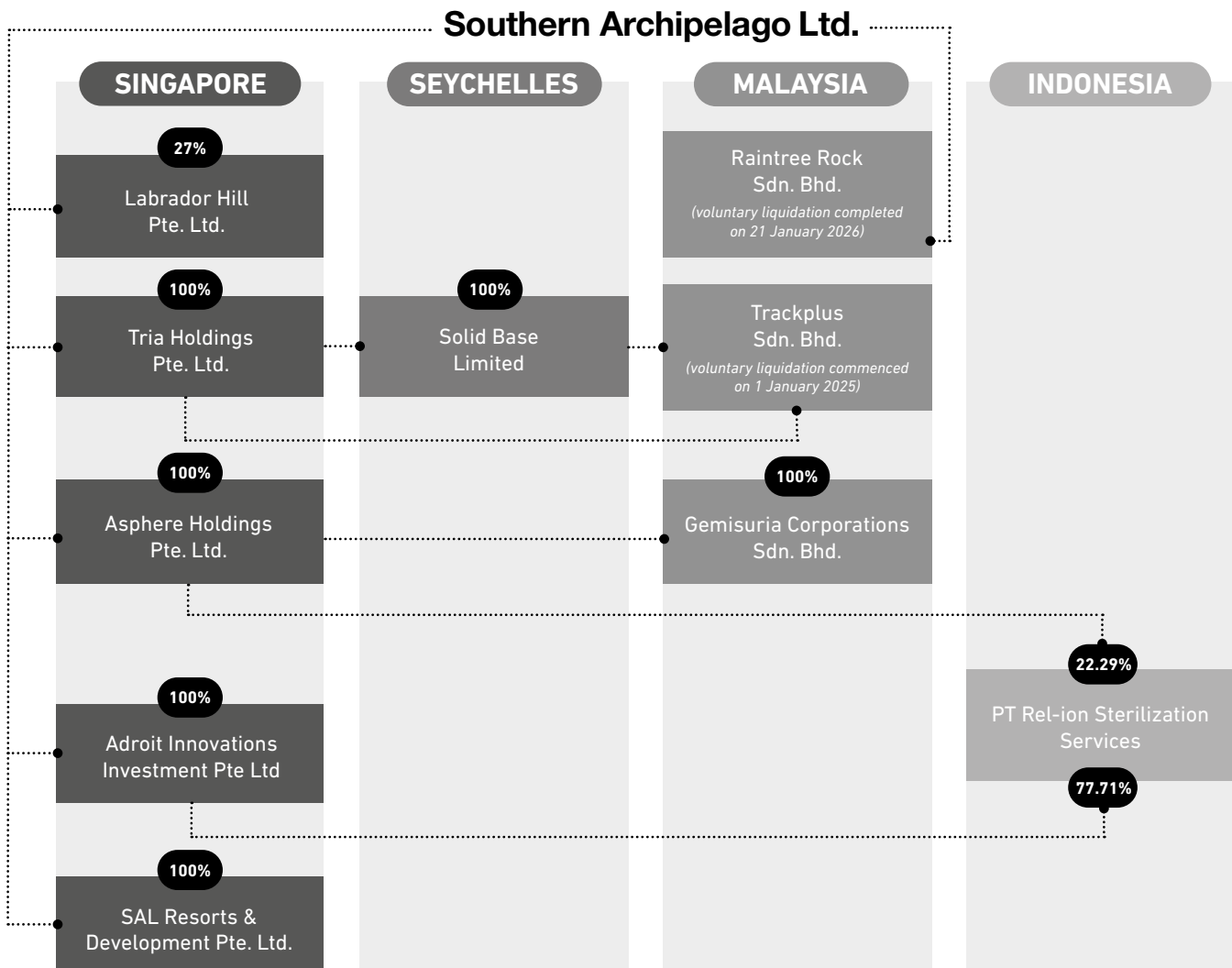
Development of properties for sale as well as the long-term holding of properties for rental and related income. This business segment is currently dormant.



Hospitality and Wellness

Provision of hotel management and wellness services.

Our Group Structure (as of 31 December 2025) is as follows:



SUSTAINABILITY REPORT

SUPPLY CHAIN MANAGEMENT

Our Group is principally engaged in providing sterilisation services and investment holding. The primary supplier supporting our sterilisation operations is Nordion (Canada) Inc., which furnishes the required Cobalt-60 pencils.

ABOUT THE REPORT

Southern Archipelago Ltd. is pleased to present the annual edition of our sustainability report. This publication outlines our Environmental, Social, and Governance (“**ESG**”) performance and initiatives for the financial year ended 31 December 2025 (“**FY2025**”), demonstrating our ongoing progress towards ESG objectives and reaffirming our commitment to sustainable practices moving forward.

The scope of this report encompasses all entities within our Group where SAL maintains either a significant control or full operational control. Special attention is given to ESG considerations related to our principal revenue-generating operations, especially sterilisation, decontamination, and polymerisation services delivered by PT Rel-ion Sterilization Services (“**PT Rel-ion**”).

This report has been prepared with reference to the GRI Standards 2021 as well as the International Financial Reporting Standards (“**IFRS**”) S2 Climate-related Disclosures issued by the International Sustainability Standards Board (“**ISSB standards**”). Since 2017, we have adopted the GRI reporting framework due to its structured and internationally recognised methodology for addressing economic, environmental, and social impacts. Notably, this year’s report initiates our compliance journey with ISSB standard disclosures, targeted for full alignment by FY2030 in accordance with SGX requirements. In alignment with the ISSB standards, our energy and emissions disclosures for Scope 1 and 2 emissions include both the consolidated accounting group and our associated company, Labrador Hill Pte. Ltd. The GRI content index is provided at the conclusion of this report for ease of reference.

In line with SGX-ST Listing Rules 711A and 711B and Practice Note 7.6 on the Sustainability Reporting Guide, this report adheres to the six primary components of sustainability reporting. Acknowledging the multifaceted risks and opportunities presented by the climate crisis, we remain resolute in reducing the Company’s climate impact and in enhancing transparency regarding our sustainability efforts.

The Group has not sought external assurance for this report. All data and information are presented in good faith and represent our best knowledge and understanding at the time of publication.

We acknowledge the significant value of stakeholder feedback in enhancing our sustainability initiatives. Stakeholders are invited to provide insights or comments regarding this report or our sustainability programmes via email at: info@southernarchipelago.com.

In alignment with our commitment to sustainability, physical copies of this report will not be produced. The Sustainability Report for FY2025 will be incorporated within our Annual Report, and a digital version will be available for download from SGXNet (www.sgx.com) or our website (<https://www.southernarchipelago.com>).

SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

On behalf of the Board of Directors (the “**Board**”), I am pleased to present Southern Archipelago Ltd.’s Sustainability Report for the financial year ended 31 December 2025. This report reflects our continued commitment to integrating sustainability into our strategic priorities, governance practices, and operations as we strive to create long-term value for all stakeholders.

The Board recognises that sustainability is fundamental to building a resilient and future-ready organisation. We continue to oversee and guide the identification and management of material ESG factors, ensuring these considerations remain embedded within Southern Archipelago Ltd.’s business strategy. Supporting this oversight is our ESG Committee, comprising a majority of independent directors, which provides specialised guidance on the Group’s sustainability policies, direction, and performance.

Over the past year, we have further strengthened our sustainability governance framework, with active involvement from both the Board and the ESG Committee. A key milestone highlighted in this report is the start of our ISSB compliance journey - an important step in aligning our disclosures with global reporting standards and reaffirming our commitment to transparency and accountability in how we address environmental and climate-related challenges.

We have also broadened our disclosures on energy consumption and greenhouse gas emissions, enabling Southern Archipelago Ltd. to establish clearer baselines and measure our progress in reducing our environmental footprint. In parallel, the ESG Committee has intensified its focus on climate-related risks and opportunities, ensuring the Group remains resilient and adaptable in an evolving climate landscape.

Our commitment to sustainability encompasses economic resilience, operational excellence, employee well-being, environmental stewardship, and strong corporate governance. These principles continue to guide Southern Archipelago Ltd. as we strengthen our business, support our people, and contribute positively to the communities and sectors in which we operate.

The Board extends its gratitude to all our stakeholders for their ongoing trust and support. Together, we are confident in our ability to advance Southern Archipelago Ltd.’s sustainability journey and look forward to reporting on our continued progress in the years ahead.

Mr. Siaw Lu Howe

*Independent Director and Non-Executive Chairman
Southern Archipelago Ltd.*

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

The Group places a strong emphasis on solid corporate governance and upholding environmental and social responsibility at every level of our business. We recognise that robust sustainability governance is essential for safeguarding the interests of our investors, shareholders, and other stakeholders, helping to ensure the Group's long-term success.

We are committed to global sustainability standards and strive to reduce both our environmental and social impacts, all while promoting sustained economic growth. Our goal is to create meaningful, positive changes that benefit both our business objectives and the wellbeing of future generations.

The Board collectively sets the strategic direction for the Group's sustainability initiatives. To support this, a dedicated ESG Committee comprising a majority of independent directors provides focused oversight of our sustainability policies and practices.

The ESG Committee is tasked with the following roles and responsibilities:

- Identifying and prioritising material ESG topics for sustainability reporting.
- Evaluating and managing the risks and opportunities of material sustainability topics as well as climate change.
- Providing guidance for and reviewing the Group's overall vision and strategy as it pertains to ESG matters and climate change considerations.
- Monitoring the Group's performance against its sustainability targets and ambitions.
- Keeping the Board informed on sustainability-related regulatory changes that may impact the business of the Group or its strategy implementation.
- Providing regular updates to the Board on the Group's ongoing management of material sustainability topics and climate change.
- Reviewing and approving the annual Sustainability Report and other ESG related information disclosures of the Group.
- Assisting the Board to ensure the climate-related risks and opportunities are integrated to the Group's overall strategy and decision-making process.

All Directors have undergone the sustainability training required by SGX, with the exception of Mr. Siaw Lu Howe, who will arrange to have attend the training at his earliest availability. An overview of the composition of our Board of Directors and their respective committees during FY2025 is provided in the table below.

Directors	Nominating Committee	Remuneration Committee	Audit Committee	ESG Committee
Mr. Siaw Lu Howe (Independent Director and Non-Executive Chairman)	 Chairman	 Member	 Member	 Member
Mr. John Lee Yow Meng (Executive Director and Chief Financial Officer)				
Mr. Alan Chin Yu (Executive Director)				
Mr. Ng Keok Chai (Lead Independent Director)	 Member	 Chairman	 Chairman	 Chairman
Mr. Tan Gim Kang, Arran (Non-independent Non-Executive Director)			 Member	 Member
Mr. Aris Muhammad Rizal (Non-independent Non-Executive Director)	 Member	 Member		







Please refer to the Corporate Governance Report in the Company's FY2025 Annual Report for more details on our governance structure and composition, nomination and selection processes and remuneration policies for Board members.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

SAL utilises a comprehensive approach to stakeholder engagement, acknowledging the considerable impact stakeholders have on the Group's operations and decision-making processes. Recognising their essential role in value creation, SAL is committed to cultivating meaningful, long-term relationships. The Group leverages a variety of engagement channels to proactively understand stakeholder concerns and priorities, enabling the implementation of targeted, effective responses.

To promote transparency and robust communication, SAL has introduced initiatives to systematically collect and analyse stakeholder feedback, including that of shareholders, through various communication channels. Furthermore, shareholders are given the opportunity to present their views and seek clarification on matters related to the Group during general meetings.




Stakeholders	Engagement Channels	Key Interests & Concerns
 Customers	<ul style="list-style-type: none"> Daily interactions Enquiry and feedback channels Ad-hoc customer surveys 	<ul style="list-style-type: none"> Top-notch customer service Quality management
 Employees	<ul style="list-style-type: none"> Annual performance appraisal Regular team meetings Regular medical check-ups Ad-hoc workplace radiation safety trainings 	<ul style="list-style-type: none"> Labour rights and welfare Skills enhancement Occupational radiation protection, health and safety
 Investors	<ul style="list-style-type: none"> Regular investor meetings Annual and interim reports Periodic circulars to shareholders 	<ul style="list-style-type: none"> Profitability and transparency Timely reporting and resolution of issues
 Suppliers	<ul style="list-style-type: none"> Periodic supplier evaluation Ad-hoc quotes comparison Periodic discussions 	<ul style="list-style-type: none"> Compliance with contractual terms and conditions Maintenance of ethical standards Material quality and waste management
 Governments and Regulators	<ul style="list-style-type: none"> Annual compliance audits Participation in conferences and seminars, on an ad-hoc basis SGX announcements 	<ul style="list-style-type: none"> Adherence to rules and regulations as well as statutory disclosures and requirements Timely reporting and resolution of issues
 Community	<ul style="list-style-type: none"> Active participation in corporate volunteering programmes 	<ul style="list-style-type: none"> Contribution to community development Compliance with socio-economic and environmental standards

SUSTAINABILITY REPORT







MATERIALITY ASSESSMENT

SAL's sustainability approach is built on a thorough materiality assessment that considers the ESG effects of our operations both inside and outside the Group. This assessment uses stakeholder input and follows the GRI 3: Material Topics guidelines. For FY2025, we are continuing with the nine most significant ESG topics reported in our 2024 sustainability report, after an internal review. These topics are grouped into three main pillars: (1) Our Business, (2) Our People, and (3) Our Environment, and each one is linked to the relevant GRI Topic Standards. By focusing on these priorities, we intend to create lasting, sustainable value for the Company and its stakeholders.

SAL's management team is tasked with pinpointing and managing the Group's sustainability impacts while keeping an eye on new developments. Through the combination of stakeholder input and the management's analysis, we have identified the ESG topics that matter most. The ESG Committee advises management in compiling the list of critical ESG topics, which is then examined and approved by the Board of Directors. These topics are published in our annual sustainability report.

Material Topics	Associated Positive and Negative Impacts	Our Targets		
		Short-term (1 -3 years)	Medium-term (4-10 years)	Long-term (10 years to Y2050)
Pillar 1: Our Business				
Economic Performance (GRI 201) 	Sustainable financial performance means creating long-term economic value for all our stakeholders. We continuously monitor global market trends and keep a watchful eye on emerging investment opportunities, with the aim of maximising returns for our shareholders, creating more jobs, and ensuring the continuity of our business.	We aim to continue growing our core sterilisation business, PT Rel-ion.	We aim to increase the profitability of our hospitality and wellness businesses.	We aim to increase investments into our hospitality and wellness businesses, while delivering improved investor returns and creating good job opportunities in the process.
Anti-corruption (GRI 205) 	We believe in the importance of maintaining strong anti-corruption measures to protect the interests of our stakeholders, as this significantly enhances our organisation's reputation and helps to build stakeholders' trust in us. Having effective internal controls in place reduces the likelihood of fraudulent activities or other unethical behaviour.	We aim to have zero reported cases of fraud, misconduct or any breaches of the Company's Code of Conduct.		
Customer Privacy (GRI 418) 	The loss or theft of customer data can lead to significant legal and reputational risks for the organisation. To maintain our customers' confidence in our business, we are committed to ensuring strict compliance with Singapore's Personal Data Protection Act 2012 and Indonesia's Personal Data Protection Law No. 27 of 2022, while also streamlining data management processes in our day-to-day operations to improve business efficiency.	We aim to have zero breaches of customer data and privacy, including in the form of customer complaints or violations of Singapore's Personal Data Protection Act 2012 and Indonesia's Personal Data Protection Law No. 27 of 2022.		

SUSTAINABILITY REPORT

Material Topics	Associated Positive and Negative Impacts	Our Targets		
		Short-term (1 -3 years)	Medium-term (4-10 years)	Long-term (10 years to Y2050)
Pillar 2: Our People				
Employment (GRI 401) 	We strive to establish a positive corporate culture that prioritises employee well-being and job satisfaction, with the aim of attracting and retaining top talent to further enhance our organisation's overall performance and success.	We aim to maintain our employee turnover rate.	We aim to grow our workforce while keeping our employee turnover rate at a similar level to previous years.	
Occupational Health & Safety (GRI 403) 	Implementing comprehensive health and safety measures is key to ensuring the well-being of our workforce. We provide regular training and education to our employees to equip them with the necessary knowledge and skills to identify workplace hazards and prevent avoidable accidents.	We aim to have zero cases of workplace accidents.	We aim to increase the safety, health and welfare of our workers.	Through increasing their overall health and wellbeing, we aim to boost the productivity of our workers.
Training and Education (GRI 404) 	We prioritise the professional growth and development of our employees, by providing them with training opportunities to enhance and upgrade their skills and competencies.	We aim to provide more extensive training to our workers that will help them in the execution of their daily tasks.	By being better trained and more knowledgeable, we hope our workers will achieve higher levels of productivity.	We aim to have a work environment and culture that is conducive to the intra-company transfer and regeneration of relevant workplace knowledge.
Pillar 3: Our Environment				
Energy (GRI 302) 	Implementing effective energy management strategies is key to mitigating the risks associated with rising energy costs. Increasing energy efficiency can also lead to cost savings for the Group.	We aim to reduce unnecessary forms of energy consumption and wastage.	We aim to minimally maintain our current levels of energy efficiency.	We will set more long-term targets once we have obtained more data over time.
Emissions (GRI 305) 	Given the physical and transitional risks associated with climate change, we recognise the urgent need to quantify, analyse and reduce our greenhouse gas ("GHG") emissions, thereby mitigating associated reputational risks.	We will set more concrete targets for our emissions once we have collected more data over time and developed effective and measurable emissions reductions strategies.		
Waste & Resources Management (GRI 306) 	Complying with local environmental regulations and industry standards on waste disposal and management is key to avoiding litigation cases and associated penalties that could be imposed on the Group.	We aim to set up periodic monitoring arrangements for the return time of radioactive Cobalt-60 pencils that are no longer usable. We will also aim to have zero radiation accidents at our business premises as well as zero cases of non-compliance with local nuclear-safety laws and regulations.		

SUSTAINABILITY REPORT

ECONOMIC PERFORMANCE

As a Group, we remain focused on delivering sustainable economic performance, with continued emphasis on maintaining and developing our core sterilisation business. Our strategic objective is to strengthen our market position while continuously optimising operations to address both current and future business requirements. Through disciplined execution and operational excellence, the Group seeks to achieve sustainable growth and long-term value creation for stakeholders.

The Group's sterilisation business has been impacted by heightened global trade protectionism, including the introduction of U.S. tariffs. Management is currently assessing the potential implications of these developments on the Group's overall performance. In response to market conditions, the sterilisation business is actively pursuing opportunities to expand its customer base to support revenue diversification and growth.

The Group continues to closely monitor the financial performance of the sterilisation business, which has experienced a decline in revenue due to increased competitive pressures and a general economic slowdown in Indonesia, where the business operates. Management remains focused on navigating these challenges through prudent cost management, market expansion efforts, and ongoing operational optimisation.

The table below illustrates the total economic value generated and distributed by the Group over the past two financial years:

(GRI 201-1)	FY2025 (\$'000)	FY2024 (\$'000)
Economic Value Generated		
External revenues	3,961	4,817
Interest income	2	12
Other gains	80	272
Economic Value Distributed		
Cost of raw materials and consumables used	123	76
Employee wages and benefits	2,271	2,263
Payments to providers of capital	-	-
Payments to government	198	388
Other losses	2,385	2,527
Economic Value Retained¹		
Net Loss	(934)	(153)

In FY2025, the Group recorded a 17.8% decline in revenue to S\$3.96 million (FY2024: S\$4.82 million), driven by intensified competition and challenging macroeconomic conditions in Indonesia that reduced sales volumes, alongside unfavourable foreign exchange translation effects. Other gains decreased to S\$80,000, reflecting currency exchange gains partly offset by a one-off loss from the voluntary liquidation of a dormant subsidiary, while interest income declined marginally due to lower average bank balances. On the cost front, raw materials and consumables increased following warehouse expansion, partially offset by a reduction in other expenses due to the absence of prior-year one-off costs.

We acknowledge the considerable challenges posed by climate change, such as rising energy costs, increasingly stringent environmental regulations, and potential risks to physical assets and infrastructure from more frequent and severe weather events. At present, we do not have a formal system to assess the financial impact or costs associated with climate-related risks and opportunities that could lead to significant changes in our operations, revenue, or expenditure. Nonetheless, we remain committed to exploring robust scenario-based planning models to enhance the resilience and preparedness of our operations and financial performance in response to climate change impacts.

¹ Economic Value Retained = Economic Value Generated – Economic Value Distributed

SUSTAINABILITY REPORT

In the short term, the Group is focused on strengthening revenue generation within its sterilisation business. Over the medium to long term, the Group will continue to seek and pursue opportunities in the hospitality and wellness sectors as part of its comprehensive growth strategy. Ongoing market volatility remains a challenge to diversification efforts into the hospitality and wellness industry. Upon completing the expansion of the capacity for the sterilisation business in the end of FY2025, the primary focus will shift toward restoring and increasing revenue by engaging new customers and implementing new systems.

For further details regarding our economic performance and business outlook, please refer to the Group's FY2025 Annual Report.

ANTI-CORRUPTION

The Group's achievements rely substantially on earning and preserving stakeholder trust while safeguarding their interests. Adhering to high standards of corporate governance, focusing on transparency, accountability, and integrity, is fundamental to this objective. By firmly committing to anti-corruption measures, we bolster our reputation and meet stakeholders' ethical expectations.

Everyone in the Group, from leadership to frontline employees, is responsible for upholding our Code of Conduct and core values. We maintain compliance through internal audits and ongoing evaluations of duties at every level, fostering an environment rooted in integrity and supporting our sustainability objectives for the benefit of all involved.

The following sections outline the anti-corruption strategies implemented to deter fraud and unethical practices, which have played a vital role in advancing our corporate mission.

Whistleblowing Policy

Last year, the Group strengthened its Whistleblowing Policy by implementing a structured framework that enables employees to confidentially report serious malpractice or misconduct without fear of retaliation. The enhanced policy provides a secure channel for employees, Group members, and associates to voice concerns regarding illegal, unethical, or improper activities, including financial malpractice and actions that may adversely affect the Group, the public, or the environment. This proactive initiative allows the Group to undertake timely preventive and corrective actions, thereby mitigating potential risks and avoiding adverse consequences related to public disclosure.

The Group requires all employees to promptly report any deviations, breaches, or potential violations of compliance and ethics obligations to designated parties, including Executive Directors, the Chairman of the Board, the Chairman of the Audit Committee ("AC"), and/or the Company Secretary. Whistleblowers may communicate concerns directly with the AC Chairman at audit-comm@southernarchipelago.com or, if necessary, escalate matters to applicable governmental authorities or professional regulatory bodies. All reports are addressed through an initial investigation conducted within seven working days, followed by a detailed assessment from an investigation committee within fourteen working days, contingent on the nature and severity of the issue. Confidential records are maintained for each reported case, and periodic effectiveness reports regarding the policy are provided to the AC. The Whistleblowing Policy is reviewed annually, or as circumstances require, to ensure its ongoing applicability and efficacy.

For FY2025, we are pleased to confirm that no instances of fraud, misconduct, or breaches were reported through our whistleblowing channel. The Group remains dedicated to upholding zero reported cases in subsequent financial years.

SUSTAINABILITY REPORT

Interested Persons Transactions Policy

The Group has procedures formalised within the AC terms of reference to identify and review interested person transactions. To safeguard shareholder interests, such transactions are conducted on an arm's length basis. Oversight is provided by the Board and the AC, both of which ensure compliance with Chapter 9 of the Listing Manual and timely disclosures via SGXNet and in the Corporate Governance section of the Annual Report. For FY2025, there were no material interested person transactions under Chapter 9 of the Listing Manual presented to the Board or the AC.

CUSTOMER PRIVACY

The Group recognises that protecting the personal data of customers, employees, and other stakeholders is essential to building trust and sustaining long term business success. We respect individuals' privacy rights and are committed to ensuring that any personal data entrusted to us is collected, used, stored, and disclosed responsibly, solely for legitimate and approved purposes with clear consent. Our data management processes are continually reviewed and strengthened to ensure responsible data governance across all operations.

Given the potential risks associated with data breaches or unauthorised disclosures, the Group places strong emphasis on strict compliance with applicable data protection laws. In Singapore, we adhere to the Personal Data Protection Act 2012 ("**PDPA**"), while in Indonesia, we comply fully with the Personal Data Protection Law No. 27 of 2022. We regularly enhance our data management practices to improve operational efficiency and mitigate legal, regulatory, and reputational risks associated with digital governance.

Employees play a critical role in safeguarding personal data, and maintaining their awareness and accountability is central to our data protection framework. We ensure that employees are adequately informed of data protection policies and that data privacy protocols are embedded into daily operations. This commitment has supported the Group's track record of zero reported personal data breaches or customer privacy violations.

Our approach to data privacy extends to business partners, where applicable, through strict adherence to confidentiality and non disclosure agreements. To further strengthen governance, the Group engaged an independent consultancy specialising in personal data protection and appointed a legally qualified Data Protection Officer ("**DPO**") at Southern Archipelago Ltd. to oversee PDPA compliance and data protection practices.

The Group remains committed to maintaining robust data protection standards, with the objective of ensuring zero data breaches, preventing customer complaints related to privacy, and upholding full compliance with applicable personal data protection laws in all jurisdictions where we operate.

In FY2025, we did not receive any complaints about breaches of customer privacy or data. To maintain this record, we will continue educating our staff about data protection policies and ensure these protocols remain part of our daily operations.

SUSTAINABILITY REPORT

EMPLOYMENT

The Group recognises that its employees are central to its success, and that their contributions must be properly recognised and supported for the Group to prosper. The Group is committed to fostering a positive, inclusive, and supportive working environment that enables employees to perform at their best while feeling valued and respected.

The Group is an equal opportunity employer and firmly believes in the potential of every individual to make meaningful contributions through their unique skills and abilities. Diversity is embedded in its employment practices and is reflected in a workforce comprising employees from diverse backgrounds. Hiring decisions are made strictly on the basis of merit, without regard to personal characteristics such as race, age, religion, or cultural background.

While no specific management framework or formal KPIs are applied to this topic, the Group monitors its performance through employee turnover and retention rates, which serve as indicators of employee engagement and satisfaction.

As of 31 December 2025, our workforce comprised 83 employees (FY2024: 79 employees), all of whom are full-time and based in Singapore and Indonesia. A breakdown of our employee figures, by gender and geographic region, for FY2025 is as follows:

(GRI 2-7)	By Gender		By Region	
	Male	Female	Singapore	Indonesia
Permanent Employees	53	14	7	60
Temporary Employees ²	13	3	0	16
All Employees	66	17	7	76

In accordance with Singaporean and Indonesian labour laws, the Group ensures that all employees have access to full time benefits as outlined in the Employee Handbook. These benefits include healthcare coverage, disability and physical incapacity coverage, childcare leave, and maternity leave. The Group aims to provide a high quality work environment that is attractive to prospective employees and encourages long term retention.

² Temporary employees relate to employees under contract employment, normally for one year

SUSTAINABILITY REPORT

Additionally, we provide extensive parental leave options, so employees have the necessary time and flexibility to care for their expanding families. For FY2025, 11 employees were entitled to parental leave, but none took it. The following table shows the parental leave statistics for FY2024 and FY2025:

Parental Leave (GRI 401-3)	FY2025			FY2024		
	Female	Male	Total	Female	Male	Total
Number of employees entitled to parental leave	11	0	11	8	0	8
Number of employees who took parental leave during the reporting period	0	0	0	0	0	0
Number of employees that returned to work in the reporting period after parental leave ended	0	0	0	0	0	0
Total number of employees due to return to work after taking parental leave	0	0	0	0	0	0
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	0	0	0	1	0	1
Return to work rate ³	NA	NA	NA	NA	NA	NA
Retention rate ⁴	NA	NA	NA	100%	NA	100%

A breakdown of the Group's new employee hires and resignees, by gender and age group is as follows:

(GRI 401-1)	FY2025					FY2024				
	By Gender		By Age Group			By Gender		By Age Group		
	Male	Female	< 30 years	30 – 50 years	> 50 years	Male	Female	< 30 years	30 – 50 years	> 50 years
New Hires	3	3	5	1	0	4	0	3	1	0
Resignees	1	2	2	1	0	1	0	1	0	0

In FY2025, the Group recorded 6 new hires, up from 4 in FY2024, an increase of 50%. Employee turnover increased by 200% in FY2025, with 3 resignations compared with 1 in FY2024.

We strive to create an outstanding workplace that draws exceptional candidates and encourages our current team members to excel. By promoting a supportive company culture focused on employee happiness and fulfilment, we seek to keep top talent and boost our organisation's effectiveness and achievements. For FY2025, we are proud to report that our employee turnover rate⁵ was relatively low at 3.8% (FY2024: 1.3%) and our new hire rate⁶ increased slightly to 7.6% (FY2024: 5.2%).⁷ Moving forward, we are focused on either maintaining or improving this rate. As our business grows, we also plan to expand our workforce and enhance our reputation as an employer of choice.

In the short term, the Group aims to maintain or improve its current employee turnover rate. Over the medium to longer term, as the business continues to grow, the Group aspires to expand its workforce and position itself as an employer of choice, while keeping employee turnover at levels comparable to previous years. By prioritising employee well being, job satisfaction, and inclusive employment practices, the Group seeks to attract, retain, and develop talent that supports its long term performance and success.

³ Return to work rate = Total number of employees that did return to work after parental leave/Total number of employees due to return to work after taking parental leave

⁴ Retention rate = Total number of employees retained 12 months after returning to work following a period of parental leave/Total number of employees returning from parental leave in the prior reporting period

⁵ Turnover rate = Total resignees/Total employees at end of previous reporting period

⁶ New hire rate = Total new hires/Total employees at end of previous reporting period

⁷ FY2024 turnover and new hire rates have been restated due to a change in methodology

SUSTAINABILITY REPORT

OCCUPATIONAL HEALTH AND SAFETY

At PT Rel-ion, safeguarding the health and safety of employees is fundamental to its radiological operations. The Group is committed to maintaining a safe, healthy, and incident free workplace through a comprehensive Occupational Safety and Health (“**OSH**”) programme that prioritises employee welfare, hazard prevention, and regulatory compliance.

Occupational health and safety management system

The OSH framework includes periodic medical check ups, the provision of radiation protection equipment for personnel working in irradiation areas, fire fighting drills, and regular fogging activities across operational sites. OSH policies and procedures are consistently communicated through structured training programmes to ensure employees are equipped with the knowledge and skills required to identify hazards and prevent workplace incidents. As an added layer of protection, all employees are enrolled under Indonesia’s BPJamsostek (Employee Social Security) and BPJS Health schemes.

In accordance with requirements set by the Indonesian Nuclear Energy Regulatory Agency (“**BAPETEN**”), PT Rel ion has appointed a dedicated Radiation Protection Officer (“**RPO**”) responsible for ensuring strict compliance with radiation safety and radioactive substance security regulations. The effectiveness of these measures is validated through the issuance of an Operational Permit from BAPETEN, as well as formal recognition from BAPETEN for the Company’s rigorous management of radiation exposure. PT Rel-ion is also certified under ISO 9001:2015, reflecting adherence to internationally recognised quality and safety standards.

To further strengthen workplace safety, PT Rel-ion invests continuously in employee training and education, including programmes delivered by personnel certified in Occupational Safety and Health (K3) by the Indonesian Ministry of Manpower. The effectiveness of the OSH programme is monitored through radiation safety inspections, compliance audits, and independent appraisal services, ensuring continuous improvement.

Worker participation, consultation, and communication on occupational health and safety

In FY2025, the Group engaged employees on OSH matters through regular communication, training, and monitoring mechanisms. OSH policies and procedures are consistently communicated to employees via internal training programmes, ensuring workers have access to relevant information and understand their roles in maintaining a safe working environment. To support continuous improvement, the Group also engages external appraisal services to assess the effectiveness of its OSH programme. Formal joint management-worker health and safety committees are not in place.

Worker training on occupational health and safety

Worker training on occupational health and safety remains a core element of the Group’s OSH framework. Both internal and external training programmes are conducted to enhance workforce competency and address job-specific risks. Training topics include the safe handling of radioactive materials, radiation worker safety, and fire evacuation simulations. Internal training is conducted every six months, while external training follows schedules established by accredited training institutions. Training effectiveness is evaluated against defined benchmarks, with internal training requiring a minimum passing score of 60%, and external training subject to the graduation standards of the respective institutions.

Promotion of worker health

The Group also places emphasis on the promotion of worker health beyond occupational risks. Employees are provided with access to periodic health checks to support early detection and management of non-work-related health conditions. In addition, PT Rel-ion offers a fitness centre to encourage physical activity and support overall employee well-being.

SUSTAINABILITY REPORT

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

To prevent and mitigate occupational health and safety impacts directly linked to its operations and business relationships, the Group implements preventive safety measures, including the provision of radiation protection equipment for employees working in irradiation areas, fire-fighting drills, and periodic fogging across operational sites. These measures help address identified hazards and reduce the likelihood of health and safety incidents.

Group Performance

The Group's short term target is to maintain zero workplace accidents, while medium term efforts focus on enhancing employee health, safety, and overall welfare. Over the long term, the Group aims to improve employee well being to support higher productivity and sustained operational excellence.

Throughout FY2025, PT Rel-ion successfully maintained its track record of zero workplace accidents and achieved full compliance with all applicable radiation safety and radioactive substance security regulations, including those issued under Indonesian law and BAPETEN regulations. The Group remains committed to maintaining these standards, strengthening its OSH practices, and ensuring a safe, supportive, and improvement focused working environment for all employees.

TRAINING & EDUCATION

The Group is committed to providing equal access to training and development opportunities for all employees, recognising that individual growth strengthens collective capability and contributes to an inclusive, collaborative, efficient, and safe workplace. Employee training and development are viewed as critical enablers of workforce productivity, operational safety, and long term organisational success.

A combination of internal and external training programmes is implemented to enhance employees' working knowledge and competencies. Training covers essential job related topics, including the proper handling of radioactive substances, radiation worker safety, and fire evacuation procedures, ensuring employees are well equipped to perform their roles safely and effectively. Each department participates in training activities at least twice annually, reinforcing a culture of continuous learning across the Group.

These initiatives have generated positive outcomes, supporting career development through skills enhancement, constructive feedback, and opportunities for professional progression. Over time, continued investment in training is expected to further strengthen employee capabilities and foster a workplace environment that is inclusive, collaborative, efficient, and safety focused.

Employee development performance is monitored through annual performance appraisals, which all employees undergo. These appraisals serve to recognise individual contributions, identify areas for improvement, and inform future training and development needs. In FY2025, 100% of employees across all roles and categories completed a formal performance appraisal.

In the short term, the Group aims to deliver more targeted and extensive training to support employees in their day to day responsibilities. Over the medium term, improved knowledge and capability are expected to drive higher productivity levels, while long term efforts focus on cultivating a work culture that supports the transfer, regeneration, and retention of institutional knowledge.

Training activities expanded significantly in FY2025, driven largely by PT Rel-ion's ERP system upgrade. Looking ahead, the Group plans to further refine its training and development programmes to enhance productivity, strengthen long term employability, and promote an inclusive and collaborative workplace that supports sustained organisational growth.

SUSTAINABILITY REPORT

ENERGY

Effective energy management is increasingly essential in response to rising energy prices. It is integral not only to environmental sustainability but also to economic performance. We are dedicated to thoroughly understanding our energy usage and implementing strategies to improve both cost efficiency and sustainability. For FY2025, we will continue to disclose quantitative data on our energy consumption, with FY2023 serving as the baseline year.

To support these objectives, we are prioritising improvements to the energy performance of our building systems, exploring renewable energy options, and investing in energy-efficient technologies. This marks a shift from our current reliance on non-renewable fuels for vehicles, generators, and forklifts. As our sterilisation business expands, we will consistently monitor energy consumption trends to inform and refine our ongoing energy management strategies.

Due to our ongoing alignment ISSB disclosure standards, the FY2025 purchased electricity consumption figures include data from our associate of 336,312 kWh or 1,210.73 GJ, resulting in a materially higher total. As this was the initial year of disclosure for our associate, there are no comparative figures included for FY2024. Accordingly, direct comparisons with previous reporting periods may be of limited relevance.

The table below highlights our energy consumption from FY2023 to FY2025.⁸

Type of Energy Source	FY2023		FY2024		FY2025	
	Amount of Non-renewable Fuel used	Amount of Energy Consumed (GJ) ⁹	Amount of Non-renewable Fuel used	Amount of Energy Consumed (GJ)	Amount of Non-renewable Fuel used	Amount of Energy Consumed (GJ)
Gasoline (L)	21,000	724.63	42,942	1,481.77	36,909	1,273.59
Diesel (L)	85	3.04	-	-	-	-
Bio-diesel (L)	-	-	230	5.56	4,376	105.72
Purchased Electricity (kWh) ¹⁰	202,847	729.95	228,427	822.41	621,067	2,235.85
Total Energy Consumption (GJ)	NA	1,457.62	NA	2,309.74	NA	3,615.16

In FY2025, the Group's total energy consumption increased to 3,615.16 GJ, representing a 56.5% rise compared to 2,309.74 GJ in FY2024, and standing at 148.0% above the FY2023 baseline of 1,457.62 GJ. This increase was primarily attributable to a significant uptick in purchased electricity consumption, which grew 171.9% from 822.41 GJ in FY2024 to 2,235.85 GJ in FY2025, now accounting for 61.8% of total energy use. This is largely due to the inclusion of our associate company's electricity consumption, which accounted to 54.2% of FY2025 electricity consumption, as well as the expansion of the sterilisation business at the end of 2025. During the same period, gasoline consumption declined 14.0% from 1,481.77 GJ to 1,273.59 GJ, however, it remains the predominant energy source.

The Group also reported a substantial increase in bio-diesel consumption, rising approximately 1,802% from 5.56 GJ in FY2024 to 105.72 GJ in FY2025, with its contribution to total energy usage expanding from 0.2% to 2.9%. Overall, relative to the FY2023 baseline, the growth in total energy consumption reflects notable increases in both fuel usage and electricity demand.

We plan to continuously track energy use throughout our business locations and activities, aiming for a thorough understanding of how we perform and what impacts our energy consumption. By doing so, we can establish specific, attainable goals moving forward. Our current priority is to cut down on energy waste and maintain high efficiency.

⁸ FY2023 and FY2024 energy consumption have been restated to GJ, in accordance with ISSB requirements

⁹ Calculations were done with reference to the Carbon Disclosure Project's (CDP) Technical Note: Conversion of fuel data to MWh. [CDP-Conversion-of-fuel-data-to-MWh.pdf](#) and UK DEFRA Conversion Factors 2025 v1.0

¹⁰ Electricity was purchased from the respective national grids of Singapore and Indonesia.

SUSTAINABILITY REPORT

EMISSIONS

With the increasing global emphasis on addressing climate change, organisations face various risks and opportunities associated with effective GHG management. The Group recognises the significance of minimising and understanding its carbon footprint in response to these developments.

In FY2025, for the third consecutive year, we are disclosing quantitative data on our GHG emissions. In alignment with ISSB disclosure standards, our FY2025 reporting encompasses both the consolidated accounting group and our associate company, Labrador Hill Pte Ltd. We have established FY2023 as our baseline for measuring future progress. Emissions calculations adhere to the GHG Protocol methodology developed by the World Resources Institute and the World Business Council for Sustainable Development.

Scope 1 emissions arise from the operation of motor vehicles, generators, and forklifts, while Scope 2 emissions pertain to electricity procured from the energy grids in Singapore and Indonesia. Scope 3 emissions linked to our value chain are not covered in this reporting period. The following table summarises the Group's total GHG emissions from FY2023 to FY2025.¹¹

Emissions Type	FY2023	FY2024	FY2025	
			Consolidated accounting group	Associates
Scope 1 (tCO ₂ e) ¹²	49.65	101.65	97.87	-
Scope 2 (tCO ₂ e) ¹³	154.12	173.05	216.93	135.20
Total GHG Emissions (tCO ₂ e)	203.77	274.70	314.80	135.20

In FY2025, the Group's emissions profile reflects notable changes when compared to both FY2024 and the FY2023 baseline. Scope 1 emissions decreased slightly to 97.87 tCO₂e in FY2025, down 3.7% from FY2024, but remain nearly double the FY2023 level. Scope 2 emissions for the consolidated accounting group increased in FY2025 to 216.93 tCO₂e, a 25.4% increase from FY2024 and also 40.8% higher than FY2023. As a result, total GHG emissions for the consolidated accounting group in FY2025 increased to 314.80 tCO₂e, marking a 14.6% increase from FY2024, and 54.5% higher than the FY2023 baseline.

Additionally, the FY2025 reporting boundary was expanded to include our associate company, contributing an extra 135.20 tCO₂e Scope 2 emissions in FY2025. This brings the combined total reported emissions for FY2025 to 450.00 tCO₂e, representing a 63.8% increase over FY2024, which did not include our associate company.

The ESG Committee is proactively exploring strategies to manage our GHG emissions. Our main objective is to integrate environmental considerations and industry best practices into all aspects of our operations and management.

We will maintain comprehensive tracking of our GHG emissions and continue to broaden our emissions inventory. Furthermore, we are committed to establishing key performance indicators and implementing enhanced mitigation measures aimed at achieving sustained reductions in the Group's overall emissions. Our efforts are concentrated on formulating effective, quantifiable strategies that support significant long-term emission reductions.

¹¹ Emissions for FY2023 and FY2024 have been restated to reflect updated emissions factors

¹² Emission Factors taken from United Kingdom Department for Energy Security and Net Zero Greenhouse gas reporting: conversion factors 2024 Version 1.1 <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024>

¹³ Singapore GEF taken from <https://www.ema.gov.sg/resources/singapore-energy-statistics/chapter2>; Indonesia GEF taken from Institute for Global Environmental Strategies (2024). List of Grid Emission Factors, version 11.5. Available at: <https://pub.iges.or.jp/pub/iges-list-grid-emission-factors>

SUSTAINABILITY REPORT

WASTE & RESOURCE MANAGEMENT

At PT Rel-ion, operational activities such as sterilisation, decontamination, and polymerisation generate hazardous waste, primarily in the form of spent radioactive Cobalt-60 pencils. Given the inherent risks these materials pose to human health and the environment if improperly managed, strict compliance with local environmental regulations and industry standards is essential to prevent environmental harm, mitigate health and safety risks, and avoid regulatory penalties or litigation.

PT Rel-ion is committed to the safe and responsible management, transportation, storage, treatment, and disposal of radioactive waste in accordance with all applicable laws and regulations. The Group works closely with BAPETEN, Indonesia's regulatory authority for nuclear energy, to ensure full compliance with nuclear safety and security requirements. In line with its purchase agreements, unusable Cobalt-60 pencils are returned to the manufacturer for disposal at approved radioactive waste management facilities, ensuring proper handling throughout the waste lifecycle. The Group's commitment to high standards of radiation safety and security has been recognised by BAPETEN through the award of both the Green Label and the BAPETEN Award.

To manage radiation risks effectively, PT Rel-ion employs a comprehensive radiation monitoring and control framework. This includes the use of specialised irradiation equipment and supplies such as survey meters, ozone meters, conductivity meters, demineralised water, and advanced water treatment systems. Where monitoring results exceed normal activity levels, the RPO is immediately notified and takes prompt action to mitigate potential hazards. In addition, the RPO conducts regular internal training to ensure employees are aware of their legal responsibilities related to radiation safety.

In FY2025, PT Rel-ion did not dispose of any Cobalt-60 pencils. The Group remains committed to periodically monitoring the return timelines of unusable Cobalt-60 pencils to minimise environmental exposure and prevent nuclear safety incidents. Its overarching objective is to maintain a zero radiation accident track record, ensure full regulatory compliance, and continue meeting the standards required for BAPETEN recognition. To support transparency and accountability, systems are in place to ensure that any radiation related incidents are reported accurately and transparently, with stakeholders kept informed of investigation outcomes, corrective actions taken, and measures implemented to prevent future occurrences.

SUSTAINABILITY REPORT

CLIMATE RELATED DISCLOSURES

Climate-related disclosures play a critical role in helping stakeholders understand how the Group is managing the risks and opportunities posed by a changing climate. As expectations for transparency and comparability continue to grow, the ISSB standards provide a globally consistent framework for reporting on climate impacts, governance, strategy, and performance. By aligning with these standards, we strengthen the credibility of our disclosures, support informed stakeholder decision-making, and reinforce our commitment to long-term resilience and sustainable value creation.

This report marks the first year of our efforts to comply with the IFRS S2 Standards disclosures, which we aim to complete by FY2030 in accordance with SGX regulations.

GOVERNANCE

Board's oversight of climate-related risks and opportunities

Strong corporate governance underpins the Group's approach to managing climate-related risks and opportunities. The Board assumes collective responsibility for overseeing the Group's sustainability and climate strategy, supported by a dedicated ESG Committee ("**ESGC**") that is predominantly comprised of independent directors. The ESGC is responsible for driving implementation of the sustainability agenda and ensuring alignment between the Group's policies, practices, and key ESG priorities.

The ESGC plays a central role in identifying and prioritising material ESG topics, including climate-related risks and opportunities, and in integrating these considerations into the Group's strategic and operational planning. For planning and risk assessment purposes, the Group defines short-term time horizons as 1 to 3 years, medium-term as 4 to 10 years, and long-term as between 10 years and 2050. The ESGC monitors sustainability performance, tracks progress against established targets, and keeps the Board informed of key regulatory developments that may affect the Group's operations or strategy. It also oversees the transparency and accuracy of the Group's Sustainability Report and related ESG disclosures.

The Board and ESGC are informed of climate-related matters through regular management updates supported by analysis and draft ESG disclosures, ensuring oversight remains aligned with SGX requirements. Climate-related issues are reviewed at least annually, and on an ad-hoc basis when material developments arise. These considerations are incorporated into discussions on strategy, major plans of action, risk management policies, annual budgets, business plans, and, where relevant, mergers and acquisitions, capital expenditure, and divestment decisions. In exercising oversight, the Board and ESGC consider physical and transition risks, potential financial and operational impacts, regulatory obligations, and long-term value implications, with external expertise engaged where appropriate.

In responding to climate-related risks and opportunities, the Group considers trade-offs between short-term operational costs and long-term sustainability objectives. This includes balancing investments in sustainable operational practices with financial prudence, aligning regulatory compliance and reporting requirements with operational efficiency, and managing stakeholder expectations while maintaining service quality. Decisions are guided by the effectiveness of mitigation measures, cost considerations, and alignment with the Group's long-term strategic objectives.

Management's role in assessing and managing climate-related risks and opportunities

Management is responsible for implementing climate-related strategies, monitoring progress, and managing day-to-day climate-related risks and opportunities. Operational responsibility sits primarily with the operations and finance teams, which collect and track key climate metrics, including emissions, energy consumption, and progress on sustainability initiatives. These metrics are compiled into structured reports and dashboards, reviewed by management to assess risks, identify opportunities, and determine corrective actions. Key findings are escalated to the ESGC, which provides oversight and reports material matters to the Board.

SUSTAINABILITY REPORT

Climate-related risks and opportunities are embedded across management functions through integration into operational planning, risk assessments, and performance monitoring. Department heads implement mitigation measures within their respective functions and report progress to management, which consolidates information for periodic reporting to the ESGC and Board. Consistency in the application of climate-related procedures and controls across departments is achieved through centralised management oversight, standardised reporting processes, and the use of external consultants to provide consistent methodologies, benchmarks, and best-practice guidance.

The Group does not currently maintain a formal board skills matrix or a designated in-house subject-matter expert in sustainability or climate change, nor are climate-related performance metrics incorporated into remuneration policies at this stage. However, the Board and management are supported by external consultants who provide training, guidance, and technical expertise in climate risk assessment, scenario analysis, and regulatory disclosures. The Board continues to monitor evolving ESG and climate governance practices and will consider enhancements to governance structures, capabilities, and incentive mechanisms as appropriate.

STRATEGY

Climate-related risks and opportunities

The Group has identified climate-related risks and opportunities that could reasonably be expected to affect its prospects, taking into account its business model, operating locations, and recent operational developments of its irradiation operations. In identifying these risks and opportunities, the Group refers to the applicability of industry-based guidance under IFRS S2 and considers both climate-related transition risks such as evolving regulatory requirements, energy costs, and market expectations and physical risks, including acute and chronic climate-related events that may disrupt operations or infrastructure.

The timing of potential impacts is assessed across defined time horizons. Climate-related risks and opportunities may arise in the short term (1–3 years), medium term (4–10 years), or long term (beyond 10 years), reflecting the useful life of the Group's assets and infrastructure, as well as the fact that many climate-related issues manifest over longer periods.

Effects on the business model and value chain

The Group assesses the current and anticipated effects of climate-related risks and opportunities on its business model and value chain on a qualitative basis. Areas of exposure include energy-intensive operations, regulatory compliance requirements, operational efficiency, waste management, and customer expectations regarding sustainability and product safety. Climate-related considerations are relevant across the Group's irradiation services, as well as supporting operational functions such as energy use, logistics, and facility management.

Climate-related risks and opportunities are considered across the value chain where relevant, including operational activities, customer requirements, and interactions with suppliers and service providers. The Group continues to refine how these risks and opportunities are mapped across its value chain as its climate risk assessment framework matures.

Impact on strategy, decision-making and transition planning

Climate-related risks and opportunities are considered in the Group's strategic and operational decision-making processes where relevant. Management evaluates the potential qualitative impacts of climate-related issues on products and services, operations, adaptation and mitigation activities, capital expenditure, and access to capital. These considerations are incorporated into planning discussions on a case-by-case basis, particularly for regulatory developments, sustainability initiatives, or operational efficiency measures may have financial or operational implications.

SUSTAINABILITY REPORT

The Group does not yet have a formal, comprehensive climate transition plan with quantified targets. Following the operational development of its irradiation services, the Group is in the process of collecting operational data and assessing emissions and energy consumption trends. More concrete emissions reduction targets and transition measures will be developed once sufficient data is available and effective, measurable strategies can be established. At present, Scope 1 emissions arise mainly from vehicles, generators, and forklifts, while Scope 2 emissions relate to purchased electricity in Singapore and Indonesia. Scope 3 emissions are not included in the current reporting period.

Financial effects of climate-related risks and opportunities

The effects of climate-related risks and opportunities on the Group's financial position, financial performance, and cash flows are currently assessed qualitatively. While the Group has recorded capital expenditure relating to the irradiation services in 2025, certain operational impacts like increased electricity consumption are expected to affect financial performance in subsequent periods. To date, no climate-related risks or opportunities have been identified that would result in a material adjustment to the carrying amounts of assets or liabilities in the next annual reporting period.

Quantitative information on the current and anticipated financial effects of climate-related risks and opportunities is not fully provided at this stage, as many impacts are still being evaluated and measurement uncertainty remains high. The Group continues to assess these effects across short-, medium-, and long-term horizons and will incorporate quantitative disclosures into future reporting as its assessment capabilities and data availability improve.

Financial planning, investments and funding

Climate-related risks and opportunities are considered as inputs into financial planning where relevant, including annual budgeting and capital planning. The Group is in the process of further assessing how such risks and opportunities may affect financial planning over different time horizons, particularly in light of the operational and energy implications of the irradiation operation.

The Group's strategies are funded primarily through internal cash flows, bank borrowings, and shareholder loans. The operational development of its irradiation services was financed through a combination of internal cash flows and bank borrowings. At present, the Group does not have specific uncommitted investment or disposal plans driven by climate-related factors, beyond the capital expenditure already incurred. Any future investments or disposals with potential climate implications will be evaluated by management and reported to the ESG Committee and Board for oversight.

SUSTAINABILITY REPORT

CLIMATE-RELATED RISKS

Type of Risk	Description	Scope of Risk and Timeframe	Impacts of climate-related risk	Risk Mitigation and Management	Current & Anticipated Indirect Mitigation Efforts	Qualitative Financial Effects of Climate Risks
Policy and Legal	Evolving climate-related regulations, reporting requirements, and environmental policies may increase compliance obligations and operational costs.	Singapore, medium-long term	Higher compliance costs due to carbon taxes, emissions reporting, or environmental regulations.	<ol style="list-style-type: none"> Stay informed on policy and regulatory changes: Regular training, consultation and discussion with the consultant to keep the management and board members updated on the frequently updated frameworks and guidelines. Compliance with Reporting and Disclosure Requirements: Ensure full compliance with legal and regulatory requirements, including timely disclosure of risks and company's strategy for managing risk. 	Continuous staff training to keep up to date with the regulatory changes and compliance.	Possible increase in compliance, reporting and operational costs; however, impacts are expected to remain manageable.
Policy and Legal	Evolving Indonesian environmental regulations, radiation safety requirements, and sustainability policies may affect operational processes and compliance costs.	Indonesia, medium-long term	Higher compliance costs due to carbon taxes, emissions reporting, or environmental regulations.	<ol style="list-style-type: none"> Adhere to regulatory compliance and safety standards: Ensure compliance with the bounded regulations and guidelines. Compliance with Reporting and Disclosure Requirements: Ensure full compliance with legal and regulatory requirements, including timely disclosure of risks and company's strategy for managing risk. Training and skill development: Establish comprehensive safety protocols. Provide ongoing training to adhere to the safety protocols and ensure regulatory compliance. 	<ol style="list-style-type: none"> Continuous staff safety training. Periodic review of waste management and radiation safety procedures. 	Possible increase in regulatory compliance, reporting and operational costs.

SUSTAINABILITY REPORT

Type of Risk	Description	Scope of Risk and Timeframe	Impacts of climate-related risk	Risk Mitigation and Management	Current & Anticipated Indirect Mitigation Efforts	Qualitative Financial Effects of Climate Risks
Technology	Operational development of the Group's irradiation services requires operational adjustments, capital investment, and staff training.	Indonesia, medium-long term	Learning of new technology and picking up of sales from irradiation technology	<ol style="list-style-type: none"> Stay ahead of technological advancement: Continuously monitor the latest developments in the sterilisation and irradiation industry. Educate and Training on new technologies: Provide regular training and development programs to upskill employees, ensuring they can work alongside new technologies and take on more complex roles. Foster a culture of continuous learning and innovation to stay updated on technological advancements. 	<ol style="list-style-type: none"> Ongoing of technology developments. Staff training on new system and equipment. 	Initial capital investment and operational adjustments, with potential impact on service costs during implementation.
Reputation	Stakeholders increasingly expect companies to demonstrate responsible environmental practices and sustainability performance.		Reputational risk if the company is perceived as environmentally unsustainable.	<ol style="list-style-type: none"> Monitor and manage customer feedback. Invest in brand reputation and marketing. 	<ol style="list-style-type: none"> Engagement with customers and stakeholders. Adoption of environmentally responsible practices. 	Potential reputational benefits from stronger stakeholder trust from improved sustainability performance.
Market	Customer demand for irradiation services may shift depending on regulatory changes, sustainability expectations, and economic conditions.		Changes in customer demand toward lower-carbon products or services.	<ol style="list-style-type: none"> Monitor and adapt to evolving regulatory and industry standards: Stay ahead of regulatory changes allows the Group to adapt its services and maintain market access. Conduct Market Research: Conduct market research to understand customer needs, industry trends and emerging demand for irradiation services. 	<ol style="list-style-type: none"> Enhance operational efficiency to maintain competitive pricing. Explore new service offerings. 	Potential fluctuation in revenue depending on changes in market demand.

SUSTAINABILITY REPORT

CLIMATE-RELATED OPPORTUNITIES

Type of Opportunity	Description	Scope of Risk and Timeframe	Impacts of climate-related opportunity	Management Approach	Current & Anticipated Indirect Adaptation Efforts	Qualitative Financial Effects of Climate Opportunities
Markets Opportunities	Investment opportunities in businesses and technologies aligned with sustainability and ESG objectives.	Singapore, medium-long term	Investment in resilient operations or climate-adapted operations may reduce long-term operational risks.	<ol style="list-style-type: none"> Stay informed and monitor regulatory changes and compliance requirement: Stay informed with the evolving regulatory changes affecting sectors such as sustainability and ensure that investments adhere to the local regulations. Strategic Investments/ Partnerships/Alliances: Leveraging on networks of partners/alliances to find opportunities in ESG and adhere to the emerging regulations, when engaging new markets/industries, technologies or customer bases. 	Market research and industry engagement.	Potential revenue growth and business expansion opportunities.
Products and Services Opportunities	Growing demand for irradiation services creates opportunities for business expansion in terms of facility capacity and service availability.	Indonesia; medium-long term	Implementing energy-efficient technology or renewable energy may reduce long-term operating costs and emissions.	<ol style="list-style-type: none"> Strengthen Customer Relationships and Diversify Services: Expand service offerings to cater to a broader range of industries and diversify by providing various sterilisation and irradiation options. Market Research and Service Enhancement: Conduct market research to understand customer needs, industry trends, and emerging demands for irradiation services. Engage in research and development to improve service offerings, reduce operational costs, and enhance operating efficiency. 	<ol style="list-style-type: none"> Market research and industry engagement. Improve operational efficiency and service quality. 	Capital expenditure investment and potential revenue growth opportunities.

SUSTAINABILITY REPORT

Type of Opportunity	Description	Scope of Risk and Timeframe	Impacts of climate-related opportunity	Management Approach	Current & Anticipated Indirect Adaptation Efforts	Qualitative Financial Effects of Climate Opportunities
Markets Opportunities	Engaging new customers, new industries and regional expansion.	Indonesia; medium-long term	Strong ESG performance may enhance brand reputation, attract investors, and strengthen stakeholder trust.	<ol style="list-style-type: none"> Create awareness of benefits of sterilisation process to attract new industries: Identify new industries segments by creating awareness through introduction and education of the benefit of sterilisation and irradiation processes. Diversify Customer Base and Market Segments: Penetrate into new market and to diversify industries. Evaluate market competition: Regularly monitor market competition to help company stay competitive and responsive to market changes to expand its market share. 	Educate the relevant industry with the benefit of irradiation services.	Potential marketing and research and development cost, with potential revenue growth.

SCENARIO ANALYSIS AND CLIMATE RESILIENCE

Currently, the Group has not completed a formal, comprehensive assessment of overall climate resilience. However, management has initiated climate-related scenario analysis to support the assessment of potential operational, regulatory, and financial impacts under different climate pathways. The scenario analysis considers both transition and physical risks across short-, medium-, and long-term horizons and is aligned with industry practices and IFRS S2 guidance.

Scenario analysis is conducted using a deterministic, qualitative approach, based on reasonable and supportable information available at the reporting date without undue cost or effort. Key assumptions include regulatory developments, energy costs, operational efficiency, technology pathways - particularly the adoption and optimisation of sterilisation technology - macroeconomic conditions, and local operating factors such as infrastructure reliability and weather patterns. The analysis covers the Group's core operational activities and service offerings.

Results from the scenario analysis are used to inform strategic discussions, risk management, and financial planning by highlighting areas of potential vulnerability, resilience, and opportunity. At this stage, the Group does not anticipate material changes to its core business model based on preliminary scenario analysis results, but continues to monitor uncertainties such as regulatory developments, energy prices, and market demand. Findings are reviewed by management and escalated to the ESGC and Board for oversight and guidance.

SUSTAINABILITY REPORT

Climate-related risk/opportunity	Assumptions or dependencies of the company's climate transition plan	Impact of scenario on risk/opportunity		Scenario Impact on Financial Performance & Position	Resilience of Organisational Strategy to Climate Risks & Opportunities
		Scenario 1 (1.5°C)	Scenario 2 (3°C)		
Policy and Legal Risk (Singapore)	Gradual tightening of environmental regulations and sustainability disclosure requirements.	Moderate increase in regulatory reporting requirements and sustainability compliance costs.	Potentially stricter regulations and higher compliance costs.	Increase in operational cost.	Strong regulatory monitoring and governance processes support compliance.
Policy and Legal Risk (Indonesia)	Gradual development of environmental and radiation safety policies.	Stronger environmental monitoring requirements.	Higher regulatory scrutiny and reporting.	<ol style="list-style-type: none"> Potential capital raising opportunities for sustainable investments. Increased demand for irradiation services to extend product shelf life and meet evolving safety and regulatory standards. Tighter regulations and scrutiny from the regulatory body. 	Strong compliance culture and established standard operating procedures.
Technology Risk	Increasing adoption of advanced irradiation technologies and continuous operational efficiency measures.	Accelerated technology adoption.	Moderate technology adoption.	Short term capex and long-term operational efficiency gains.	Investment in modern technology support long term competitiveness.
Reputation Risk	Growing stakeholder expectations regarding ESG performance.	Stronger ESG expectation.	Moderate reputational consideration.	Indirect impact through customer perception and demand.	Strong governance and sustainability reporting framework.
Market Risk	Increasing demand for safe and sustainable irradiation services.	Higher demand for sustainable irradiation solutions.	Moderate demand growth.	Potential fluctuations in revenue depending on changes in market demand.	Operational flexibility and technology investments.

SUSTAINABILITY REPORT

Climate-related risk/opportunity	Assumptions or dependencies of the company's climate transition plan	Impact of scenario on risk/opportunity		Scenario Impact on Financial Performance & Position	Resilience of Organisational Strategy to Climate Risks & Opportunities
		Scenario 1 (1.5°C)	Scenario 2 (3°C)		
Markets Opportunities	Businesses or companies with ESG presence.	Investment in businesses with safe and sustainable technologies.	Steady group expansion into investing into safe and sustainable technologies.	Potential group business expansion.	Expansion and diversified business.
Products and Services Opportunities	Continued demand of irradiation and its value-added services.	Increased demand for safe and sustainable technologies.	Steady demand growth.	Potential increase in revenue and operational scale.	Diversified service offerings support long term business growth.
Markets Opportunities	New customers that are ESG compliant.	Increased demand for safe and sustainable technologies.	Steady demand growth.	Potential increase in revenue and marketing cost.	Increased knowledge of benefit of irradiation services supports long term business growth.

SUSTAINABILITY REPORT

Capacity to adapt and long-term resilience

The Group believes it has the capacity to adjust and adapt its strategy over the short, medium, and long term, supported by available financial resources, operational flexibility, and access to external expertise. Existing financial resources, including internal cash flows and financing arrangements, are available to address climate-related risks and support climate-related opportunities. Following the operational development of its irradiation services, management continues to assess opportunities to optimise efficiency, upgrade technology, and improve energy performance over time.

Overall, the Group's approach to strategy and climate resilience is designed to be proportionate, evolving, and aligned with regulatory expectations, with climate-related considerations progressively embedded into strategic planning, risk management, and long-term value creation as data quality and analytical capabilities continue to develop.

RISK MANAGEMENT

Identification, Assessment and Prioritisation of Climate-related Risks and Opportunities

The Group identifies and assesses climate-related risks and opportunities through its established Enterprise Risk Management ("ERM") framework, ensuring that climate considerations are evaluated consistently with other strategic, operational, financial, compliance, and reputational risks. Climate-related risks and opportunities are identified using a combination of internal operational assessments, regulatory and policy developments, industry practices, and recognised climate-related frameworks.

As part of its climate risk management framework, the Group conducted a dedicated climate risk and opportunity assessment workshop, facilitated by an external consultant. This workshop established a structured and systematic evaluation process aligned with the Group's risk management protocols, ensuring comprehensive identification, documentation, and integration of climate-related risks into the broader ERM framework. Each country level operation initially assessed climate-related risks and opportunities specific to its local operating environment, and these assessments were subsequently consolidated at the Group level to identify the most significant risks relevant to the organisation as a whole.

Workshop participants undertook a practical exercise to assess, rank, and prioritise identified climate-related risks and opportunities based on their potential impact and likelihood of occurrence. The outcomes were compiled into a climate risk register, which was reviewed, approved, and adopted by management. Key climate-related risks were then submitted to the Board for review and feedback, ensuring alignment with the Group's strategic objectives and governance requirements.

The evaluation of climate-related risks considers qualitative factors such as potential impacts on operations, financial performance, regulatory compliance, market expectations, and reputation. Climate-related scenario analysis is used as a supporting tool to inform the identification and assessment of both transition risks—including regulatory changes, energy cost volatility, and technological developments—and physical risks, including acute and chronic climate-related events. Climate-related risks and opportunities assessed to have a potentially significant impact are prioritised for monitoring and management.

Integration into Enterprise Risk Management, Controls and Monitoring

Climate-related risks and opportunities are fully integrated into the Group's ERM framework and are assessed using the same risk taxonomy, classification, and evaluation criteria applied to other enterprise risks. Risks are categorised as strategic, operational, financial, compliance, or reputational, with specific consideration given to physical risks (acute and chronic) and transition risks (policy, market, and technology-related). This ensures consistent prioritisation and comparability across risk types.

The Group monitors climate-related risks and opportunities through regular operational reviews, compliance monitoring, and periodic reassessments as part of the ERM process. Management tracks key climate-related indicators, evaluates the effectiveness of mitigation measures, and identifies emerging risks and opportunities. Climate-related risks are assessed alongside other risks to determine their relative significance and materiality within the Group's overall risk profile.

SUSTAINABILITY REPORT

Internal controls for managing climate-related risks are embedded within existing policies, standard operating procedures, and governance frameworks, including controls relating to environmental practices, waste management, radiation safety, and workplace safety. Climate-related risk information is subject to the same internal control and assurance processes as traditional financial and operational risks, ensuring consistency, reliability, and robustness in reporting.

Decisions on whether to mitigate, accept, transfer, or control climate-related risks are made through the ERM process, taking into account the likelihood and potential impact of risks, cost effectiveness of mitigation measures, and alignment with the Group's risk appetite. Climate-related opportunities are identified and assessed alongside risks, with a focus on operational efficiency, sustainable technologies, and resilient business practices, and are prioritised based on feasibility and strategic value.

Governance Oversight and Continuous Improvement

Governance oversight of climate-related risks and opportunities is exercised through management, the ESGC, and the Board. Management is responsible for implementing climate-related risk management actions, monitoring performance, and maintaining the climate risk register. Significant findings, emerging risks, and proposed mitigation measures are escalated to the ESGC, which provides oversight and reports key matters to the Board for review and guidance.

To support effective monitoring and disclosure, the external consultant provided a structured reporting template that enables management to record, track, and review climate-related risks, opportunities, and mitigation actions on an ongoing basis. This structured approach strengthens the Group's ability to anticipate and manage climate-related risks and ensures that climate considerations are systematically integrated into business strategy and decision-making.

The Group's processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities have remained largely unchanged from the previous reporting period. The Group will continue to refine and enhance its approach as regulatory expectations, data availability, and industry practices evolve, supporting continuous improvement in climate risk governance and resilience.

METRICS AND TARGETS

Metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process.

We are dedicated to upholding environmental responsibility by concentrating on effective energy management, emissions reduction, and waste handling. Our objective is to achieve operational efficiency while advancing sustainability, ensuring strict adherence to all relevant regulations and standards. Accordingly, our assessment of climate-related risks and opportunities centres on metrics related to energy consumption, emissions, and their respective intensities.

Robust energy management is critical for mitigating escalating energy costs and enhancing operational performance. We prioritise the reduction of energy consumption and waste throughout our operations, with an aim to preserve at least current levels of energy efficiency. In the longer term, we intend to develop ambitious energy efficiency targets as comprehensive data becomes available. Addressing GHG emissions forms an integral part of our climate change strategy; we are committed to measuring and analysing our emissions in order to inform effective mitigation initiatives, recognising both the physical and transitional risks associated with climate change. As we grow our sterilisation segment and consider investments in the hospitality and wellness sectors, management is actively evaluating climate-related targets—both qualitative and quantitative—to align with these business objectives.

Emissions and targets

Please refer to the Emissions section and targets presented earlier in the report on page 24 and 15 respectively.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of Use	Southern Archipelago Ltd. has reported the information cited in this GRI content index for the period 1 January to 31 December 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD		PAGE NO.
GRI 2: General Disclosures 2021		
<i>The Organisation and its Reporting Practices</i>		
2-1	Organisational details	6, 9
2-2	Entities included in the organisation's sustainability reporting	10
2-3	Reporting period, frequency and contact point	10
2-4	Restatements of information	20, 23-24
2-5	External assurance	10
<i>Activities and Workers</i>		
2-6	Activities, value chain and other business relationships	9-10
2-7	Employees	19
2-8	Workers who are not employees	19
<i>Governance</i>		
2-9	Governance structure and composition	12
2-10	Nomination and selection of the highest governance body	46-48
2-11	Chair of the highest governance body	12
2-12	Role of the highest governance body in overseeing the management of impacts	12
2-13	Delegation of responsibility for managing impacts	12, 26-27
2-14	Role of the highest governance body in sustainability reporting	12, 26-27
2-15	Conflicts of interest	42
2-16	Communication of critical concerns	17
2-17	Collective knowledge of the highest governance body	6
2-18	Evaluation of the performance of the highest governance body	48-49
2-19	Remuneration policies	49-53
2-20	Process to determine remuneration	49-53
2-21	Annual total compensation ratio	Nil
<i>Strategy, Policies and Practices</i>		
2-22	Statement on sustainable development strategy	11
2-26	Mechanisms for seeking advice and raising concerns	17
2-27	Compliance with laws and regulations	18, 22, 25
2-28	Membership associations	We are a member of the Singapore Business Federation

SUSTAINABILITY REPORT

GRI STANDARD		PAGE NO.
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	13
2-30	Collective bargaining agreements	Nil
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	14
3-2	List of material topics	14 – 15
Economic Performance		
3-3	Management of material topics	16-17
201-1	Direct economic value generated and distributed	16-17
201-2	Financial implications and other risks and opportunities due to climate change	16-17
Anti-Corruption		
3-3	Management of material topics	17-18
205-3	Confirmed incidents of corruption and actions taken	17-18
Energy		
3-3	Management of material topics	23
302-1	Energy consumption within the organisation	23
Emissions		
3-3	Management of material topics	24
305-1	Direct (Scope 1) GHG emissions	24
305-2	Energy indirect (Scope 2) GHG emissions	24
Waste & Resource Management		
3-3	Management of material topics	25
306-1	Waste generation and significant waste-related impacts	25
306-2	Management of significant waste-related impacts	25
306-3	Waste generated	25
Employment		
3-3	Management of material topics	19-20
401-1	New employee hires and employee turnover	19-20
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	19-20
401-3	Parental leave	19-20

SUSTAINABILITY REPORT

GRI STANDARD		PAGE NO.
<i>Occupational Health and Safety</i>		
3-3	Management of material topics	21-22
403-1	Occupational health and safety management system	21-22
403-2	Hazard identification, risk assessment, and incident investigation	21-22
403-3	Occupational health services	21-22
403-4	Worker participation, consultation, and communication on occupational health and safety	21-22
403-5	Worker training on occupational health and safety	21-22
403-6	Promotion of worker health	21-22
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	21-22
<i>Training and Education</i>		
3-3	Management of material topics	22
404-2	Programs for upgrading employee skills and transition assistance programs	22
404-3	Percentage of employees receiving regular performance and career development reviews	22
<i>Customer Privacy</i>		
3-3	Management of material topics	18
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	18

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board of Directors (the “**Board**”) is committed in ensuring that the highest standards of corporate governance are practised throughout Southern Archipelago Ltd. (“**SAL**” or “**Company**” and together with its subsidiaries, the “**Group**”), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

Listed companies are required under the Singapore Exchange Listing Rules to describe in its annual report its corporate governance practices with specific reference to the principles and the provisions of the Code of Corporate Governance dated 6 August 2018 (last amended 11 January 2023) (“**Code**”). The Company must comply with the principles of the Code. Where the Company’s practices vary from any provisions of the principles of the Code, it must explicitly state, in its annual report, the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

This report describes the Group’s corporate governance practices and structures that were in place throughout the financial year ended 31 December 2025 (“**FY2025**”), with specific reference to the Code, and as applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**SGX-ST Listing Manual**”) and the Singapore Companies Act.

The Board is pleased to confirm that the Group has adhered to the principles and provisions of the Code, except where otherwise explained. In areas where there are deviations from the principles and provisions of the Code, appropriate explanations are provided and the Company will continue to assess its needs and implement appropriate measures accordingly.

The Code

The Code is divided into five main sections, namely:

- (A) Board Matters
- (B) Remuneration Matters
- (C) Accountability and Audit
- (D) Shareholder Rights and Engagement
- (E) Managing Stakeholder Relationships

(A) BOARD MATTERS

Principle 1: The Board’s Conduct of its Affairs

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 of Directors of the Company as at 13 April 2026 comprises:

Mr. Siaw Lu Howe (Independent Director and Non-Executive Chairman)
Mr. John Lee Yow Meng (Executive Director and Chief Financial Officer)
Mr. Alan Chin Yu (Executive Director)
Mr. Ng Keok Chai (Lead Independent Director)
Mr. Tan Gim Kang, Arran (Non-independent Non-Executive Director)
Mr. Aris Muhammad Rizal (Non-independent Non-Executive Director)

The description and background of each director is presented in the “Board of Directors” section of this Annual Report.

CORPORATE GOVERNANCE REPORT

SAL is headed by competent Board members with diversified backgrounds and they collectively provide the appropriate balance and mix of skills, knowledge and experience.

Newly appointed directors will be provided with a formal letter, setting out their duties and obligations and first-time directors will be required to attend relevant training. The Company has in place general orientation-training programs to ensure that every newly appointed and incoming director of the Company is familiar with the Group's operations and governance practices including briefing on the Group's financial performance, strategies and action plans, corporate strategic direction, policies and activities.

The Company will arrange for newly appointed director who does not have prior experience as a director of a public listed company in Singapore to attend relevant training courses organised by the Singapore Institute of Directors in accordance with Rule 210(5)(a) of the SGX-ST Listing Manual and Practice Note 2.3.

The directors are briefed and/or updated regularly on accounting and regulatory changes as well as changing commercial risks, where necessary, including but not limited to: (a) amendments to the SGX-ST Listing Manual and Code of Corporate Governance, (b) changes to the Companies Act 1967, (c) changes to the Financial Reporting Standards and (d) changes to environmental, social and governance reporting requirements.

The Board acknowledges the dynamic nature of the business landscape and the increasing need for companies to adopt sustainable practices. In line with this, the Board highly values the continuous professional development of its members and encourages them to attend relevant seminars and courses to stay abreast of the latest developments and changes in financial and regulatory requirements, as well as global sustainability trends and their impact on the business environment. The Company recognises the importance of supporting its members' efforts and is committed to covering the associated costs of these events. By promoting ongoing education and awareness, the Board and the Company aim to foster a culture of sustainability and responsible business practices.

Role of the Board of Directors

The Board establishes the corporate strategies for the Group and sets strategic directions and objectives for the Management, supervises them and monitors the performance of these objectives to enhance and build long term sustainable value for shareholders.

The Board has delegated the day-to-day management of the Group to the management headed by the executive directors and Chief Executive Officer ("**CEO**") to facilitate effective management. The principal functions of the Board are to, *inter alia*:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risk to be assessed and managed including safeguarding of the shareholders' interest and the Group's assets;
- review and monitor the performance of management;
- set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues, where applicable, in the formulation of its strategies;
- monitor and review the adequacy of the Group's internal control systems, risk management systems, compliance and financial reporting systems;
- approve the annual budgets, business plans, major funding proposals, financial restructuring, share issuance, investment and divestment proposals; and
- review the Group's financial performance.

The Board carries out its function directly or through various committees, which have been set up to support its role.

CORPORATE GOVERNANCE REPORT

Each director is expected, in the course of carrying out his duties to act in good faith and consider the interests of the Company at all times. To support this, the Board practices a code of conduct and ethics that all directors generally follow.

The Board recognises the importance of setting the right tone-from-the-top and fostering a culture of integrity and accountability throughout the organisation. Directors facing conflicts of interest are expected to recuse themselves from discussions and decisions involving such issues to avoid any potential bias or influence on the decision-making process. By adhering to these standards, the Board ensure that their decisions are always made with the Company's best interests in mind, and that the operations are conducted in a transparent and responsible manner.

The Board has established and delegated certain specific responsibilities to the following four (4) committees to support the role of the Board:

- Nominating Committee ("**NC**");
- Remuneration Committee ("**RC**");
- Audit Committee ("**AC**"); and
- Environmental, Social and Governance Committee ("**ESGC**")

(collectively, the "**Board Committees**")

The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis or at least once a year. The effectiveness of the Board Committees is also constantly monitored and reviewed by the Board. The roles and responsibilities of the Board Committees are provided for in the latter sections of this report.

The Board accepts that while the Board Committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

Matters Requiring the Board's Approval

The matters which require the Board's approval, include but are not limited to:

- statutory requirements such as approval of annual report and financial statements;
- other requirements such as interim and annual results announcements;
- financial objectives and financial performance of the Group;
- corporate strategic direction, strategies and action plans;
- the setting of policies and key business initiatives;
- major funding, material acquisition, investments, disposal and divestments and other material transactions; and
- the appointment and removal of the company secretaries.

The Board has established financial authorisation and proper approval processes pertaining to the operating and capital expenditures, including acquiring and disposing of assets and investments. This includes proper procedures, guidelines, handbooks, policies and forms that are set forth and established for guidance, monitoring and review.

CORPORATE GOVERNANCE REPORT

Meetings of Board and Board Committees

The Board holds at least two meetings each year to approve the half year and full year results announcement of the Group. The dates of all the Board and Board Committee meetings, as well as the Annual General Meeting (“AGM”), are scheduled in advance each year, in consultation with the Board. Ad-hoc meetings are convened as and when the circumstances require. In addition to these meetings, special corporate events and actions requiring the Board’s immediate approval were discussed over electronic mails and telephonic conference. The Board and Board Committees may also make decisions by way of circulating written resolutions. The Company’s Constitution allows the Board to hold teleconference and video-conference meetings.

The Board and Board Committee meetings this year were conducted through a mixture of physical sessions and video-conferences. The number of Board and Board Committee meetings held in FY2025 and the attendance of each director where relevant are set out below. Directors who are not members of the Board Committees had attended the Board Committee meetings by invitation:

Name	Board of Directors		NC		RC		AC		ESGC	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. John Lee Yow Meng	3	3	1*	1*	1*	1*	3*	3*	1*	1*
Mr. Siaw Lu Howe	3	2	1	0	1	0	3	2	1	0
Mr. Ng Keok Chai	3	3	1	1	1	1	3	3	1	1
Mr. Tan Gim Kang, Arran	3	3	1*	1*	1*	1*	3	3	1	1
Mr. Aris Muhammad Rizal	3	3	1	1	1	1	3*	3*	1*	1*
Mr. Alan Chin Yu	3	3	1*	1*	1*	1*	3*	3*	1*	1*

* By invitation

Multiple Board Representations

All directors are required to declare their board representations. When a director has multiple board representation, the NC will consider whether the director is able to adequately carry out his duties as a director of the Company, taking into consideration the director’s number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that sufficient time and attention had been given by the directors to the affairs of the Company during FY2025.

The Board is provided with board papers in advance before each board meeting, giving the background, explanatory information and justification for each decision and mandate sought by the management, including, where applicable, pertinent financials, to enable them to be properly informed of matters to be discussed and/or approved.

All directors have separate and independent access to the management team of the Group at all times and can communicate directly with the management, the officers, the company secretary and external auditors as well as internal auditors and environment, social and governance consultant on all matters as and when they deem necessary. They have full access to the Company’s records and information and may obtain independent legal and other professional advice if they deem necessary in the discharge of their responsibilities properly. Such expenses are to be borne by the Company.

CORPORATE GOVERNANCE REPORT

The company secretary and/or representative(s) from the company secretary's office will attend the Board meetings and Board Committee meetings and are responsible for recording the proceedings. In addition, the company secretary and/or her representative(s) will assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Constitution and relevant rules and regulations, including requirements of the Singapore Companies Act and the SGX-ST, are complied with. The appointment and removal of the company secretary are decided by the Board as a whole.

Principle 2: Board Composition and Guidance

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

Board Composition and Independent Directors

For FY2025, the Board comprises six (6) directors, two (2) of whom are executive directors, two (2) are non-independent non-executive directors and two (2) are independent non-executive directors.

The Company has complied with provisions 2.3 of the Code, as non-executive directors make up the majority of the Board.

The composition of the Board takes into consideration the nature and scope of the Group's operations to ensure diversity and relevant skill sets for effective decision making. The directors have varied qualifications and expertise in finance, accounting, business management, industry knowledge and strategic planning. Taking into account the scope and nature of the Group's operations as well as the diversified background and experience of the directors, the NC and the Board are satisfied that the composition of the Board is of an appropriate size to facilitate effective decision making in the best interests of the Company. The NC is also of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective.

The Board is aware that gender diversity on the Board is one of the recommendations under the Code to provide an appropriate balance of diversity. Although there is currently no female director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration.

The Company has built a diverse, inclusive and collaborative culture. The Company continues to recognise and practices diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In reviewing the Board composition and appointments, the NC takes into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors although merit remains the key driver.

The Company has adopted the Code's definition of "Independent Director" and its guidance in respect of relationships which would deem a director to be regarded as non-independent. An independent director is one who is independent in conduct, character and judgement, and 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. Two of the Board members, including the Chairman of the Board are independent directors, which brings a strong and independent element to the Board. The functions of examining and assessment of the Board are delegated to the NC and its responsibilities and assessment are further discussed under the Nominating Committee heading, Principle 4 and Principle 5 as below.

As part of good corporate governance, the NC also reviews annually the independence of independent directors to ascertain the compliance to the Code's definition of independence. Conversely, the NC has the discretion to determine that a director is non-independent.

CORPORATE GOVERNANCE REPORT

In addition, the non-executive directors are constructively reviewing and assisting the Board to facilitate and develop proposals on strategy and review the performance of the management in meeting on agreed objectives and monitoring the reporting of performance. On the effectiveness, the independent directors have the full access and co-operation from the Company's management and officers including on a regular basis, presentation and review of the financial performance. The independent directors have full discretion to have separate meetings and to invite any directors or officers to the meetings and to meet without the presence of management as and when warranted by certain circumstances.

During FY2025, the non-executive and/or independent directors met at least once in the absence of key management personnel to discuss matters of significance. The meetings were conducted through a mixture of physical sessions and video-conferences. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

The independent directors namely Mr. Ng Keok Chai and Mr. Siaw Lu Howe has each confirmed that they do not have any 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 the directors' independent business judgment with a view to the best interest of the Company.

The NC assesses the independence of each director in accordance with the guidance provided in the Code and is satisfied that Mr. Ng Keok Chai and Mr. Siaw Lu Howe each meets the criterion of independent as set forth and each of them exercise independent business judgement in the best interests of the Company and its shareholders, when discharging his duties as a director of the Company.

As at the date of this report, none of the independent directors have served on the Board for more than nine (9) years.

The Board will continue to review the composition of the Board to ensure that it remains balanced and effective, and that it has the necessary skills and experience to support the Company's growth and strategy. The Board will make necessary arrangements to release relevant announcement(s), as and when applicable to the SGX-ST for any changes of the Board composition.

Principle 3: Chairman and Chief Executive Officer ("CEO")

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 roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Mr. Siaw Lu Howe is the Independent Non-Executive Chairman ("**Chairman**") of the Company and he leads the Board and is responsible for the management of the Group. As the Chairman, Mr. Siaw encourages Board's interaction with the management, facilitates effective contribution of non-executive directors, encourages constructive relationships among the directors and ensures that the Group complies with the Code and maintains high standards of corporate governance. In addition, he also ensures that the directors receive accurate, timely and clear information and there is effective communication with shareholders of the Company.

Mr. Bryan Nicholas Lee Mun Hei ("**Mr. Bryan Lee**") is the CEO of the Company. As the CEO, Mr. Bryan Lee is responsible for the overall management, operations, strategic planning and business expansion of the Group. He oversees the execution of the Group's corporate and business strategies and the day-to-day operations. His performance and appointment will be reviewed periodically by the NC and his remuneration package is reviewed by the RC.

CORPORATE GOVERNANCE REPORT

Mr. Siaw Lu Howe and Mr. Bryan Lee are not related to each other and do not have any business relationship between them. The Board is of the view that there is a clear division of responsibilities between the Chairman and CEO, in order to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making.

Mr. Ng Keok Chai is the Lead Independent Director of the Company. The Lead Independent Director is available to shareholders when they have concerns in which contact through the normal channels of communication with the Independent Director and Non-Executive Chairman or the management has failed to resolve, or for which such contact is inappropriate or inadequate.

Led by the Lead Independent Director, the independent directors of the Company would meet when necessary, without the presence of the executive directors.

All the Board Committees are chaired by an independent director and the majority of the Board Committees consists of independent director and all are non-executive directors.

Principle 4: Board Membership

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.

Nominating Committee ("NC")

As at the date of this report, the NC of the Company comprises three (3) members, namely:

- Mr. Siaw Lu Howe (Chairman);
- Mr. Ng Keok Chai; and
- Mr. Aris Muhammad Rizal.

Majority of the members of the NC, including the chairman are independent directors. The members meet at least once a year.

The Board is of the view that the current NC size and composition are appropriate and effective to provide the necessary objective inputs to the Board on appointment and re-appointment of directors and other relevant matters to the Board. The Board will constantly examine the NC composition from time to time.

The NC has specific written Terms of Reference setting out their duties and responsibilities. The NC's main principal functions are as follows:

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of directors;
- ensure that new directors are aware of their duties and obligations and decides if a director is able to and has been adequately carrying out his duties as a director of the Company;
- review and recommend the re-nomination/re-election/re-appointment of directors in accordance with the Constitution and SGX-ST Listing Manual at each annual general meeting and having regard to the director's contribution and performance;
- determine annually whether a director of the Company is independent;
- review of structure, composition, size and diversity of the Board on the adequate ability to meet the Group's existing scope of needs and the nature of operation for effective decision making taking into consideration the changes in the nature and scope the Group's operations as well as diversified background, qualification, experience of the directors and regulatory environment;
- decide whether a director is able to and has adequately carried out his duties as a director of the Company in particular where the director concerned has multiple board representations. Where possible, the NC shall formulate internal guidelines that can address the competing time commitments that are faced when directors serve on multiple boards;

CORPORATE GOVERNANCE REPORT

- decide how the Board's performance may be evaluated and propose objective performance criteria, subject to the approval of the Board. Such performance criteria, that allow comparison with its industry peers, should be approved by the Board and address how the Board has enhanced long-term shareholders' value. These performance criteria should not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify such changes;
- individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and committee meetings, and any other duties). The Chairman of the Board should act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the NC;
- assess the performance of the Board as a whole and contribution of each director to the effectiveness of the Board;
- review and make recommendation to the Board on relevant matters relating to the succession plans of the Board, in particular, the Chairman, directors, the CEO and/or key management personnel; and
- review and make recommendations to the Board on the training and professional development programme for the Board.

The process for the selection and appointment of new Board members is as follows:

- the NC evaluates the balance of skills, knowledge, experience and diversity of the Board and, in light of such evaluation and in consultation with the Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board;
- the NC meets with short-listed candidate(s) to assess their suitability and to ensure that the candidate(s) are aware of the expectations; and
- the NC makes recommendations to the Board for approval.

The NC establishes the process for assessing the effectiveness of the Board and for assessing the contribution by each individual director. It also makes recommendations to the Board on re-appointments of directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the future needs of the Board.

The Board has placed each individual director such that he is able to devote sufficient time and attention to discharge his duties and responsibilities as directors of the Company, bearing in mind his other commitments. In considering the nomination of directors for re-election and re-appointment, the NC will take into account, amongst others, the competing time commitments faced by the directors with multiple board representations.

In FY2025, Mr. Ng Keok Chai is the only director holding multiple directorships in other listed companies. Majority of the directors and Board Committee members had attended all Board and Board Committee meetings respectively. The NC has reviewed and is satisfied that sufficient time and attention had been given by all the directors to the affairs of the Group. The NC is of the opinion that there is presently no need to implement internal guidelines to address their competing time commitments and that the current Board size is adequate for the effective functioning of the Board.

Pursuant to Rule 720(5) of the Listing Rules, all directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to the Company's Constitution, one-third of the directors are required to retire by rotation and submit themselves for re-election at each annual general meeting ("**AGM**") of the Company. All the directors shall retire by rotation at least once every three (3) years and such retiring director shall be eligible for re-election.

On the nomination of re-election of retiring directors, the NC would assess the performance and contribution of the directors and subject to the NC's satisfactory assessment, the NC would recommend the proposed reappointment of the directors to the Board for its consideration and approval.

CORPORATE GOVERNANCE REPORT

The NC has reviewed and recommended to the Board that Mr. Ng Keok Chai and Mr. Alan Chin Yu be nominated for re-election at the forthcoming AGM, who are retiring pursuant to Regulation 111 of the Company's Constitution. Both nominated directors have expressed their willingness for re-election at the forthcoming AGM (the "**retiring directors**"). The Board has accepted the NC's recommendations and agreed that the resolutions on the re-election of the retiring directors be tabled for shareholders' approval at the forthcoming AGM.

Please refer to the Notice of AGM for the resolutions put forth in relation to the respective re-elections and details of the retiring directors including the information required under Appendix 7F of the SGX-ST Listing Manual are disclosed in pages 61 to 68 of this Annual Report.

Key information regarding the directors, including their present and past three years' directorships in other listed companies are set out in the section headed "Board of Directors" of this Annual Report.

There is no alternate director appointed on the Board.

Principle 5: Board Performance

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 has adopted a formal process to assess the effectiveness of the Board as a whole and for assessing the contribution by each individual director. This evaluation is to be carried out at least once a year. When a director has multiple board representations, the director would need to ensure that sufficient time and attention is given to the affairs of each company. Nevertheless, the NC will also review and assess whether the director is able to and has been adequately carrying out the duties as a director of the Company. Upon assessment, the NC will make recommendations for improvement, as and when required.

The Chairman of the Board will act on the results of the performance evaluation and recommendation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of the directors, in consultation with the NC.

For FY2025, the directors were requested to complete an assessment checklist/form which focuses on the criterion on effectiveness and efficiency on the Board's access to information, evaluation of the size and composition of the Board, the Board's processes, procedures and compliance, accountability, Board's performance in connection to discharging its responsibilities and duties and directors' standards of conduct. In addition, the Board also considered the qualitative measures such as the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board.

The individual assessment would include and aim to assess efficiency and effectiveness of the Chairman and each director's continuous contribution to the Board and commitment to their roles and responsibilities in discharging their duties.

Upon reviewing the assessment, the NC is of the opinion that the Board and all its members have sufficiently contributed to the Board and the Group during the year.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a director.

An external facilitator to evaluate and assess the Board, its Board Committees and each director has not been appointed as the Board believes that the quality and objectivity of the current process and evaluations implemented are sufficient and adequate.

CORPORATE GOVERNANCE REPORT

Furthermore, the Board will continuously review and assess the current size and composition of the Board on the adequate ability to meet the Group's existing scope of needs and the nature of operation for effective decision making. From time to time, the review of the appropriateness will be taking into consideration the changes in the nature and scope of the Group's operations as well as diversified background, experience of the directors and regulatory environment.

(B) REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure 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.

As at the date of this report, the RC of the Company comprises three (3) members, namely:

- Mr. Ng Keok Chai (*Chairman*);
- Mr. Siaw Lu Howe; and
- Mr. Aris Muhammad Rizal.

All the members of RC are non-executive directors, the majority of whom, including the RC Chairman are independent.

The Board is of the view that the current RC size and composition are appropriate and effective to provide the necessary objective inputs to the Board on reviewing and recommending to the Board a remuneration framework for the Board, management and key management personnel of the Company as well as other compensation related matters to the Board. The Board will examine the RC composition from time to time.

The RC is governed by the RC's terms of reference which describes the duties and responsibilities of the RC.

The duties and functions of the RC are as follows:

- recommend to the Board, the framework of remuneration for the Board (including non-executive directors and executive directors), the CEO (or executive of equivalent rank) and key management personnel of the Company;
- recommend specific remuneration packages for each of the directors and key management personnel of the Group, including payment of fees to non-executive directors taking into consideration of their effort, time spent, responsibilities and contribution;
- review service contracts and/or employee contracts, where applicable;
- review the Company's obligations arising in the event of termination of the executive directors and key management personnel's contract of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- oversee and review the administration of the employees share option scheme (and such other similar share plans as may be implemented by the Company from time to time) upon the terms of reference as defined in the said employee share option scheme and to recommend the award of share options according to the share plan. It has delegated to the Compensation Committee to administer the Southern Archipelago Employee Share Option Scheme 2023 ("**SAL ESOS 2023**") and Southern Archipelago Performance Share Plan 2023 ("**SAL PSP 2023**"), as well as the Blumont Employee Share Option Scheme 2013 ("**Blumont ESOS 2013**") which had fully vested;
- engage such professional services as RC may deem necessary to enable it to discharge its duties hereunder satisfactorily; and
- other acts as may be required to comply with the SGX-ST and the Code from time to time.

CORPORATE GOVERNANCE REPORT

The RC covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind, compensation/termination and gratuities. The members of the RC shall not be involved in the discussion and decision of their own remuneration. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration package.

Termination clauses are included in the service agreements for directors and key management personnel. The RC has reviewed and recommended to the Board, and the Board concurred that the termination clauses are fair and reasonable, and are not overly generous. There was no termination of any directors and key management personnel during FY2025.

The RC may obtain independent professional advice if it deems necessary in the discharge of its responsibilities properly. Such expenses are to be borne by the Company.

The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2025.

The non-executive directors are paid a fixed director's fee for their efforts, responsibilities, time spent and contribution to the Board. Directors' fees are recommended by the Board for approval by shareholders at the Company's AGM.

Principle 7: Level and Mix of Remuneration

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 review of the remuneration packages takes into consideration the long-term interests of the Group, the performance of the Group, overall assessment of the Board, the individual assessment of each director, level of contribution to the Company and Board, taking into account factors such as, efforts, time spent, responsibilities and duties of the directors, carefully evaluating the costs and benefits of each incentive before recommendation to the Board for review and approval. Nevertheless, the RC will ensure that the independent directors are not over-compensated to the extent that their independence may be compromised.

For FY2025, the RC reviewed the compensation and remuneration packages such that the directors and key management personnel were sufficiently compensated. In addition, the RC provided appropriate compensation packages at market rates for the Board and key management personnel of the Company to reward good performance, attract and motivate the directors and key management personnel.

The Company does not use contractual provisions to allow the Company to claim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the executive directors in the event such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

Principle 8: Disclosure on Remuneration

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 Company recognises that a clear disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid/payable to the directors and the key management personnel.

The Company's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate directors and key management personnel with the required experience and expertise.

All executive directors do not receive directors' fees. The remuneration package of each of the executive director comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual contribution. The performance-related component of the remuneration package is designed to align the interests of the executive directors with those of shareholders and link rewards to the Group's financial performance. No directors are involved in deciding their own remuneration. The RC reviews the fairness and reasonable of the termination clauses contain in the service agreements of the executive directors to ensure that such contracts of service are not overly generous, with an aim to be fair and avoid rewarding poor performance.

There were no termination or retirement benefits and post-employment benefits that are granted to the executive directors of the Company in FY2025.

Mr. Bryan Lee (CEO), Mr. John Lee Yow Meng (Executive Director and the Chief Financial Officer ("CFO")) and Mr. Alan Chin Yu (Executive Director) each has a service agreement with the Company. The service agreement can be terminated by either party giving not less than one (1) month notice and both parties have the option to pay salary in lieu of any required notice period.

The independent directors and the non-executive directors are paid fixed directors' fees appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities on the Board and Board Committees. They do not receive any other form of remuneration from the Company. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

The RC has proposed and recommended that the directors' fees of S\$103,500 (similar to FY2025) for the financial year ending 31 December 2026, payable quarterly in arrears. The Board concurred with the RC's proposal and recommended that the said directors' fees be tabled for shareholders' approval at the forthcoming AGM.

The Company's share incentive award plans, SAL ESOS 2023 and SAL PSP 2023 are as described below:

SAL ESOS 2023

At the Extraordinary General Meeting held on 10 August 2023, the shareholders of the Company approved the SAL ESOS 2023, for granting non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The SAL ESOS 2023 is administered by the Compensation Committee which is overseen by the Remuneration Committee.

The SAL ESOS 2023 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 10 August 2023. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

CORPORATE GOVERNANCE REPORT

Under the SAL ESOS 2023, Market Price Options may be exercised from the 1st anniversary of the date of grant to the 5th anniversary of the date of grant for non-executive directors and the 10th anniversary of the date of grant for group employees such as executive directors and staffs. Discounted Price Options may be exercised from the 2nd anniversary of the date of grant to the 5th anniversary of the date of grant for non-executive directors and the 10th anniversary of the date of grant for group employees such as executive directors and staffs.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

- (a) fixed at the market price equal to the average of the last dealt prices for the share on the SGX-ST for the three (3) consecutive trading days immediately preceding the date of grant of that option; or
- (b) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the Market Price.

There was no share options granted under the SAL ESOS 2023 in FY2025.

SAL PSP 2023

At the Extraordinary General Meeting held on 10 August 2023, the shareholders of the Company approved the SAL PSP 2023, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

The SAL PSP 2023 is administered by the Compensation Committee which is overseen by the Remuneration Committee.

The SAL PSP 2023 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 10 August 2023. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the SAL PSP 2023 will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

Awards granted under the SAL PSP 2023 will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the SAL PSP 2023, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

There was no performance shares granted under the SAL PSP 2023 in FY2025.

Disclosure on Remuneration of Individual Director

The RC has reviewed and approved the remuneration packages of the directors and key management personnel, having regard to their contributions as well as the financial performance and the commercial needs of the Company and has ensured that the directors and key management personnel are adequately but not excessively remunerated.

There were no termination or retirement benefits and post-employment benefits that are granted to the executive directors and key management personnel in FY2025.

CORPORATE GOVERNANCE REPORT

A breakdown of each individual director's and the CEO's remuneration for the financial year ended 31 December 2025 of the Group is as follows:

Name	Director Fees (S\$)	Salary & Allowance (S\$)	Benefits-in-kind (S\$)	Bonus (S\$)	Fair value of share options granted (S\$)	Other benefits (S\$)	Total (S\$)
Executive Directors							
Alan Chin Yu	-	136,920	1,345	-	-	11,059	149,324
John Lee Yow Meng	-	136,920	8,558	-	-	11,059	156,537
Non-Executive Directors							
Siaw Lu Howe	20,700	-	-	-	-	-	20,700
Ng Keok Chai	36,225	-	-	-	-	-	36,225
Tan Gim Kang, Arran	25,875	-	-	-	-	-	25,875
Aris Muhammad Rizal	20,700	-	-	-	-	-	20,700
CEO							
Bryan Nicholas Lee Mun Hei	-	138,000	-	-	-	11,146	149,146

Bryan Nicholas Lee Mun Hei is the son of Lee Teck Yuen, being 29.49% shareholder of the Company, held through his wholly-owned company, Mezzanotte Capital Pte. Ltd. through its wholly owned subsidiary, Ultimate Horizon Pte. Ltd.

As at the date of this Report, the Group has only one (1) key management personnel (who is not a director and/or CEO of the Company) and the remuneration of the key management personnel in FY2025 is as follows:

Name	Salary & Allowance (S\$)	Benefits-in-kind (S\$)	Bonus (S\$)	Fair value of share options granted (S\$)	Total (S\$)
Yusman SH	298,481	-	6,578	-	305,059

There is no other employee of the Group who is a substantial shareholder of the Company, or an immediate family member of a director or the CEO or a substantial shareholder whose remuneration exceeds S\$100,000 for the FY2025.

(C) ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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 committed to maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board with the support of the AC, oversees the management in the design, implementation and monitoring of the risk management and internal control systems including reviewing the adequacy and effectiveness of the Company's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

The internal auditor and the external auditor conduct reviews and audits that involve testing the adequacy and effectiveness of material internal controls on key risks. Any material non-compliance or lapses in internal controls and its corresponding mitigating actions will be reported to the AC. At least annually, the Board, with the assistance from the AC, will review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls and risk management systems.

At present, the Board relies on the internal auditor report, the external auditors' reports and management letter prepared by the external auditor to highlight any material non-compliance or weaknesses in internal controls. There were no major weaknesses in internal controls highlighted by the Group's external auditor or the internal auditor for the attention of the AC for FY2025.

Based on the internal controls established and maintained by the Group, the work performed by the internal and external auditors, and reviews performed by management and the AC, the Board with the concurrence of the AC, are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls and risk management systems, were adequate and effective as at FY2025. This is in turn supported by assurance from the executive directors and CFO that:

- (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and are in accordance with the relevant accounting standards; and
- (b) they have evaluated the adequacy and effectiveness of the Group's risk management and internal controls and have discussed with the Company's external and internal auditors of their reporting points and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process and report financial data. Accordingly, the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems) are adequate and effective.

In ensuring that the Group's risks are managed adequately and effectively, risk mitigation action plans are in place to deal with matters such as operational disruptions, workplace and employee health and safety, employee availability, IT systems functionality, cyber security, access management, communication protocols and contractual and regulatory compliance, so as to mitigate and minimise the negative impact on the Group's operations.

The Board notes that all internal control systems contain inherent limitations and no internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities. However, other procedures, policies, guidelines and compliance regulations, as discussed in the Annual Report, are in place to mitigate any possible and/or suspected irregularities. Nothing has come to the attention of the AC, Board and/or the management that there is any deficiency in the internal control systems that resulted in significant loss and/or material financial misstatements.

The Group is aware that each business transaction carries risk whether internally and/or externally in the form of environmental, operational, financial and/or management decision making risk. The operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Other risks include legal risk and strategic risk (the risk of loss arising from poor strategic business decisions). The Group's financial risk management and policies are further outlined under heading "Financial Risk Management" in the "Financial Statement" section of this Annual Report.

The Group regularly reviews and improves its business and operations activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

CORPORATE GOVERNANCE REPORT

Principle 10: Audit Committee

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

As at the date of this report, the Audit Committee (the “AC”) of the Company comprises three (3) members, namely:

- Mr. Ng Keok Chai (*Chairman*);
- Mr. Tan Gim Kang, Arran; and
- Mr. Siaw Lu Howe.

All members of the AC are non-executive directors and the majority of whom, including the AC Chairman, are independent. The members do not have any management and business relationships with the Company or any substantial shareholder of the Company. At least two (2) members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. None of the AC members was previously partners or directors of the Company’s external audit firm or hold any financial interest in the external audit firm.

The members meet at least two (2) times in a year.

The AC has specific written terms of reference setting out their duties and responsibilities. The AC’s main principal functions are as follows:

- assist the Board to fulfil its responsibilities for overseeing the Group’s financial reporting, operation of acceptable risk management processes and advise on internal control issues;
- serve as an independent and objective party to review financial information prepared by management prior to its release to shareholders and the general public;
- maintain channels of communication with the Board and direct communication channels with the external auditors, internal auditors and financial management, to discuss and review specific issues as appropriate;
- review the audit plan and reports of the Company’s internal and external auditors, and evaluate their reports on any recommendations on internal accounting controls arising from the audit;
- review the assistance given by the Company’s management to the internal and external auditors;
- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group’s financial performance;
- review at least annually the adequacy and effectiveness of the Group’s internal control systems, including financial, operational, compliance, information technology controls and risk management systems;
- ensure that the scope of the internal and external auditors’ examination has not been unreasonably restricted by the management;
- meet with other committees, and/or the management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- meet with the external auditor, and with the internal auditor, without the presence of the Company’s management, at any time and preferably at least once a year;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- review the scope and results of the external audit, cost effectiveness and the independence and objectivity of the external auditors;
- review the nature and extent of non-audit services provided by the external auditors;
- recommend to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- report to the Board the outcome of its reviews with the external auditors into any suspected fraud or irregularity or infringement of any Singapore law, rule and regulations of which the AC is aware of, which has, or is likely to have a material impact of the listed issuer’s operating results or financial position;

CORPORATE GOVERNANCE REPORT

- report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;
- review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and properly followed up on. The Company publicly discloses, and clearly communicate to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- review the assurance from the executive directors and CFO on the financial records and financial statements;
- review compliance with accounting standards, Companies Act 1967 of Singapore (the “**Act**”) and SGX-ST Listing Manual requirements;
- review interested person transactions, if any, in accordance with the requirements of the SGX-ST Listing Manual; and
- undertake generally such other functions and duties as may be required by law or the SGX-ST Listing Manual.

The AC has the power to conduct or authorise investigations into any matters within the AC’s scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC has full access to and co-operation of the management, officers, company secretary, directors and relevant external regulator and/or professional parties and has full discretion to invite any director or officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC also reviews any arrangement by which staff of the Group, or any other officers, may, in confidence, raise concerns about possible and/or suspected fraud, irregularities, corruption, dishonest practices and/or improprieties in matters of financial reporting or other similar matters. The AC’s objective is to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action and improvements, if necessary and required.

PKF-CAP LLP is the external auditors of the Company. The Company’s subsidiaries in Singapore are audited by PKF-CAP LLP whereas the overseas subsidiaries are audited by the member firms of PKF-CAP LLP.

The AC having regard the adequacy of the resources and experience of PKF-CAP LLP and the audit engagement partner assigned to the audit, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, is of the opinion that PKF-CAP LLP meets the auditing obligations of the Company and its significant subsidiaries. The Group has complied with Rules 712 and 715 of the SGX-ST Listing Rules in relation to the appointment of external auditors.

The AC assesses the independence of the external auditor annually. Details of audit and non-audit fees paid/ payable to the Company’s external auditors for the financial year ended 31 December 2025 amounted to \$99,200 for audit services, with no fees incurred for non-audit services provided to the Company and the Group during FY2025.

Having reviewed, amongst others, the scope and quality of the audit and the independence of the external auditor, the AC had recommended and the Board approved the nomination for re-appointment of PKF-CAP LLP as the external auditor of the Company at the forthcoming AGM, and to authorise the directors to fix their remuneration.

The AC meets with the internal and external auditors at least once annually to discuss audit findings and recommendations, without the presence of the management. For FY2025, the AC had met with the internal and external auditors once without the presence of the management.

CORPORATE GOVERNANCE REPORT

Throughout FY2025, the Board has assessed and reviewed, together with the assistance of the NC, to ensure that the members of the AC are appropriately qualified to discharge their responsibilities. The Board is opined that adequate and reasonable assistance and support has been properly rendered by the directors, management and officers to the AC and that the AC has effectively and efficiently contributed to the Board and the Group. During the FY2025, the AC held three (3) meetings to review and undertake the scope of work as set out above. The external auditor provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Whistle Blowing

The Company has in place a whistle-blowing policy, which provides an avenue for the staff of the Company to access the AC members and AC chairman to raise concerns about improprieties. Contact details of these persons have been made available to all staff, and staff are encouraged to either email as part of the procedure to raise concerns, if any.

The Group undertakes to investigate complaints of suspected fraud and unethical behaviour in an objective manner. With the AC's endorsement, proper written procedures, policies and guideline are in place for making such reports in good faith and with the assurance of strict confidentiality. The Group is committed to protecting the identity of the whistleblower and ensuring that they are protected from detrimental treatment.

The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. All such investigations are undertaken directly by the AC. As at the date of this report and to the best of their knowledge and belief, nothing has come to the attention of the AC that may require any follow up and/or action plan.

Internal Audit

The Company has engaged Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**") as its independent internal auditor, reporting functionally to the AC and administratively to the CFO. The AC is responsible for approving the appointment, assessing the performance, and determining the remuneration of the internal auditor, ensuring its independence and effectiveness.

The AC reviews and approves the internal audit plan to ensure that it is comprehensive and aligned with the Group's risk profile. In FY2025, Baker Tilly conducted an independent review of key internal controls in selected areas as determined by the AC and provided its findings, along with recommendations for enhancements, to the AC for review and approval. These recommendations aim to strengthen the Group's internal control environment and governance framework.

The AC is satisfied that the internal audit function is independent, effective, and adequately resourced. The AC also notes that Baker Tilly's internal audit team comprises experienced professionals with relevant qualifications, including Chartered Accountants and Certified Internal Auditors, ensuring that the internal audit function is conducted with a high level of technical expertise and professionalism. Furthermore, the AC confirms that Baker Tilly meets the professional standards prescribed by internationally recognised bodies, including the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.

Based on the internal audit reviews, the AC is of the view that the Group's internal controls, including financial, operational, compliance, and information technology controls and risk management systems, are adequate and effective in addressing key risks. The AC also acknowledges management's commitment to continuously improve the internal control framework through the timely implementation of remediation measures where necessary. While no material control deficiencies were identified, the AC remains vigilant in overseeing the effectiveness of the internal control system to safeguard shareholders' interests and the Group's assets.

CORPORATE GOVERNANCE REPORT

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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 facilitates the exercise of ownership rights by all shareholders. In particular, the shareholders of the Company are sufficiently informed of changes in the Group's business and development that are price sensitive and would be likely to materially affect the price or value of the Company's shares and that information are communicated to the shareholders on a timely basis via the SGXNet.

Shareholders are given the opportunity to opine their views and seek clarification on questions regarding the Group at the AGM. All directors, in particular the Chairman of the Board, the respective Chairman of the AC, NC, RC and ESGC, will be present and available to address shareholders' queries at the general meetings. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor's report.

Shareholders have the opportunity to participate effectively and to vote in AGM. They are allowed to vote in person at a physical meeting, or by electronic means for a virtual meeting, or by their duly appointed proxy(ies). The Constitution of the Company allow shareholders of the Company to appoint not more than two (2) proxies to attend, speak and vote on their behalf at the AGM. The Company does not implement voting in absentia by email, mail or fax due to authentication and other security related concerns.

During each general meeting, the resolutions on separate issues are disclosed separately and not bundled together unless the resolutions are interdependent and linked so as to form one significant proposal and clear explanation and reasons are to be provided together with its material implications.

Shareholders would be informed of the rules governing such meetings and voting procedures of the general meeting. An independent polling agent is appointed by the Company for general meeting who will explain the voting procedures that govern the general meeting of shareholders. An announcement which includes the results of voting showing the number of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings.

The proceedings of all general meetings including substantial and relevant comments/queries from shareholders and responses exchanged between the Company and shareholders are recorded in the minutes book of the Company, and will be published on the SGXNet at URL <https://www.sgx.com/securities/company-announcements> as well as the Company's website at URL <https://www.southernarchipelago.com/shareholdersinformation/> within one month from the date of the general meeting.

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends declarations by the Company will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors may, in their absolute discretion, deem appropriate. The Board is not recommending any dividend for FY2025, as the Board deemed more appropriate to retain the cash for the Group's working capital purposes, after taken into account various factors including:

- the level of the available cash;
- the projected levels of capital expenditure and other investment plans; and
- the accumulated losses of the Company for the past years.

CORPORATE GOVERNANCE REPORT

Principle 12: Engagement with Shareholders

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.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. In line with the continuous obligations of the Company pursuant to the SGX-ST Listing Manual, the Board's policy is that all shareholders should be equally informed of all major developments and the Company will make disclosure publicly to all shareholders as soon as practicable.

The Board provides shareholders with an assessment of the Company's performance, position and prospects via half-year and full year results announcements for each financial year, and other ad-hoc announcements as required by the SGX-ST. The Company does not practise selective disclosure. Price sensitive information is first publicly released through the SGXNet. In addition, the Company has taken steps to solicit and understand the views of the shareholders through the Company website.

Results and annual reports are announced and/or issued within the mandatory period. All the shareholders of the Company receive the annual report and the notice of the general meetings which are available in the SGXNet and the Company's website.

The FY2025 Annual Report, notice of AGM, proxy form and Request Form ("**AGM documents**") will be made available to shareholders through electronic means via publication on the Company's website at the URL <https://www.southernarchipelago.com/shareholdersinformation> and on the SGXNet website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the Notice of AGM, Proxy Form and Request Form will be despatched to the shareholders. If the shareholders wish to receive printed copies of the Annual Report, shareholders may complete the said Request Form and follow the instructions stated therein.

The shareholders can access the financial information, corporation announcements, press releases, annual reports and profile of the Group on the Company's corporate website.

Though the Company does not currently have an investor relations policy, it believes in regular, effective and fair communication with members of the investing community. As such, shareholders may contact the Company with their questions via emails at info@southernarchipelago.com and phone calls at +65 6332 9488, and the Company will respond to such questions in a timely manner.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

Principle 13: Engagement with Stakeholders

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 Board considers the Company's obligations to its shareholders and also the interests of its material stakeholders, as the relationships with material stakeholders may have an impact on the Company's long-term sustainability. Stakeholders are parties who may be affected by the Company's activities or whose actions can affect the ability of the Company to conduct its activities. The Board has identified its stakeholders as customers, employees, suppliers, landlords, investors, media, government institutions and the communities. In addition, the Group also issue sustainability report to keep stakeholders informed on the commitment made by the Company in fostering the creation of sustainable environment/community for the stakeholders.

CORPORATE GOVERNANCE REPORT

OTHER GOVERNANCE PRACTICES

Material Contracts

There is no material contract of the Company and its subsidiaries, including loans, involving the interests of any director or the controlling shareholders either still subsisting at the end of FY2025 or if not then subsisting, entered into since the end of the previous financial year, save as for those as announced via SGXNet and as outlined in the Annual Report under headings “Borrowings” in the “Financial Statements” section of this Annual Report.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested persons transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The Board and the AC will review all interested person transactions to be entered into to ensure that the relevant rules under Chapter 9 of the SGX-ST Listing Manual are complied with.

Except those as announced via SGXNet and as outlined in the Annual Report under headings “Trade and Other Payables” and “Related Party Transactions”, there is no other interested person transaction for FY2025.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	The aggregate value of all interested person transactions during the financial year is less than S\$100,000.	

Dealing in Securities

In line with SAL's Best Practices Guide in Dealing in Securities (the “**Best Practices Guide**”) adopted and reviewed from time to time, the Company has in place a code of conduct on share dealings by the Company and the officers. This code sets out the statutory restrictions on insider trading as well as the recommendations of the Best Practices Guide on securities transactions. It has been made known that the Company and the officers, including the directors, staff, any relevant body corporate and officers of the Company and the Group, should not deal during the period commencing one (1) month before the announcement of the Company's half-yearly results and one (1) month before financial year, as the case may be, and ending on the date of the announcement of the relevant results.

The officers have been informed that to deal in the Company's securities, as well as securities of other listed companies, when they are in possession of information that is not generally available but, if it were, would be likely materially to affect the price of those securities in relation to those securities and relates to any transaction (actual or expected) involving both those bodies corporate or involving one of them and securities of the other are prohibited and is a subject to the law. The Company, while having provided the window periods for dealing in the Company's securities, has its own internal compliance code in providing guidance to its officers with regards to dealing in the Company's securities including reminders that the law on insider trading is applicable at all times. In addition, an officer should also not deal in the Company's securities on short-term considerations.

In the opinion of the AC, to the best of their knowledge and belief, the Company complies with its Best Practices Guide.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1 TO THE LISTING MANUAL OF THE SGX-ST

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information as set out in Appendix 7.4.1 of the SGX-ST Listing Manual relating to Mr. Ng Keok Chai and Mr. Alan Chin Yu, being the directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, are set out below:

	Mr. Ng Keok Chai	Mr. Alan Chin Yu
Date of Appointment	25 April 2019	6 November 2020
Date of last re-appointment	26 April 2023	26 April 2023
Age	68	69
Country of principal residence	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr. Ng Keok Chai as a director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Ng Keok Chai's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a director of the Company.	The re-election of Mr. Alan Chin Yu as a director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Alan Chin Yu's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. Responsible for the overall management and monitoring of the performance of all Subsidiaries of Southern Archipelago Ltd.
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	Lead Independent Director, chairman of Audit, Remuneration and Environmental, Social and Governance Committees; and a member of Nominating Committee.	Executive Director
Professional qualifications	Certificate in Legal Practice, Legal Profession Qualifying Board	-
Working experience and occupation(s) during the past 10 years	Southern Archipelago Ltd. <i>Lead Independent Director (April 2019 to present)</i> NexG Bina Berhad <i>Executive Director (Aug 2025 to present)</i> Caely (M) Sdn. Bhd. <i>Director (Jun 2022 to present)</i> Caely Ecommerce Sdn. Bhd. <i>Director (Jun 2022 to present)</i>	Alan Yu & Co Chartered Accountant <i>Principal (2001 to present)</i> Tallahesse Pty Ltd <i>Nominee Director (2007 to present)</i> JC Milton & Co. Pty Ltd. <i>Nominee Director (2007 to present)</i> Worldwide Ventures Pty Ltd <i>Nominee Director (2010 to present)</i> Emerald Equities Pty Ltd <i>Nominee Director (2013 to present)</i>

CORPORATE GOVERNANCE REPORT

	Mr. Ng Keok Chai	Mr. Alan Chin Yu
	Classita (M) Sdn. Bhd. <i>Director (Jun 2022 to present)</i>	Southern Archipelago Ltd. <i>Executive Director (November 2020 to present)</i>
	Marywah Industries (M) Sdn. Bhd. <i>Director (Jun 2022 to present)</i>	Gemisuria Corporation Sdn Bhd <i>Director (July 2021 to present)</i>
	NexG Development Sdn. Bhd. <i>Director (Jun 2022 to present)</i>	Adroit Innovations Investment Pte Ltd <i>Director (July 2021 to present)</i>
	Kepayang Heights Sdn. Bhd. <i>Director (Jun 2022 to present)</i>	Asphere Holdings Pte. Ltd. <i>Director (July 2021 to present)</i>
	NexG Bina Properties Sdn. Bhd. <i>Director (Jun 2022 to present)</i>	Tria Holdings Pte. Ltd. <i>Director (July 2021 to present)</i>
	Firstwide Success Sdn. Bhd. <i>Director (Jun 2022 to present)</i>	Solid Base Limited <i>Director (August 2021 to present)</i>
	Classita Capital Sdn. Bhd. <i>Director (Jun 2022 to present)</i>	Labrador Hill Pte. Ltd. <i>Director (October 2021 to present)</i>
	Mempaga Industrial Park Sdn. Bhd. <i>Director (Jun 2022 to present)</i>	SAL Resorts & Development Pte. Ltd. <i>Director (June 2022 to present)</i>
	Landmarks Berhad <i>Independent and Non Executive Director (Aug 2023 to present)</i>	Blumont Group Ltd. <i>Non-Executive Director (June 2016 to May 2017)</i>
	Andaman Resort Sdn. Bhd. <i>Director (Jul 2023 to present)</i>	<i>Executive Director and Chief Financial Officer (May 2017 to December 2017)</i>
	Hong Seng Consolidated Berhad <i>Independent and Non Executive Chairman (Nov 2025 to present)</i>	Maven Equity Pty Ltd <i>Executive Director and Senior Partner (2013 to October 2019)</i>
	Assistant Director of Forensic Accounting Investigation Division, Commercial Crime Investigation Department, Royal Malaysia Police <i>Superintendent of Police (November 2014 to February 2016)</i>	Equity Finance & Mortgages Pty Ltd <i>Non-Executive Director (2004 to April 2020)</i>
	Principal Assistant Director of Forensic Accounting Investigation Division, Commercial Crime Investigation Department, Royal Malaysia Police <i>Assistant Commissioner of Police (February 2016 to March 2019)</i>	Equity Smartplan Financial Services Pty Ltd <i>Non-Executive Director (2006 to September 2020)</i>
		Eufhoria Pte. Ltd. <i>Director (May 2023 to October 2025)</i>

CORPORATE GOVERNANCE REPORT

	Mr. Ng Keok Chai	Mr. Alan Chin Yu
	<p>CSH Alliance Berhad <i>Independent and Non Executive Director (Jan 2022 to Mar 2023)</i></p> <p>Dynaciate Group Bhd <i>Independent and Non Executive Director (Oct 2021 to Mar 2023)</i></p> <p>Green Packet Bhd <i>Independent and Non Executive Director (Jan 2022 to Mar 2023)</i></p>	
Shareholding interest in the listed issuer and its subsidiaries	Nil	10,000,000 ordinary shares in the Company
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	No	No
Conflict of Interests (including any competing business)	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
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)		
Past (for the last 5 years)	<ol style="list-style-type: none"> 1. CSH Alliance Berhad 2. Dynaciate Group Bhd 3. Green Packet Bhd 	<ol style="list-style-type: none"> 1. Equity Finance & Mortgages Pty Ltd 2. Equity Smartplan Financial Services Pty Ltd 3. Perth QG Pty Ltd 4. Maven Equity Pty Ltd 5. Eufhoria Pte. Ltd.

CORPORATE GOVERNANCE REPORT

	Mr. Ng Keok Chai	Mr. Alan Chin Yu
Present	<ol style="list-style-type: none"> 1. Southern Archipelago Ltd. 2. NexG Bina Berhad 3. Caely (M) Sdn. Bhd. 4. Caely Ecommerce Sdn. Bhd. 5. Classita (M) Sdn. Bhd. 6. Marywah Industries (M) Sdn. Bhd. 7. NexG Development Sdn. Bhd. 8. Kepayang Heights Sdn. Bhd. 9. NexG Bina Properties Sdn. Bhd. 10. Firstwide Success Sdn. Bhd. 11. Classita Capital Sdn. Bhd. 12. Mempaga Industrial Park Sdn. Bhd. 13. Landmarks Berhad 14. Andaman Resort Sdn. Bhd. 15. Hong Seng Consolidated Berhad 	<ol style="list-style-type: none"> 1. Southern Archipelago Ltd 2. JC Milton & Co. Pty Ltd 3. Tallahassee Pty Ltd 4. Emerald Equities Pty Ltd 5. Worldwide Ventures Pty Ltd 6. Gemisuria Corporation Sdn Bhd 7. Solid Base Limited 8. Labrador Hill Pte. Ltd. 9. Adroit Innovations Investment Pte Ltd 10. Asphere Holdings Pte. Ltd. 11. Tria Holdings Pte. Ltd. 12. SAL Resorts & Development Pte. Ltd.
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "Yes", full details must be given.</p>		
(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

CORPORATE GOVERNANCE REPORT

	Mr. Ng Keok Chai	Mr. Alan Chin Yu
(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
(c) Whether there is any unsatisfied judgment against him?	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
(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

CORPORATE GOVERNANCE REPORT

	Mr. Ng Keok Chai	Mr. Alan Chin Yu
(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
(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
(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
(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

CORPORATE GOVERNANCE REPORT

	Mr. Ng Keok Chai	Mr. Alan Chin Yu
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>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</p> <p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>

CORPORATE GOVERNANCE REPORT

	Mr. Ng Keok Chai	Mr. Alan Chin Yu
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
Disclosure applicable to the appointment of Director only		
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Yes. Mr. Ng Keok Chai is currently the Lead Independent Director of the Company.</p>	<p>Yes. Mr. Alan Chin Yu is currently the Executive Director of the Company.</p>

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The directors present their statement to the members together with the audited consolidated financial statements of Southern Archipelago Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2025 and the statement of financial position of the Company as at 31 December 2025.

OPINION OF THE DIRECTORS

In the opinion of the directors:

- (i) the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended, 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 of the Company in office at the date of this statement are:

Siaw Lu Howe	Independent Director and Non-Executive Chairman
John Lee Yow Meng	Executive Director and Chief Financial Officer
Alan Chin Yu	Executive Director
Ng Keok Chai	Lead Independent Director
Tan Gim Kang, Arran	Non-independent Non-Executive Director
Aris Muhammad Rizal	Non-independent Non-Executive Director

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed under "Share Options" in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act 1967, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At	At	At	At	At	At
	1.1.2025	31.12.2025	21.1.2026	1.1.2025	31.12.2025	21.1.2026
The Company						
<i>Number of ordinary shares</i>						
John Lee Yow Meng	15,000,000	15,000,000	15,000,000	-	-	-
Alan Chin Yu	10,000,000	10,000,000	10,000,000	-	-	-
Tan Gim Kang, Arran	15,000,000	15,000,000	15,000,000	-	-	-
Aris Muhammad Rizal	10,000,000	10,000,000	10,000,000	-	-	-

According to the register of directors' shareholdings, the directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Company's share option scheme, as set out below and under "Share Options" below.

	Number of unissued ordinary shares under option		
	At	At	At
	1.1.2025	31.12.2025	21.1.2026
The Company			
Siaw Lu Howe	100,000,000	100,000,000	100,000,000
John Lee Yow Meng	147,000,000	147,000,000	147,000,000
Alan Chin Yu	147,000,000	147,000,000	147,000,000
Ng Keok Chai	60,000,000	60,000,000	60,000,000
Tan Gim Kang, Arran	65,000,000	65,000,000	65,000,000
Aris Muhammad Rizal	40,000,000	40,000,000	40,000,000

SHARE OPTIONS

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")

The number of unissued ordinary shares of the Company under outstanding at the end of the financial year were as follows:

Date of options granted	No. of unissued ordinary shares under option as at 31.12.2025	Exercise price	Exercise period
17 June 2021	447,500,000	S\$0.0040	17/06/2022 to 16/06/2031
17 June 2021	447,500,000	S\$0.0032	17/06/2023 to 16/06/2031
17 June 2021	132,500,000	S\$0.0040	17/06/2022 to 16/06/2026
17 June 2021	132,500,000	S\$0.0032	17/06/2023 to 16/06/2026

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

SHARE OPTIONS (Cont'd)

Southern Archipelago Employee Share Option Scheme 2023 (the "SAL ESOS 2023")

At the Extraordinary General Meeting held on 10 August 2023, the members of the Company approved the SAL ESOS 2023, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The SAL ESOS 2023 is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Ng Keok Chai (Chairman), Siaw Lu Howe and Aris Muhammad Rizal.

The SAL ESOS 2023 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 10 August 2023. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

Under the SAL ESOS 2023, Market Price Options may be exercised from the 1st anniversary of the date of grant to the 5th anniversary from the date of grant for non-executive directors and the 10th anniversary from the date of grant for group employees such as executive directors and staffs. Discounted Price Options may be exercised from the 2nd anniversary of the date of grant to the 5th anniversary from the date of grant for non-executive directors and the 10th anniversary from the date of grant for group employees such as executive directors and staffs.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

- (i) fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or
- (ii) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

No share options under the SAL ESOS 2023 have been granted during and as at the financial years ended 31 December 2025 and 2024.

Except as disclosed above,

- there were no share options granted by the Company or its subsidiaries during the financial year;
- there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries during the financial year; and
- there were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

SHARE OPTIONS (Cont'd)

Southern Archipelago Performance Share Plan ("SAL PSP")

At the Extraordinary General Meeting held on 10 August 2023, the members of the Company approved the SAL PSP, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

The SAL PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Ng Keok Chai (Chairman), Siaw Lu Howe and Aris Muhammad Rizal.

The SAL PSP shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 10 August 2023. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the SAL PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

Awards granted under the SAL PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the SAL PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

No incentive share awards under the SAL PSP have been granted during and as at the financial years ended 31 December 2025 and 2024.

AUDIT COMMITTEE

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

Ng Keok Chai (Chairman)
Tan Gim Kang, Arran
Siaw Lu Howe

The AC has performed its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, including the following:

- (i) reviewed the audit plan of the Company's internal and external auditors, and their report on any recommendations on internal accounting controls arising from the audit;
- (ii) reviewed the assistance given by the Company's management to the internal and external auditors;
- (iii) reviewed financial information prepared by management for internal reporting to the board and/or prior to its release to shareholders and the general public;
- (iv) reviewed the annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2025 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- (v) reviewed the effectiveness of the Group's material internal control systems, including financial, operational, compliance and information technology controls and risk management;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

AUDIT COMMITTEE (Cont'd)

- (vi) met with the internal and external auditors, other committees, and/or the management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- (vii) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (viii) reviewed the scope and results of the external audit, cost effectiveness and independence and objectivity of the independent auditors;
- (ix) reviewed the nature and extent of non-audit services provided by the independent auditors;
- (x) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation and terms of engagement of the auditors;
- (xi) reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- (xii) reviewed interested person transactions, if any, in accordance with the requirements of the SGX-ST's Listing Manual.

The AC, having reviewed all non-audit services provided by the independent auditors to the Group is satisfied that the nature and extent of such services would not affect the independence and objectivity of the independent auditors. The AC has also conducted a review of interested person transactions.

The AC convened three meetings during the year. The AC has also met with the independent auditors, without the presence of the Company's management, at least once a year. The attendance of the meetings is disclosed in the Corporate Governance Report in the Company's Annual Report.

It is the opinion of the Board of Directors with the concurrence of the AC that the system of internal controls, which addresses the Group's financial, operational, compliance and information technology risks, maintained by the Group is in place and adequate throughout the financial year and up to the date of this report.

The Company confirms that Rules 712 and 715 of the SGX-ST's Listing Manual have been complied with.

Further details regarding the AC are disclosed in the Corporate Governance Report in the Company's Annual Report.

AUDITOR

The auditor, PKF-CAP LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

John Lee Yow Meng
Executive Director and Chief Financial Officer

Alan Chin Yu
Executive Director

Singapore
6 April 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN ARCHIPELAGO LTD. AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southern Archipelago Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position 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 for the 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 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)s") so as to give a true and fair view of the consolidated statement of financial position of the Group and the statement of 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 for the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the financial statements, which indicates that the Group incurred a net loss of S\$934,155 for the financial year ended 31 December 2025 and as at that date, the Group's and the Company's net current liabilities are S\$5,227,903 and S\$14,349,526 respectively. The Company is in a net liability position of S\$8,003,023. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN ARCHIPELAGO LTD. AND ITS SUBSIDIARIES

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

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the key audit matter
Revenue recognition (Refer to Note 2.15 and Note 4)	
<p>The Group generated revenue of S\$3,961,146 for the financial year ended 31 December 2025 (FY2024: S\$4,816,725).</p> <p>We focused on this area as a key audit matter as there is a presumed fraud risk with regards to revenue recognition and revenue is one of the key performance indicators of the Group. The potential existence of management override controls also increases the risk of material misstatement in the amount of revenue reported.</p>	<p>Our key audit procedures performed includes but not limited to:</p> <ul style="list-style-type: none"> • Obtained samples of contracts with customers and reviewed the terms and conditions, along with discussion with management, to assess the Group's revenue recognition policy in accordance to SFRS (I) 15, in particular the identification of performance obligations, the timing of revenue recognition (i.e., at a point in time or over time); • Discussed with management on the processes involved in the sale cycle and performed walkthrough test to consolidate our understanding; • Performed test of controls over the sale cycle to ascertain the effectiveness of key controls; • Performed test of details including sales cut-off tests to ascertain that the sales have been accurately taken up in the correct financial year; • Performed analytical review by comparing the current financial year performance to prior financial year; and • Reviewed the adequacy of disclosures in the notes to the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN ARCHIPELAGO LTD. AND ITS SUBSIDIARIES

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

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)s, 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN ARCHIPELAGO LTD. AND ITS SUBSIDIARIES

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

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

- 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 the 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 subsidiaries 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 Titus Kuan Tjian.

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore
6 April 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group	
		2025 S\$	2024 S\$
Revenue	4	3,961,146	4,816,725
Other gains/(losses) - net	5	80,083	272,015
Interest income		1,516	12,120
Expenses			
- Raw materials and consumables used		(122,613)	(76,468)
- Employee benefits	6	(2,270,628)	(2,263,016)
- Depreciation of property and equipment	17	(787,586)	(731,742)
- Amortisation of intangible assets	18	(13,842)	(6,674)
- Other expenses	7	(1,161,849)	(1,516,840)
- Finance costs	8	(422,559)	(270,591)
Total expenses		(4,779,077)	(4,865,331)
(Loss)/Profit before tax		(736,332)	235,529
Income tax expense	9	(197,823)	(388,252)
Loss for the year		(934,155)	(152,723)
Other comprehensive loss			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Actuarial loss on defined benefit plan	22	(25,659)	(12,915)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation			
- Loss on translating foreign operations		(1,380,406)	(183,231)
- Reclassification of currency translation reserves upon voluntary liquidation of subsidiary	5	828,412	-
		(551,994)	(183,231)
Other comprehensive loss, net of tax		(577,653)	(196,146)
Total comprehensive loss for the year attributable to equity holders of the Company		(1,511,808)	(348,869)
Loss per share (S\$ cents)			
- Basic	10	(0.0034)	(0.0006)
- Diluted	10	(0.0034)	(0.0006)

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 S\$	2024 S\$	2025 S\$	2024 S\$
ASSETS					
Current assets					
Cash and bank balances	11	341,575	414,142	48,856	117,819
Trade and other receivables	12	274,989	601,581	60,000	21,026
Other assets	13	92,417	93,593	33,417	31,452
Investment securities	14	-	-	-	-
Income tax receivable		525,058	183,738	-	-
		<u>1,234,039</u>	<u>1,293,054</u>	<u>142,273</u>	<u>170,297</u>
Non-current assets					
Investments in subsidiaries	15	-	-	79,917	79,917
Investment in associate	16	-	-	-	-
Loans to subsidiaries	15	-	-	6,233,626	6,212,237
Property and equipment	17	9,970,530	9,197,014	43,692	125,111
Intangible assets	18	49,814	64,519	-	-
Deferred tax assets	23	329,788	288,170	-	-
		<u>10,350,132</u>	<u>9,549,703</u>	<u>6,357,235</u>	<u>6,417,265</u>
Total Assets		<u>11,584,171</u>	<u>10,842,757</u>	<u>6,499,508</u>	<u>6,587,562</u>
LIABILITIES					
Current liabilities					
Other payables	19	1,192,420	540,381	4,460,335	3,845,414
Borrowings	20	5,240,243	4,352,245	4,412,185	3,722,185
Loan from a subsidiary	15	-	-	5,590,000	5,590,000
Lease liabilities	21	29,279	87,918	29,279	87,918
		<u>6,461,942</u>	<u>4,980,544</u>	<u>14,491,799</u>	<u>13,245,517</u>
Non-current liabilities					
Lease liabilities	21	10,732	32,887	10,732	32,887
Defined benefit plan	22	1,021,758	1,015,149	-	-
Borrowings	20	3,159,367	2,371,997	-	-
		<u>4,191,857</u>	<u>3,420,033</u>	<u>10,732</u>	<u>32,887</u>
Total Liabilities		<u>10,653,799</u>	<u>8,400,577</u>	<u>14,502,531</u>	<u>13,278,404</u>
Net Assets/(Liabilities)		<u>930,372</u>	<u>2,442,180</u>	<u>(8,003,023)</u>	<u>(6,690,842)</u>
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	24	127,338,850	127,338,850	127,338,850	127,338,850
Reserves	25	347,507	1,332,996	4,618,640	4,618,640
Accumulated losses		(126,755,985)	(126,229,666)	(139,960,513)	(138,648,332)
Total Equity		<u>930,372</u>	<u>2,442,180</u>	<u>(8,003,023)</u>	<u>(6,690,842)</u>

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group	
		2025 S\$	2024 S\$
Cash Flows from Operating Activities:			
(Loss)/Profit before tax		(736,332)	235,529
Adjustments for:			
Unrealised foreign exchange gain		(753,698)	(142,164)
Loss on voluntary liquidation of a dormant subsidiary	5	828,412	-
Gain on lease termination	5	-	(530)
Depreciation of property and equipment	17	787,586	731,742
Amortisation of intangible assets	18	13,842	6,674
Loss allowance on other receivables	7	69,856	-
Loss allowance on trade receivables	7	32,734	-
Loss on lease modification	7	6,668	-
Interest expense	8	422,559	270,591
Interest income		(1,516)	(12,120)
Operating cash flows before working capital changes		670,111	1,089,722
Changes in working capital:			
Receivables		114,737	(112,884)
Payables		661,979	11,131
Cash flows generated from operations		1,446,827	987,969
Tax paid		(626,342)	(759,358)
Net cash flows generated from operating activities		820,485	228,611
Cash Flows from Investing Activities			
Purchase of property and equipment	17	(2,396,106)	(5,028,730)
Acquisition of intangible assets	18	(4,507)	(65,597)
Interest received		1,516	12,120
Net cash flows used in investing activities		(2,399,097)	(5,082,207)
Cash Flows from Financing Activities			
Principal repayment of lease liabilities	21(f)	(88,154)	(80,041)
Repayment of borrowings	20(d)	(1,749,212)	(620,282)
Proceeds from borrowings	20(d)	3,720,526	3,119,571
Interest paid		(349,890)	(227,641)
Net cash flows generated from financing activities		1,533,270	2,191,607
Net decrease in cash and bank balances		(45,342)	(2,661,989)
Cash and bank balances at beginning of the year		414,142	3,079,505
Effect of changes in foreign exchange rates on cash and bank balances		(27,225)	(3,374)
Cash and cash balance at end of the year	11	341,575	414,142

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

Southern Archipelago Ltd. (the "Company") is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of the Company's registered office and principal place of business is Apex @ Henderson, 201 Henderson Road, #05-19, Singapore 159545.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 15.

The ultimate controlling party of the Group is Mr. Mark Wee Liang Yee.

2. Material accounting policy information

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below. The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Singapore dollars ("S\$"), which is the functional currency of the Company.

Material Uncertainty Related to Going Concern

The Group incurred a net loss of S\$934,155 for the financial year ended 31 December 2025 and as at that date, the Group's and the Company's net current liabilities are S\$5,227,903 and S\$14,349,526 respectively. The Company is in a net liability position of S\$8,003,023. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, the directors of the Group and the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2025 remains appropriate after taking into account the following factors:

- The Group expects the sterilisation business segment to continue generating positive operating cash flows in the next 12 months;
- The Board and the management are currently exploring possible fundraising options to secure financing commitments to allow the Company to have access to additional working capital where required, including but not limited to bank loans, additional shareholders' loan, extension of shareholder's loan and loan from subsidiaries and fund raising from its shareholders; and
- The Company's shareholders have provided a written undertaking to continue providing financial support to the Group for at least 12 months from the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial period beginning on 1 January 2025. The adoption of these standards did not have any material effect on the financial statements of the Group.

2.3 Standards issued but not yet effective

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning after 1 January 2025 and which the Group has not early adopted:

	Effective for annual periods beginning on or after
Amendments to SFRS(I) 9 and SFRS(I) 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to SFRS(I) 9 and SFRS(I) 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to SFRS(I)s - Volume 11	1 January 2026
SFRS(I) 18 Presentation and Disclosure in Financial Statements	1 January 2027
SFRS(I) 19 Subsidiaries without public accountability: Disclosures	1 January 2027
Amendments to SFRS(I) 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for SFRS(I) 18, the directors expect that the adoption of the standards will have no material impact on financial statements in the period of initial adoption.

SFRS(I) 18 introduces new requirements to:

- i) Present specified categories and defined subtotals in the statement of profit or loss;
- ii) Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements; and
- iii) Improve aggregation and disaggregation.

An entity is required to apply SFRS(I) 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. SFRS(I) 18 requires retrospective application with specific transition provisions. The directors are currently evaluating the impact, if any arising from the implementation of SFRS(I) 18.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.4 Group accounting (Cont'd)

(a) *Subsidiaries* (Cont'd)

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associate" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Associates*

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associates 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. Goodwill on associates represents the excess of the cost of acquisition of the associates over the Group's share of the fair value of the identifiable net assets of the associates and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associates' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associates are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associate equal to or exceeds its interest in the associates, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associates. If the associates subsequently report profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associate includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.4 Group accounting (Cont'd)

(b) Associates (Cont'd)

(ii) Equity method of accounting (Cont'd)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associates are derecognised when the Group loses significant influence. If the retained equity interest in the former associates is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associate" for the accounting policy on investments in associate in the separate financial statements of the Company.

2.5 Investments in subsidiaries and associate

Investments in subsidiaries and associate are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries and associate, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.6 Property, plant and equipment (Cont'd)

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Building	20 years
Leasehold property	4 years
Furniture and fittings	5 years
Office, computer and other equipment	3, 5 and 8 years
Cobalt isotope	10 years
Motor vehicles	8 years

The residual value, useful life and depreciation method are reviewed at each financial year and adjusted as appropriate at the reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.8 Impairment of non-financial assets (Cont'd)

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss

2.9 Financial Instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income and FVTPL. The Group only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.9 Financial Instruments (Cont'd)

(a) *Financial assets* (Cont'd)

Subsequent measurement (Cont'd)

Equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Group right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVTPL, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.10 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at FVTPL. ECL 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. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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 recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.13 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) *Defined benefit plans*

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

A subsidiary in the Group has an unfunded defined benefit plan covering substantially all of their eligible permanent employees in accordance with a subsidiary in the Group's Collective Labour Agreement and Labour Law No. 11/2020 and Governance Regulation No. 35/2021 of Indonesia. The liability recognised in the statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period when they arise. The experience adjustments are not to be reclassified to profit or loss in a subsequent period. Past service costs are recognised immediately in profit or loss.

(c) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.13 Employee benefits (Cont'd)

(c) *Share-based compensation (Cont'd)*

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

(d) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has present legal or constructive obligations to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.14 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.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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 right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8.

The Group's right-of-use assets are presented within property, plant and equipment (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.14 Leases (Cont'd)

(a) *As lessee (Cont'd)*

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2.15 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Rendering of services*

Revenue is recognised when the sterilisation process of customer products is completed. The amount of revenue recognised is based on the pre-negotiated price, which comprises the contractual price, net of any pre-negotiated upfront volume discounts and adjusted for expected returns. The Group recognises the refunds due to expected returns from customers as refund liabilities. The corresponding amounts are adjusted against revenue in the period in which the returns occur. Payment of the transaction price is due within the credit terms given by the Group upon completion of sterilisation of customers' products.

(b) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.16 Income taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred income tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legal enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.18 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("SGD" or "\$"), which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.18 Currency translation (Cont'd)

(b) *Transactions and balances (Cont'd)*

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/(losses) - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

2.19 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Material accounting policy information (Cont'd)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee formed by the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgments in applying accounting policies

(i) Impairment of investments in subsidiaries

Investments in subsidiaries (including loans to subsidiaries which are in substance part of the net investments in subsidiaries) are tested for impairment whenever there is any objective evidence or indication that these investments may be impaired. In determining whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' financial performance, financial position and the overall economic environment in which the subsidiaries operate.

The carrying amounts of the Company's net investments in subsidiaries as at 31 December 2025 and the movements in the relevant allowances for impairment loss during the financial year are disclosed in Note 15.

(ii) Impairment of investment in an associate

Investment in an associate is tested for impairment whenever there is any objective evidence or indication that the investment may be impaired. The recoverable amount of the investment in an associate is determined based on the higher of fair value less costs of disposal and value in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Cont'd)

(a) Critical judgments in applying accounting policies (Cont'd)

(iii) Loss allowance for trade receivables

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables according to historical loss patterns (e.g. customer rating or by geographical location) and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward-looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 12.

(iv) Income taxes

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, deductibility of certain expenses and taxability of certain income in each relevant tax jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Key sources of estimation uncertainty

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

(i) Defined benefit plan

The present value of employee compensation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate, rate of future salary increase and rate of resignation. Any changes in these assumptions will impact the carrying amount of employee compensation.

In determining the appropriate discount rate, management considers the interest rates of high-quality corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligations. These corporate bonds generally have an AA rating with low risk of default. The interest rate is used to determine the present value of estimated future cash outflows expected to be required to settle employee compensation. Management does not expect any variable changes in the assumptions used to determine the present value of employee compensation on an actuarial basis will result in the amount determined to be materially different.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Cont'd)

(b) Key sources of estimation uncertainty (Cont'd)

(i) Defined benefit plan (Cont'd)

A 1% increase or decrease in the discount rate used in calculating the employee compensation would have no significant impact on the amount recognised by the Group during the financial year. The carrying amount of the Group's defined benefit plan as at 31 December 2025 is disclosed in Note 22.

4. Revenue

	Group	
	2025 S\$	2024 S\$
Revenue from sterilisation services - Indonesia	3,961,146	4,816,725

The Group derives revenue from the transfer of services at a point in time, when the Group satisfies a performance obligation and the customers receive the services.

5. Other gains/(losses) - net

	Group	
	2025 S\$	2024 S\$
Currency exchange gain – net	819,229	209,190
Gain on lease termination	-	530
Loss on voluntary liquidation of a dormant subsidiary	(828,412)	-
Miscellaneous income	89,266	62,295
	80,083	272,015

On 1 January 2025, the Group commenced the voluntary liquidation of its wholly owned subsidiary, Trackplus Sdn Bhd. As at the date of liquidation, the subsidiary had no net assets. The loss arising from the voluntary liquidation of S\$828,412 represents the reclassification of the cumulative currency translation reserve to profit or loss.

	Group
	2025 S\$
Net assets as at the date of liquidation	-
Reclassification of currency translation reserve	(828,412)
Loss on voluntary liquidation	(828,412)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6. Employee benefits

	Group	
	2025	2024
	S\$	S\$
Short-term employee benefits	1,994,081	1,974,907
Contribution to defined contribution plans	41,786	41,713
Defined benefits plans (Note 22)	234,761	246,396
	<u>2,270,628</u>	<u>2,263,016</u>

7. Other expenses

	Group	
	2025	2024
	S\$	S\$
Audit fees:		
- auditor of the Company	99,200	97,200
- other auditors	8,033	7,342
Legal, professional and consultancy fees	70,101	109,983
Loss allowance on trade receivables (Note 12)	32,734	-
Loss allowance on other receivables (Note 12)	69,856	-
Upkeep expenses	162,181	194,542
Directors' fees (Note 27)	103,500	103,500
Travelling expenses	18,725	73,714
Postage and telecommunication expenses	20,778	18,005
Printing and stationery expenses	10,845	15,793
Staff training and welfare expenses	53,226	71,453
Marketing and advertising	24,171	23,485
Provision for withholding tax expense	-	102,901
Sundry expenses	50,920	32,945
SGX expenses	35,000	35,000
Loss on lease modification	6,668	-
Expenses incurred for disposal of cobalt waste	-	169,613
Others	395,911	461,364
	<u>1,161,849</u>	<u>1,516,840</u>

The Audit Committee has undertaken a review of non-audit services provided by the auditor and they would not, in the Audit Committee's opinion, affect their independence.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8. Finance costs

	Group	
	2025	2024
	S\$	S\$
Interest expense		
- loans from banks	345,577	219,483
- loans from shareholders	72,669	42,949
- lease liabilities (Note 21(c))	4,313	8,159
	422,559	270,591

9. Income tax expense

	Group	
	2025	2024
	S\$	S\$
Income tax expense comprised:		
Current income tax	259,149	403,771
Deferred tax (Note 23)	(61,326)	(26,909)
	197,823	376,862
Under-provision in prior years:		
Deferred tax (Note 23)	-	11,390
	197,823	388,252

The reconciliation of the income tax expense and the product of accounting (loss)/profit multiplied by the Singapore statutory income tax rate is as follows:

	Group	
	2025	2024
	S\$	S\$
(Loss)/Profit before tax	(736,332)	235,529
Tax at the statutory tax rate of 17% (2024: 17%)	(125,176)	40,040
Effect of different tax rates in other countries	80,161	91,233
Tax effect of non-taxable income	(186,788)	(268,182)
Tax effect of non-deductible expenses	321,996	406,832
Deferred tax assets not recognised	107,630	106,939
Under-provision of income tax in prior years	-	11,390
	197,823	388,252

The income tax rate used for the reconciliation above is the corporate income tax rate of 17% payable by the Company and other Singapore companies of the Group on taxable profits under tax laws in that jurisdiction. The applicable corporate tax rates in Indonesia and Malaysia are 22% (2024: 22%) and 24% (2024: 24%) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10. Loss per share

(a) Basic loss per share

Basic loss per share is calculated on the net loss attributable to equity holders of the Company of S\$934,155 (2024: S\$152,723) divided by the weighted average number of ordinary shares of 27,570,762,183 (2024: 27,570,762,183) outstanding during the financial year.

(b) Diluted loss per share

Diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding as at 31 December 2025 and 2024.

11. Cash and bank balances

	Group		Company	
	2025 S\$	2024 S\$	2025 S\$	2024 S\$
Cash at bank and on hand	341,575	414,142	48,856	117,819

12. Trade and other receivables

	Group		Company	
	2025 S\$	2024 S\$	2025 S\$	2024 S\$
Trade receivables ^(a)				
- third parties	228,490	439,886	-	-
Less: Loss allowance	(32,300)	(428)	-	-
Trade receivables – net	196,190	439,458	-	-
Other receivables				
- third parties	147,311	162,123	19,848	21,026
Less: Loss allowance ^(b)	(68,512)	-	(19,848)	-
Other receivables – net	78,799	162,123	-	21,026
Amount due from subsidiary ^(c)	-	-	60,000	-
Total trade and other receivables	274,989	601,581	60,000	21,026

(a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2024: 30 to 60 days). As at 31 December 2025, the Group has impaired S\$32,300 (2024: S\$428) based on management's assessment of the recoverable amount of the receivables from third parties as at the financial year end

(b) As at 31 December 2025, the Group has impaired S\$68,512 (2024: S\$ Nil) based on management's assessment of the recoverable amount of the receivables from third parties as at the financial year end.

(c) Amount due from subsidiary is non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12. Trade and other receivables (Cont'd)

The movements in allowance for expected credit loss of trade and other receivables during the year are as follows:

	Group	
	2025	2024
	S\$	S\$
<i>Trade receivables</i>		
Balance as at the beginning of the year	428	4,922
Loss allowance recognised in profit or loss during the year (Note 7)	32,734	-
Write-off	-	(4,670)
Currency translation differences	(862)	176
Balance as at the end of the year	32,300	428

	Group	
	2025	2024
	S\$	S\$
<i>Other receivables</i>		
Balance as at the beginning of the year	-	-
Loss allowance recognised in profit or loss during the year (Note 7)	69,856	-
Currency translation differences	(1,344)	-
Balance as at the end of the year	68,512	-

	Company	
	2025	2024
	S\$	S\$
<i>Other receivables</i>		
Balance as at the beginning of the year	-	-
Loss allowance recognised in profit or loss during the year	19,848	-
Balance as at the end of the year	19,848	-

13. Other assets

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Deposits	25,299	25,863	23,370	23,750
Prepayments	67,118	67,730	10,047	7,702
Total other assets	92,417	93,593	33,417	31,452

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

14. Investment securities

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
At fair value through profit or loss				
- Equity securities (unquoted)	-	-	-	-

The instruments comprise equity investments in unquoted shares, which are mandatorily measured at fair value through profit or loss. The fair value of these instruments has been nil since FY2021.

15. Investments in subsidiaries/Loans to subsidiaries/Loan from a subsidiary

	Company	
	2025	2024
	S\$	S\$
Investments in subsidiaries ^(a)	194,367	195,367
Less: Allowance for impairment loss	(114,450)	(115,450)
	<u>79,917</u>	<u>79,917</u>
Loans to subsidiaries ^(b)	7,226,995	7,191,228
Less: Allowance for impairment loss	(993,369)	(978,991)
	<u>6,233,626</u>	<u>6,212,237</u>
Loan from a subsidiary ^(c)	<u>(5,590,000)</u>	<u>(5,590,000)</u>

(a) Investments in subsidiaries

Movements in investments in subsidiaries and allowance for impairment loss during the financial year are as follows:

	Company	
	2025	2024
	S\$	S\$
<i>Unquoted equity shares, at cost</i>		
Balance at the beginning of the year	195,367	195,367
Written off during the year ⁽ⁱ⁾	(1,000)	-
Balance at the end of the year	<u>194,367</u>	<u>195,367</u>
<i>Allowance for impairment loss</i>		
Balance at the beginning of the year	115,450	104,450
Allowance written off during the year ⁽ⁱ⁾	(1,000)	-
Impairment recognised during the year	-	11,000
Balance at the end of the year	<u>114,450</u>	<u>115,450</u>
Carrying amounts of investments in subsidiaries	<u>79,917</u>	<u>79,917</u>

(i) As at 31 December 2025, the Company has written off its investment in a subsidiary, Euforia Pte. Ltd., which has been struck off from the Register of Companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15. Investments in subsidiaries/Loans to subsidiaries/Loan from a subsidiary (Cont'd)

(b) Loan to subsidiaries

As at 31 December 2025, the loans to subsidiaries consist of interest-free loan receivables of S\$6,233,626 (2024: S\$6,212,237).

The loans receivables are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investments in the equity of the subsidiaries, they are stated at cost less impairment losses.

Movements in the allowance for impairment loss of loans to subsidiaries during the financial year are as follows:

	Company	
	2025	2024
	S\$	S\$
Balance at the beginning of the year	978,991	941,098
Allowance for impairment during the year ⁽ⁱ⁾	14,378	37,893
Balance at the end of the year	<u>993,369</u>	<u>978,991</u>

(i) As at 31 December 2025 and 2024, the Company had additional allowance for impairment loss of its loans to subsidiaries based on management's judgment of the recoverable amount of the loans to the relevant subsidiaries as at the financial year end.

(c) Loan from a subsidiary

The loan from a subsidiary bears interest at between 9% and 10% (2024: between 9% and 10%) per annum and is repayable on demand or when the cashflow permits (repayment term) and the interest will continue to accrue until repayment of the respective principal is made.

(d) Details of the Group's subsidiaries are as follows:

Name of companies	Country of business/incorporation	Principal activities	Effective equity held by the Group	
			2025	2024
			%	%
<u>Held by the Company</u>				
Adroit Innovations Investment Pte. Ltd. ^(a)	Singapore	Investment holding	100.00	100.00
Tria Holdings Pte. Ltd. ^(a)	Singapore	Investment holding	100.00	100.00
Asphere Holdings Pte. Ltd. ^(a)	Singapore	Investment holding	100.00	100.00
Raintree Rock Sdn. Bhd. ^(e)	Malaysia	Investment holding	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15. Investments in subsidiaries/Loans to subsidiaries/Loan from a subsidiary (Cont'd)

(d) Details of the Group's subsidiaries are as follows: (cont'd)

Name of companies Country of business/incorporation	Principal activities	Effective equity held by the Group	
		2025 %	2024 %
<u>Held by the Company</u>			
SAL Resorts & Development Pte. Ltd. ^(a) Singapore	Investment holding	100.00	100.00
Euforia Pte Ltd. ^(f) Singapore	Event/concert organisers	-	100.00
<u>Held by Adroit Innovations Investment Pte. Ltd.</u>			
PT Rel-ion Sterilization Services ^(c) Indonesia	Sterilisation, decontamination and polymerisation services	77.71	77.71
<u>Held by Tria Holdings Pte. Ltd.</u>			
Trackplus Sdn. Bhd. ^(g) Malaysia	Property development	-	65.00
Solid Base Limited ^(d)	Investment holding	100.00	100.00
<u>Held by Solid Base Limited</u>			
Trackplus Sdn. Bhd. ^(g) Malaysia	Property development	-	35.00
<u>Held by Asphere Holdings Pte. Ltd.</u>			
Gemisuria Corporation Sdn. Bhd. ^(b) Malaysia	Property development	100.00	100.00
PT Rel-ion Sterilization Services ^(c) Indonesia	Sterilisation, decontamination and polymerisation services	22.29	22.29

^(a) Audited by PKF, Singapore.

^(b) Audited by PKF, Malaysia.

^(c) Audited by PKF, Indonesia (Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan Indonesia.)

^(d) No audit requirement in the country of incorporation.

^(e) Liquidation completed on 21 January 2026.

^(f) Euforia Pte Ltd. was struck off the Register of Companies on 2 October 2025.

^(g) Voluntary liquidation of the subsidiary is ongoing as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16. Investment in associate

	Group		Company	
	2025 S\$	2024 S\$	2025 S\$	2024 S\$
Cost	729,000	729,000	729,000	729,000
Share of loss of associate	(729,000)	(729,000)	-	-
	-	-	729,000	729,000
Less: Allowance for impairment loss	-	-	(729,000)	(729,000)
	-	-	-	-

Details of the Group's associate is as follows:

Name of entity Country of business/incorporation	Principal activities	Effective equity held by the Group	
		2025 %	2024 %
Labrador Hill Pte. Ltd. ^(a) Singapore	Hoteliers and restaurateurs	27	27

^(a) Audited by Stone Ray and Associates

As at 31 December 2025, the Group and the Company have continued to fully impair its investment in an associate, the recoverable amount of which was determined to be S\$ Nil (2024: S\$ Nil) on the basis that the associate is in a net liabilities position as at 31 December 2025.

There are no contingent liabilities relating to the Group's interest in the associate.

Summarised financial information in respect of the Group's investment in an associate is set out below.

Summarised statement of financial position:

	Labrador Hill Pte. Ltd.	
	2025 S\$	2024 S\$
Current assets	341,655	413,468
Non-current assets	1,282,215	2,281,283
	1,623,870	2,694,751
Current liabilities	(11,163,131)	(9,365,984)
Non-current liabilities	-	(47,000)
	(11,163,131)	(9,412,984)
Net liabilities	(9,539,261)	(6,718,233)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16. Investment in associate (Cont'd)

Summarised statement of comprehensive income:

	Labrador Hill Pte. Ltd.	
	2025	2024
	S\$	S\$
Revenue	1,601,707	855,472
Loss for the year	(2,821,027)	(2,247,108)
Total comprehensive loss	<u>(2,821,027)</u>	<u>(2,247,107)</u>

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts).

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate is as follows:

	Group	
	2025	2024
	S\$	S\$
Net liabilities as at 31 December	(9,539,261)	(6,718,233)
Proportion of the Group's ownership	<u>27.00%</u>	<u>27.00%</u>
Group's share of net liabilities	<u>-</u>	<u>-</u>
Carrying amount of the investment in associate	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Property and equipment

Group 2025	Freehold land S\$	Building S\$	Leasehold property S\$	Furniture and fittings S\$	Office, computer and other equipment S\$	Cobalt isotope S\$	Motor vehicles S\$	Construction in-progress S\$	Total S\$
At 1 January	719,185	1,688,503	228,899	3,584	1,696,959	6,269,827	489,654	4,166,275	15,262,886
Additions	-	17,881	-	-	115,296	-	-	2,262,929	2,396,106
Lease modification	-	-	692	-	-	-	-	-	692
Transfer	-	2,998,222	-	-	2,956,055	-	-	(5,954,277)	-
Currency translation differences	(62,650)	(228,140)	-	-	(226,008)	(546,172)	(42,654)	(263,731)	(1,369,355)
At 31 December	656,535	4,476,466	229,591	3,584	4,542,302	5,723,655	447,000	211,196	16,290,329
<u>Accumulated depreciation</u>									
At 1 January	-	851,225	128,986	818	1,436,711	3,324,243	323,889	-	6,065,872
Depreciation during the year	-	94,488	74,935	517	194,633	396,557	26,456	-	787,586
Currency translation differences	-	(76,691)	-	-	(127,807)	(300,236)	(28,925)	-	(533,659)
At 31 December	-	869,022	203,921	1,335	1,503,537	3,420,564	321,420	-	6,319,799
<u>Net carrying amount</u>									
At 31 December	656,535	3,607,444	25,670	2,249	3,038,765	2,303,091	125,580	211,196	9,970,530

As at 31 December 2025, the Group's loans from bank (Note 20) are secured by the Group's freehold land and building, which have a carrying amount of S\$4,263,979 (2024: S\$1,556,463).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Property and equipment (Cont'd)

Group	Freehold land	Building	Leasehold property	Furniture and fittings	Office, computer and other equipment	Cobalt isotope	Motor vehicles	Construction in-progress	Total
2024									
<u>Cost</u>									
At 1 January	728,574	1,703,377	228,899	3,584	1,638,648	4,564,626	489,347	1,080,483	10,437,538
Additions	-	7,064	-	-	88,260	1,803,000	36,606	3,093,800	5,028,730
Lease modification	-	-	-	-	18,433	-	-	-	18,433
Disposal/Write-off	-	-	-	-	(22,006)	(42,344)	(30,006)	-	(94,356)
Reclassification to intangible asset	-	-	-	-	(6,038)	-	-	-	(6,038)
Currency translation differences	(9,389)	(21,938)	-	-	(20,338)	(55,455)	(6,293)	(8,008)	(121,421)
At 31 December	719,185	1,688,503	228,899	3,584	1,696,959	6,269,827	489,654	4,166,275	15,262,886
<u>Accumulated depreciation</u>									
At 1 January	-	777,168	54,051	301	1,378,021	2,961,023	321,245	-	5,491,809
Depreciation during the year	-	83,911	74,935	517	92,646	442,955	36,778	-	731,742
Disposal/Write-off	-	-	-	-	(16,169)	(42,344)	(30,006)	-	(88,519)
Reclassification to intangible asset	-	-	-	-	(566)	-	-	-	(566)
Currency translation differences	-	(9,854)	-	-	(17,221)	(37,391)	(4,128)	-	(68,594)
At 31 December	-	851,225	128,986	818	1,436,711	3,324,243	323,889	-	6,065,872
<u>Net carrying amount</u>									
At 31 December	719,185	837,278	99,913	2,766	260,248	2,945,584	165,765	4,166,275	9,197,014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Property and equipment (Cont'd)

	Leasehold property S\$	Furniture and fittings S\$	Office, computer and other equipment S\$	Total S\$
Company				
2025				
<u>Cost</u>				
At 1 January	228,899	3,584	49,967	282,450
Lease modification	692	-	-	692
At 31 December	229,591	3,584	49,967	283,142
<u>Accumulated depreciation</u>				
At 1 January	128,986	818	27,535	157,339
Depreciation during the year	74,935	517	6,659	82,111
At 31 December	203,921	1,335	34,194	239,450
<u>Net carrying amount</u>				
At 31 December	25,670	2,249	15,773	43,692
2024				
<u>Cost</u>				
At 1 January	228,899	3,584	48,869	281,352
Additions	-	-	1,098	1,098
Lease modification	-	-	18,433	18,433
Write-off	-	-	(18,433)	(18,433)
At 31 December	228,899	3,584	49,967	282,450
<u>Accumulated depreciation</u>				
At 1 January	54,051	301	29,988	84,340
Depreciation during the year	74,935	517	10,143	85,595
Write-off	-	-	(12,596)	(12,596)
At 31 December	128,986	818	27,535	157,339
<u>Net carrying amount</u>				
At 31 December	99,913	2,766	22,432	125,111

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such right-of-use assets are disclosed in Note 21(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18. Intangible assets

	Computer software	
	2025	2024
	S\$	S\$
Group		
<u>Cost</u>		
At 1 January	71,772	-
Additions	4,507	65,597
Reclassification from property and equipment	-	6,038
Currency translation differences	(6,373)	137
At 31 December	69,906	71,772
<u>Accumulated amortisation</u>		
At 1 January	7,253	-
Amortisation during the year	13,842	6,674
Reclassification from property and equipment	-	566
Currency translation differences	(1,003)	13
At 31 December	20,092	7,253
<u>Net carrying amount</u>		
At 31 December	49,814	64,519

19. Other payables

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
<u>Current</u>				
Other payables	570,097	16,075	23,799	7,951
Deposit payable	8,055	46	-	-
Interest payable ^(a)	301,893	229,224	4,154,460	3,568,691
Accrued operating expenses	312,375	295,036	282,076	268,772
Total other payables	1,192,420	540,381	4,460,335	3,845,414

^(a) Interest payable relates to interests on loans from shareholders and loan from a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20. Borrowings

	Group		Company	
	2025 S\$	2024 S\$	2025 S\$	2024 S\$
<u>Current</u>				
Secured - Loans from bank (a)	828,058	630,060	-	-
Unsecured - Loans from bank (b)	1,000,000	1,500,000	1,000,000	1,500,000
Loans from shareholders (c)	3,412,185	2,222,185	3,412,185	2,222,185
	5,240,243	4,352,245	4,412,185	3,722,185
<u>Non-current</u>				
Secured - Loans from bank (a)	3,159,367	2,371,997	-	-
Total borrowings	8,399,610	6,724,242	4,412,185	3,722,185

- (a) Loans from bank are secured over the Group's freehold land and building (Note 17). The loans from bank bear an interest of 7.75% (2024: 7.75%) per annum. The loans will mature between June 2029 and December 2033.
- (b) Loans from bank are unsecured and bears interest of 2.5% plus bank's Cost of Funds.
- (c) Loans from shareholders are unsecured. One of these loans bear a fixed interest rate 2.00% (2024: 2.00% to 4.50%) per annum. The remaining loans carry a variable interest rate of 2.15% to 3.90% (2024: 4.00% to 4.65%) per annum, which is renewed and compounded weekly.
- (d) The reconciliation of movements of the Group's liabilities to the Group's cash flows arising from financing activities is presented below:

	Cash flows			Non-cash changes		At 31 December S\$
	At 1 January S\$	Proceeds S\$	Repayment S\$	Accretion of interest S\$	Foreign exchange difference S\$	
<u>2025</u>						
Loans from banks	4,502,057	2,530,526	(1,749,212)	-	(295,946)	4,987,425
Loans from shareholders	2,222,185	1,190,000	-	-	-	3,412,185
	6,724,242	3,720,526	(1,749,212)	-	(295,946)	8,399,610
<u>2024</u>						
Loans from banks	2,852,585	2,279,571	(620,282)	-	(9,817)	4,502,057
Loans from shareholders	1,382,185	840,000	-	-	-	2,222,185
	4,234,770	3,119,571	(620,282)	-	(9,817)	6,724,242

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20. Borrowings (Cont'd)

As at 31 December 2025, the Company was in breach of a loan covenant which requires the Group to maintain a minimum net tangible asset ("NTA") of S\$2,000,000. The loan, amounting to S\$1,000,000, was obtained for working capital purposes and is classified as current.

The Company has not received any notice from the financial institution in respect of the breach. However, the breach may constitute an event of default under the loan agreement, giving the financial institution the right to demand immediate repayment of all outstanding amounts.

21. Lease liabilities

	Group and Company	
	2025	2024
	S\$	S\$
<u>Current</u>		
Building	25,745	84,564
Office equipment	3,534	3,354
	<u>29,279</u>	<u>87,918</u>
<u>Non-current</u>		
Building	-	18,619
Office equipment	10,732	14,268
	<u>10,732</u>	<u>32,887</u>
Total lease liabilities	<u>40,011</u>	<u>120,805</u>

The Group as lessee

(a) Nature of the Group's leasing activities

The Group has entered into leases of its office premise and office equipment. The Group is prohibited from selling, pledging or sub-leasing the underlying leased assets, and is required to maintain the assets in good condition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

21. Lease liabilities (Cont'd)

(b) Carrying amount of right-of-use assets classified within Property and Equipment

	Leasehold property S\$	Office equipment S\$	Total S\$
Group and Company			
Cost			
At 1 January 2024	228,899	18,433	247,332
Addition	-	18,433	18,433
Disposal	-	(18,433)	(18,433)
At 31 December 2024 and 1 January 2025	228,899	18,433	247,332
Modification	692	-	692
At 31 December 2025	229,591	18,433	248,024
Accumulated depreciation			
At 1 January 2024	54,051	9,831	63,882
Depreciation during the year	74,935	3,686	78,621
Disposal	-	(12,596)	(12,596)
At 31 December 2024 and 1 January 2025	128,986	921	129,907
Depreciation during the year	74,935	3,687	78,622
At 31 December 2025	203,921	4,608	208,529
Net carrying amount			
As at 31 December 2024	99,913	17,512	117,425
As at 31 December 2025	25,670	13,825	39,495

(c) Amounts recognised in profit or loss

	2025 S\$	2024 S\$
Depreciation charged for the year:		
- Building	74,935	74,935
- Office equipment	3,687	3,686
Interest on lease liabilities (Note 8)	4,313	8,159

(d) Other disclosures

	2025 S\$	2024 S\$
Total cash outflow for leases (Note 21(f))	92,467	88,200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

21. Lease liabilities (Cont'd)

- (e) Future cash outflow which are not capitalised in lease liabilities

The lease of office premise contains extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise this extension option. The Group negotiates extension option to optimise operational flexibility in terms of managing the asset used in the Group's operations. The extension option is exercisable by the Group and not by the lessor.

- (f) The reconciliation of movements of the Group's liabilities to the Group's cash flows arising from financing activities is presented below:

	Cash flows		Non-cash changes		At 31 December S\$
	At 1 January S\$	Repayment S\$	Accretion of interest (Note 8) S\$	Net addition during the year S\$	
<u>2025</u>					
Lease liabilities	120,805	(92,467)	4,313	7,360	40,011
<u>2024</u>					
Lease liabilities	188,780	(88,200)	8,159	12,066	120,805

22. Defined benefit plan

	Group	
	2025 S\$	2024 S\$
Present value of unfunded obligations	1,021,758	1,015,149

Movements in the present value of the defined benefit obligations during the financial year are as follows:

	Group	
	2025 S\$	2024 S\$
Defined benefit obligations at the beginning of the year	1,015,149	975,122
Benefits paid by the plan	(165,424)	(210,865)
Current service costs	140,297	141,686
Excess of benefit paid	40,283	49,771
Interest on obligations	54,007	50,863
Actuarial loss	32,897	16,558
Deferred tax expense (Note 23)	(7,238)	(3,643)
Actuarial loss recognised in other comprehensive income	25,659	12,915
Currency translation differences	(88,213)	(4,343)
Defined benefit obligations at the end of the year	1,021,758	1,015,149

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22. Defined benefit plan (Cont'd)

The amounts recognised in profit or loss during the financial year are as follows:

	Group	
	2025	2024
	S\$	S\$
Current service costs	140,297	141,686
Interest on obligations	54,007	50,863
Amortisation of past services cost - non vested	174	4,076
Excess of benefit paid	40,283	49,771
Total, included in "Employee benefits" (Note 6)	234,761	246,396

Principal actuarial assumptions at the end of the financial year are as follows:

	Group
	2025 and 2024
Valuation method	Projected Unit Credit based on Actuarial Cost Method
Mortality rate	TMI 2019 (2024: TMI 2019)
Discount rate	7.15% (2024: 7.15%)
Future salary increases	10%
Disability rate	1% from TMI 2019 (2024: 1% from TMI 2019)
Resignation rate	3% per annum up to age 25 years old, decrease linearly to 1% per annum at age 45 years old and thereafter
Normal retirement age	55 years old
Retirement rate	100% at normal retirement age

The Group has no significant exposure from changes in the principal actuarial assumptions disclosed above. Thus, no sensitivity analysis is presented.

23. Deferred taxes

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 they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position as follows:

	Group	
	2025	2024
	S\$	S\$
To be settled after one year		
- Deferred tax assets	329,788	288,170

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

23. Deferred taxes (Cont'd)

The movement in deferred income tax assets (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Group		
	Accelerated tax depreciation	Other	Total
	S\$	S\$	S\$
<u>2025</u>			
Balance at the beginning of the year	287,778	392	288,170
(Charged)/Credited to			
- profit or loss (Note 9)	47,652	13,674	61,326
- other comprehensive income (Note 22)	7,238	-	7,238
Currency translation differences	(26,544)	(402)	(26,946)
Balance at the end of the year	316,124	13,664	329,788

	Group		
	Accelerated tax depreciation	Other	Total
	S\$	S\$	S\$
<u>2024</u>			
Balance at the beginning of the year	270,943	1,539	272,482
(Charged)/Credited to			
- profit or loss (Note 9)	16,644	(1,125)	15,519
- other comprehensive income (Note 22)	3,643	-	3,643
Currency translation differences	(3,452)	(22)	(3,474)
Balance at the end of the year	287,778	392	288,170

Deferred tax assets are recognised for employee benefit provision and capital allowances carried forward to the extent that realisation of related tax benefits through future taxable profits is probable.

The Group and the Company had the following unrecognised tax losses which can be carried forward and used to offset against future taxable income subject to meeting certain statutory tax requirements by those group entities in their respective countries of incorporation:

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Tax losses	35,212,008	34,578,887	34,894,577	34,273,692

The Group's and the Company's deferred tax benefits arising from these unutilised tax losses have not been recognised in the financial statements as the Group and the Company have assessed that it is not probable that taxable profits will be available against which the unutilised tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24. Share capital

	Group and Company			
	2025		2024	
	Number of ordinary shares	S\$	Number of ordinary shares	S\$
<i>Ordinary shares issued and fully paid</i>				
Balance at the beginning and end of the year	27,570,762,183	127,338,850	27,570,762,183	127,338,850

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(a) Share options

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")

As at 31 December 2025, the total number of shares granted under Blumont ESOS 2013 is 1,160,000,000 which 580,000,000 were granted as Market Price Options of S\$0.004 per ordinary share and 580,000,000 were granted as Discounted Options of S\$0.0032 per ordinary share. The share options are exercisable from 17 June 2022 to 16 June 2031.

Movements in the number of share options and their exercise prices are as follows:

	Company	
	Weighted average exercise price	No. of options
	2025 S\$	2025 '000
Outstanding at the beginning and end of the year	0.0036	1,160,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24. Share capital (Cont'd)

(a) Share options (Cont'd)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes Option Pricing model.

Date of grant of options	Group 17 June 2021
Fair value of share options and assumptions	
Fair value at measurement date	<u>S\$0.0039 – S\$0.0040</u>
Share price	S\$0.0040
Exercise price	S\$0.0032 – S\$0.0040
Expected volatility	258.6% – 274.5%
Expected option life	3.0 – 6.0 years
Expected dividend yield	0.0%
Exercise period	17/06/2022 to 16/06/2031
Risk-free interest rate	<u>0.74% – 1.06%</u>

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

Southern Archipelago Employee Share Option Scheme 2023 ("SAL ESOS 2023")

At an Extraordinary General Meeting held on 10 August 2023, the members of the Company approved the SAL ESOS 2023, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The SAL ESOS 2023 is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Ng Keok Chai (Chairman), Siaw Lu Howe and Aris Muhammad Rizal.

The SAL ESOS 2023 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 10 August 2023. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

Under the SAL ESOS 2023, Market Price Options may be exercised from the 1st anniversary of the date of grant to the 10th anniversary of the date of grant. Discounted Options may be exercised from the 2nd anniversary of the date of grant to the 10th anniversary of the date of grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24. Share capital (Cont'd)

(a) Share options (cont'd)

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

- (i) fixed at the market price equal to the average of the last dealt prices for the share on the SGX-ST for the three (3) consecutive trading days immediately preceding the date of grant of that option; or
- (ii) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

No share options under the SAL ESOS 2023 have been granted during and as at the financial years ended 31 December 2025 and 2024.

Southern Archipelago Performance Share Plan (the "SAL PSP")

At the Extraordinary General Meeting held on 10 August 2023, the members of the Company approved the SAL PSP, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

The SAL PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Ng Keok Chai (Chairman), Siaw Lu Howe and Aris Muhammad Rizal.

The SAL PSP shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 10 August 2023. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the SAL PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

Awards granted under the SAL PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the SAL PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

No incentive share awards under the SAL PSP have been granted during and as at the financial years ended 31 December 2025 and 2024.

(b) Capital management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24. Share capital (Cont'd)

(b) Capital management (Cont'd)

The capital structure of the Group consists of share capital, reserves, accumulated losses and net debts, which includes borrowings net of cash and bank balances.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

Consistently, the Group monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt over adjusted capital. Net debt is calculated as total liabilities (as shown in the statement of financial position) less income tax and deferred tax liabilities and cash and bank balances. Adjusted capital is calculated as total equity and net debt.

There were no changes in the Group's approach to capital management during the current and previous financial years.

The Group and the Company are not subject to externally imposed capital requirements, except for the loan covenant as disclosed in Note 20.

The net debt-to-adjusted capital ratio as at the statement of reporting date is as follows:

	Group		Company	
	2025 S\$	2024 S\$	2025 S\$	2024 S\$
Net debt	10,312,224	7,986,435	14,453,675	13,160,585
Total equity	930,372	2,442,180	(8,003,023)	(6,690,842)
Adjusted capital	11,242,596	10,428,615	6,450,652	6,469,743
Net debt-to-adjusted capital ratio	91.7%	76.6%	224.1%	203.4%

25. Reserves

	Group		Company	
	2025 S\$	2024 S\$	2025 S\$	2024 S\$
(a) Composition:				
Currency translation reserve ⁽ⁱ⁾	(5,572,636)	(5,020,642)	-	-
Other reserves ⁽ⁱⁱ⁾	1,301,503	1,734,998	-	-
Share option reserve ⁽ⁱⁱⁱ⁾	4,618,640	4,618,640	4,618,640	4,618,640
	347,507	1,332,996	4,618,640	4,618,640

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

25. Reserves

(i) Currency translation reserve

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(ii) Other reserves

The other reserves represent the effects of changes in ownership interests in subsidiaries.

(iii) Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire or are forfeited, the amount from the share option reserve is transferred to retained earnings.

26. Commitments

The Company has given an undertaking to provide continuing financial support to certain subsidiaries of the Group for the next twelve months from the date of authorisation of their financial statements.

27. Significant related party transactions

There are no other related party transactions other than as disclosed elsewhere in the financial statements and below.

Key management compensation

The remuneration of the key management personnel and directors of the Company and the Group, is as follows:

	Group	
	2025 S\$	2024 S\$
Directors' fees (Note 7)	103,500	103,500
Short-term employee benefits	750,163	689,663
	<u>853,663</u>	<u>793,163</u>
<i>Including:</i>		
Directors of the Company	399,458	399,458
Directors of the Group's subsidiaries	305,059	319,132
	<u>704,517</u>	<u>718,590</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28. Financial risk management

The Group's activities expose it to a variety of financial risks from its operations. The key financial risks include market risk (including interest rate risk and foreign currency risk), credit risk, and liquidity risk.

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure of the above-mentioned risks and the objectives, policies and processes for the management of these risks.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rate and interest rate will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) *Currency risk*

The Group operates internationally and is subject to various currency exposures, primarily with respect to the Indonesian Rupiah ("IDR"), Malaysian Ringgit ("RM") and United States Dollar ("USD"). Currency risk arises from recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's foreign operations in Malaysia and Indonesia are kept at a minimal level. The Group does not presently hedge this foreign exchange exposure.

Generally, recognised assets and liabilities are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily in Singapore Dollar, IDR, RM and USD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The Group monitors exposure of foreign currency risk on an ongoing basis by reviewing the liquid assets and liabilities held in currencies other than the Singapore Dollar to ensure that the net exposure are within acceptable parameters.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28. Financial risk management (Cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's and the Company's currency exposure based on the information provided to key management is as follows:

	Singapore Dollar S\$	Indonesian Rupiah S\$	Malaysian Ringgit S\$	United States Dollar S\$	Total S\$
2025					
Group					
Trade and other receivables	-	270,588	4,401	-	274,989
Other assets (deposits)	23,370	1,929	-	-	25,299
Cash and bank balances	56,074	278,813	5,275	1,413	341,575
Other payables	(624,567)	(562,727)	(5,126)	-	(1,192,420)
Borrowings	(4,412,185)	(3,987,425)	-	-	(8,399,610)
Lease liabilities	(40,011)	-	-	-	(40,011)
Net financial (liabilities)/ assets	(4,997,319)	(3,998,822)	4,550	1,413	(8,990,178)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currency	5,004,533	3,998,822	(149)	-	9,003,206
Currency exposure	7,214	-	4,401	1,413	13,028
Company					
Other receivables	60,000	-	-	-	60,000
Cash and bank balances	48,856	-	-	-	48,856
Other asset (deposits)	23,370	-	-	-	23,370
Loans to subsidiaries	6,233,626	-	-	-	6,233,626
Loan from a subsidiary	(5,590,000)	-	-	-	(5,590,000)
Borrowings	(4,412,185)	-	-	-	(4,412,185)
Other payables	(4,460,335)	-	-	-	(4,460,335)
Lease liabilities	(40,011)	-	-	-	(40,011)
Net financial liabilities	(8,136,679)	-	-	-	(8,136,679)
Less: Net financial liabilities denominated in the Company's functional currency	8,136,679	-	-	-	8,136,679
Currency exposure	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28. Financial risk management (Cont'd)

(a) Market risk (cont'd)

(i) *Currency risk (cont'd)*

The Group's and the Company's currency exposure based on the information provided to key management is as follows:

	Singapore Dollar S\$	Indonesian Rupiah S\$	Malaysian Ringgit S\$	United States Dollar S\$	Total S\$
2024					
Group					
Trade and other receivables	-	574,206	6,349	21,026	601,581
Other assets (deposits)	23,750	2,113	-	-	25,863
Cash and bank balances	125,151	280,230	7,148	1,613	414,142
Other payables	(524,185)	(13,244)	(2,952)	-	(540,381)
Borrowings	(3,722,185)	(3,002,057)	-	-	(6,724,242)
Lease liabilities	(120,805)	-	-	-	(120,805)
Net financial (liabilities)/ assets	(4,218,274)	(2,158,752)	10,545	22,639	(6,343,842)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currency	4,225,602	2,158,752	(4,196)	-	6,380,158
Currency exposure	7,328	-	6,349	22,639	36,316
Company					
Other receivables	-	-	-	21,026	21,026
Cash and bank balances	117,819	-	-	-	117,819
Other asset (deposits)	23,750	-	-	-	23,750
Loans to subsidiaries	6,212,237	-	-	-	6,212,237
Loan from a subsidiary	(5,590,000)	-	-	-	(5,590,000)
Borrowings	(3,722,185)	-	-	-	(3,722,185)
Other payables	(3,845,414)	-	-	-	(3,845,414)
Lease liabilities	(120,805)	-	-	-	(120,805)
Net financial (liabilities) / assets	(6,924,598)	-	-	21,026	(6,903,572)
Less: Net financial liabilities denominated in the Company's functional currency	6,924,598	-	-	-	6,924,598
Currency exposure	-	-	-	21,026	21,026

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28. Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk (cont'd)*

A 5% strengthening of the Singapore Dollar against the foreign currencies at the reporting date would not have a significant impact to the Group and the Company.

(ii) *Cash flow and fair value interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their borrowings.

The Group does not expect any significant effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are the Singapore bank loans denominated mainly in SGD. If the SGD interest rates had been higher/lower by 1% (2024: 1%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by S\$70,174 (2024: S\$132,000) mainly as a result of higher/lower interest expense on these loans.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due or there is significant difficulty of the counterparty.

(i) *Trade receivables*

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and numbers of days past due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

(i) Trade receivables (Cont'd)

	Trade receivables					Total S\$
	Current S\$	Days past due				
		Within 30 days S\$	30 to 60 days S\$	61 to 90 days S\$	More than 91 days S\$	
31 December 2025						
ECL rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	94,217	88,133	7,626	6,214	32,300	228,490
ECL	-	-	-	-	(32,300)	(32,300)
						<u>196,190</u>
31 December 2024						
ECL rate	0%	0%	0%	0%	0.63%	
Estimated total gross carrying amount at default	120,382	174,126	77,182	-	68,196	439,886
ECL	-	-	-	-	(428)	(428)
						<u>439,458</u>

Information regarding loss allowance movement of trade receivables is disclosed in Note 12.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The maximum exposure to credit risk for trade and other receivables as at the reporting date by geographic region is as follows:

	Group		Company	
	2025 S\$	2024 S\$	2025 S\$	2024 S\$
Singapore	-	27,375	60,000	21,026
Indonesia	274,989	574,206	-	-
	<u>274,989</u>	<u>601,581</u>	<u>60,000</u>	<u>21,026</u>

The trade receivables of the Group comprised 6 individual debtors (2024: 9 individual debtors) that in aggregate represent 45% (2024: 48%) of trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28. Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

(ii) Cash and bank balances

The Group held cash and bank balances with banks with good credit ratings.

The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iii) Other receivables and loan to subsidiaries

The Group and Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk by maintaining sufficient cash and marketable securities and the ability to close out market positions at a short notice. Where necessary, fund-raising exercise will be considered through right issues and private placements.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Carrying amounts S\$	Contractual amounts S\$	< 1 year S\$	1 - 5 years S\$	> 5 years S\$
Group					
<u>2025</u>					
Other payables	1,192,420	1,192,420	1,192,420	-	-
Borrowings	8,399,610	9,512,828	5,640,873	2,839,581	1,032,374
Lease liabilities	40,011	41,750	30,200	11,550	-
	9,632,041	10,746,998	6,863,493	2,851,131	1,032,374
<u>2024</u>					
Other payables	540,381	540,381	540,381	-	-
Borrowings	6,724,242	7,639,940	4,708,868	2,184,708	746,364
Lease liabilities	120,805	134,200	92,200	42,000	-
	7,385,428	8,314,521	5,341,449	2,226,708	746,364

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

	Carrying amounts S\$	Contractual amounts S\$	< 1 year S\$	1 – 5 years S\$
Company				
<u>2025</u>				
Other payables	4,460,335	4,460,335	4,460,335	-
Borrowings	4,412,185	4,541,729	4,541,729	-
Loan from a subsidiary	5,590,000	6,103,100	6,103,100	-
Lease liabilities	40,011	41,750	30,200	11,550
	14,502,531	15,146,914	15,135,364	11,550
<u>2024</u>				
Other payables	3,845,414	3,845,414	3,845,414	-
Borrowings	3,722,185	3,954,014	3,954,014	-
Loan from a subsidiary	5,590,000	6,103,100	6,103,100	-
Lease liabilities	120,805	134,200	92,200	42,000
	13,278,404	14,036,728	13,994,728	42,000

(d) Fair value measurement

(i) Non-derivative financial liabilities

The carrying amounts of borrowings approximate its fair value as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

(ii) Other financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

29. Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	Group		Company	
	2025 S\$	2024 S\$	2025 S\$	2024 S\$
Financial assets				
<u>At amortised cost</u>				
Cash and bank balances	341,575	414,142	48,856	117,819
Trade and other receivables	274,989	601,581	60,000	21,026
Loans to subsidiaries	-	-	6,233,626	6,212,237
Other assets (deposits)	25,299	25,863	23,370	23,750
	641,863	1,041,586	6,365,852	6,374,832
<u>At fair value through profit or loss</u>				
Investment securities	-	-	-	-
	641,863	1,041,586	6,365,852	6,374,832
Financial liabilities				
<u>At amortised cost</u>				
Other payables	1,192,420	540,381	4,460,335	3,845,414
Borrowings	8,399,610	6,724,242	4,412,185	3,722,185
Loan from a subsidiary	-	-	5,590,000	5,590,000
Lease liabilities	40,011	120,805	40,011	120,805
	9,632,041	7,385,428	14,502,531	13,278,404

30. Operating segments

The Chief Executive Officer ("CEO") and the Executive Directors ("EDs") are the Group's chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the CEO and EDs that are used to make strategic decisions, allocate resources and assess performance. The Group's reportable segments are as follows:

- Investment holding - investment in transferable securities including but not limited to marketable shares, warrants and debentures etc.
- Sterilisation - providing contract sterilisation, decontamination and polymerisation services to food packaging, medical devices, cosmetic raw materials and consumers products.
- Property - development of property for sale, long-term holding of property for rental and related income.
- Hospitality and wellness – provision of hotel management and wellness services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before income tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30. Operating segments (Cont'd)

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

Information about reportable segments

	Investment holding S\$	Sterilisation S\$	Property S\$	Hospitality and wellness S\$	Total S\$
Group					
<u>2025</u>					
External revenues	-	3,961,146	-	-	3,961,146
Segment results	(1,319,974)	4,089,233	(5,636)	(6,856)	2,756,767
Employee compensation	(824,474)	(1,446,154)	-	-	(2,270,628)
Interest income	189	1,327	-	-	1,516
Finance costs	(134,621)	(287,938)	-	-	(422,559)
Depreciation and amortisation	(82,112)	(719,316)	-	-	(801,428)
Reportable segment (loss)/ profit before income tax	(2,360,992)	1,637,152	(5,636)	(6,856)	(736,332)
Other material items					
Capital expenditure					
- property and equipment	-	2,396,106	-	-	2,396,106
- intangible assets	-	4,507	-	-	4,507
	-	2,400,613	-	-	2,400,613
Segment assets	130,370	11,118,738	5,275	-	11,254,383
Unallocated assets - deferred tax assets					329,788
Consolidated total assets					11,584,171
Segment liabilities	5,076,764	5,571,909	5,126	-	10,653,799
Consolidated total liabilities					10,653,799

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30. Operating segments (Cont'd)

Information about reportable segments (Cont'd)

Group	Investment holding S\$	Sterilisation S\$	Property S\$	Hospitality and wellness S\$	Total S\$
<u>2024</u>					
External revenues	-	4,816,725	-	-	4,816,725
Segment results	(541,857)	4,046,328	(9,394)	355	3,495,432
Employee compensation	(756,797)	(1,506,219)	-	-	(2,263,016)
Interest income	310	11,809	-	1	12,120
Finance costs	(158,095)	(112,496)	-	-	(270,591)
Depreciation and amortisation	(85,595)	(652,821)	-	-	(738,416)
Reportable segment (loss)/ profit before income tax	(1,542,034)	1,786,601	(9,394)	356	235,529
Other material items					
Capital expenditure					
- property and equipment	1,098	5,027,632	-	-	5,028,730
- intangible assets	-	65,597	-	-	65,597
	1,098	5,093,229	-	-	5,094,327
Segment assets	381,671	10,165,768	7,148	-	10,554,587
Unallocated assets - deferred tax assets					288,170
Consolidated total assets					10,842,757
Segment liabilities	4,367,177	4,030,448	2,952	-	8,400,577
Consolidated total liabilities					8,400,577

Geographical segments

The Group's four business segments operate in three main geographical areas - Singapore, Malaysia and Indonesia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets or the underlying investments held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30. Operating segments (Cont'd)

Geographical information

	External revenues S\$	Non-current assets * S\$
Group		
2025		
Singapore	-	43,692
Indonesia	3,961,146	9,976,652
	<u>3,961,146</u>	<u>10,020,344</u>
2024		
Singapore	-	125,111
Indonesia	4,816,725	9,136,422
	<u>4,816,725</u>	<u>9,261,533</u>

* Non-current assets exclude deferred tax assets.

Information about major customers

Included in revenue arising from sterilisation services are revenues of approximately S\$1.95 million (2024: S\$2.66 million) which arose from sales to the Group's ten (2024: twelve) largest customers.

31. Events after reporting period

On 21 January 2026, the Company announced that the member's voluntary liquidation for Raintree Rock Sdn. Bhd, a wholly owned subsidiary of the Company, has been completed.

32. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Board of Directors of Southern Archipelago Ltd. on 6 April 2026.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2026

Issued & Fully Paid Up Capital	:	S\$127,338,850
Class of Shares	:	Ordinary shares
Number of shares	:	27,570,762,183
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Voting rights	:	one vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of	Percentage of	No. of	Percentage of
	Shareholders	Shareholders	Shares Held	Shares Held
		%		%
1 - 99	56	1.04	615	0.00
100 - 1,000	384	7.16	350,776	0.00
1,001 - 10,000	1,001	18.67	6,379,864	0.02
10,001 - 1,000,000	3,473	64.77	683,190,230	2.48
1,000,001 and above	448	8.36	26,880,840,698	97.50
Total	5,362	100.00	27,570,762,183	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2026

(As shown in the Register of Substantial Shareholders)

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	(%)	No. of Shares	(%)
Mark Wee Liang Yi	14,162,024,558	51.37	-	-
Ultimate Horizon Pte. Ltd.	8,131,184,204	29.49	-	-
Mezzanotte Capital Pte. Ltd. ⁽¹⁾	-	-	8,131,184,204	29.49
Lee Teck Yuen ⁽¹⁾	-	-	8,131,184,204	29.49

⁽¹⁾ Mezzanotte Capital Pte Ltd and Mr. Lee Teck Yuen are deemed interested in the shares of the Company held through Ultimate Horizon Pte Ltd as Ultimate Horizon Pte Ltd is wholly owned by Mezzanotte Capital Pte Ltd, which is wholly owned by Mr. Lee Teck Yuen.

PUBLIC FLOAT

Based on information available to the Company as at 16 March 2026, approximately 18.96% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2026

TWENTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2026

No.	Name of Shareholders	No. of Shares	Percentage %
1	DB NOMINEES (SINGAPORE) PTE LTD	14,007,500,000	50.81
2	CITIBANK NOMINEES SINGAPORE PTE LTD	8,282,766,105	30.04
3	PHILLIP SECURITIES PTE LTD	474,304,024	1.72
4	DBS NOMINEES PTE LTD	435,856,108	1.58
5	UOB KAY HIAN PTE LTD	322,621,308	1.17
6	OCBC SECURITIES PRIVATE LTD	278,144,398	1.01
7	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	202,385,599	0.73
8	HO BENG SIANG	163,300,000	0.59
9	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	156,814,500	0.57
10	HSBC (SINGAPORE) NOMINEES PTE LTD	144,417,700	0.52
11	ABN AMRO CLEARING BANK N.V.	117,212,800	0.43
12	LIM AND TAN SECURITIES PTE LTD	99,299,743	0.36
13	RAFFLES NOMINEES (PTE) LIMITED	73,297,899	0.27
14	MAYBANK SECURITIES PTE. LTD.	64,986,389	0.24
15	BUSHAR TOMI OR OEY MI LING @MERY WIDJAYA	58,186,400	0.21
16	TOH LEE HEOK	57,881,500	0.21
17	FONG CHEE KHUEN	50,000,000	0.18
18	GAN ENG THYE	49,932,800	0.18
19	UNITED OVERSEAS BANK NOMINEES PTE LTD	33,283,250	0.12
20	EE KWANSON	31,000,000	0.11
	TOTAL:	25,103,190,523	91.05

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of the Company will be held at Level 2 Room Nautica 1 Republic of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887 on Tuesday, 28 April 2026 at 10:00 a.m. for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2025 together with the Directors’ Statement and Auditor’s Report thereon. **Resolution 1**
2. To approve the payment of Directors’ fees of S\$103,500 for the financial year ending 31 December 2026, payable quarterly in arrears. [FY2025: S\$103,500] **Resolution 2**
3. To re-elect Mr. Ng Keok Chai a Director retiring pursuant to Regulation 111 of the Company’s Constitution. **[See Explanatory Note 1]** **Resolution 3**
4. To re-elect Mr. Alan Chin Yu, a Director retiring pursuant to Regulation 111 of the Company’s Constitution. **[See Explanatory Note 2]** **Resolution 4**
5. To re-appoint Messrs PKF-CAP LLP as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors to fix their remuneration. **Resolution 5**
6. To transact any other business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary Resolutions, with or without modifications:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES** **Resolution 6**

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Companies Act**”) and Rule 806 of the Listing Manual (“**Listing Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company (the “**Directors**”) to (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of the Instruments made or granted by the Directors while this Resolution was in force, provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), or such other limit as may be prescribed by the Listing Rules as at the date this Resolution is passed,

NOTICE OF ANNUAL GENERAL MEETING

of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Listing Rules as at the date this Resolution is passed;

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance to sub-paragraphs (2)(a) and (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, the Constitution for the time being of the Company; and
- (4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note 3]

BY ORDER OF THE BOARD

Siaw Lu Howe
Independent Director and Non-Executive Chairman

Date: 13 April 2026

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTE:

1. Mr. Ng Keok Chai will, upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company. Detailed information on Mr. Ng Keok Chai can be found under the sections titled "Board of Directors", "Corporate Governance Report - Additional Information of Directors nominated for re-election" of the Annual Report 2025.
2. Mr. Alan Chin Yu will, upon re-election as a Director of the Company, remain as the Executive Director of the Company. Detailed information on Mr. Alan Chin Yu can be found under the sections titled "Board of Directors", "Corporate Governance Report - Additional Information of Directors nominated for re-election" of the Annual Report 2025.
3. Ordinary Resolution 6, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the capital of the Company and to make or grant Instruments (such as warrants or debentures) convertible into shares, and to issue shares pursuant to such Instruments. The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the total number of shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings).

For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time Resolution 6 is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when Resolution 6 is passed and any subsequent consolidation or subdivision of shares.

NOTES:

1. The AGM will be held physically at the venue, date and time stated above. **There will be no option for members to participate virtually.** Printed copies of this Notice of AGM and the accompanying proxy form as well as a request form for the members to opt to receive hard copy of the Annual Report, will be sent by post to members. These documents as well as the Annual Report will also be published on the SGXNet website at the URLs <https://www.sgx.com/securities/company-announcements>. Members, including CPF and SRS investors, are able to ask questions and vote at the AGM in person, or by appointing proxy(ies) and representative(s) to do so on their behalf.
2. Submission of instrument appointing proxy(ies) to vote at the AGM:
 - (a) Shareholders (whether individual or corporate) who attend the AGM may cast their votes in real time for the resolutions to be tabled at the AGM.
 - (b) Alternatively, Shareholders may exercise his/her/their voting rights at the AGM via his/her/their appointed proxy(ies) or appoint the Chairman of the meeting as his/her/their proxy to attend, speak and vote on his/her/their behalf at the AGM. A proxy need not be a member of the Company. In appointing the proxy(ies), a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
 - (c) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholder concerned to be represented by each proxy shall be specified in the instrument.
 - (d) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant Intermediary**" shall have the meaning ascribed to it in Section 181 of the Companies Act:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence holder to provide under the Securities and Futures Act and who holds shares in that capacity; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) CPF Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act 1953 of Singapore providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.
- (e) The instrument appointing the proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
 - (i) If sent personally or by post, be lodged at the office of Tricor Barbinder Share Registration Services at 9 Raffles Place #26-01 Republic Plaza Singapore 048619; or
 - (ii) If submitted by email, be received by sg.is.proxy@vistra.com

in either case, by 25 April 2026 at 10:00 a.m, being not less than seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid. Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

The proxy form must be under the hand of the appointor or on his/her/their attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of their attorney or officer duly authorised.

- (f) For investors who hold shares through relevant intermediaries, including CPF and SRS investors, who wish to appoint the proxy(ies) should contact their relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares, to submit their voting instructions at least seven (7) working days prior to the date of the AGM.
- (g) In the case of a member whose shares are entered against his/her/their name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any instrument appointing the proxy or proxies lodged if such member, being appointor, is not shown to have shares entered against his/her/their name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

3. Submission of Questions

- (a) A member of the Company may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 21 April 2026 (being seven (7) calendar days from the date of the Notice of AGM) via the following:
 - (i) email to: gm_admin@southernarchipelago.com; or
 - (ii) post to the registered office of Southern Archipelago Ltd. at Apex @ Henderson 201 Henderson Road #05-19 Singapore 159545.

Members submitting questions are requested to state: (i) their full name; and (ii) the member's identification/ registration number, failing which the Company shall be entitled to regard the submission as invalid.

- (b) The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the AGM and publish its response on the SGXNET. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
- (c) Where substantial and relevant questions are unable to be answered prior to the AGM, the Company will address them at the AGM. The Company will publish the minutes as well as responses to the questions received for the AGM on the SGXNET and on the Company's corporate website within one (1) month after the date of the AGM.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By submitting (a) an instrument appointing the proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, (b) details for the registration to observe the proceedings of the AGM, or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents, advisers or service providers, as the case may be) for the following purposes:

- (i) processing and administration by the Company (or its agents, advisers or service providers) of proxy forms for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the AGM related to the resolutions to be tabled for approval at the AGM and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents, advisers or service providers, as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes of the AGM. Accordingly, the personal data of a Shareholder (such as name, presence at the AGM and any questions raised or motions proposed/seconded) may be recorded by the Company for such purpose.

SOUTHERN ARCHIPELAGO LTD.

(Company Registration No.: 199302554G)

(Incorporated in the Republic of Singapore)

**PROXY FORM
ANNUAL GENERAL MEETING****IMPORTANT:**

1. The 2026 Annual General Meeting of SOUTHERN ARCHIPELAGO LTD. (the "Company") ("AGM" or the "Meeting") will be held physically on Tuesday, 28 April 2026 at Level 2 Room Nautica 1 Republic of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887 at 10.00 a.m. There will be no option for members to participate virtually.
2. Investors (including CPF and SRS investors) who wish to vote should approach their relevant intermediaries (including CPF Agent Banks or SRS Operators) as soon as possible to submit their voting instructions by Monday, 16 April 2026, 10.00 a.m., being at least seven (7) working days before the AGM.
3. Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies) by members.

*I/We, _____ (Name) _____ (NRIC/Passport/Co. Reg. No.)

of _____ (Address)

being a *member/members of **SOUTHERN ARCHIPELAGO LTD.** (the "**Company**"), hereby appoint –

Name	Email Address	NRIC / Passport / Co. Reg. No.	Proportion of Shareholdings (%)

*and/or

Name	Email Address	NRIC / Passport / Co. Reg. No.	Proportion of Shareholdings (%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at Level 2 Room Nautica 1 Republic of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887 on Tuesday, 28 April 2026 at 10.00 a.m. (Singapore Time) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. **If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of a proxy will be treated as invalid.**

All resolutions put to the vote at the AGM shall be decided by way of poll. If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, not to vote on that Resolution.

No.	Ordinary Business	For	Against	Abstain
1.	Adoption of the Audited Financial Statements for the financial year ended 31 December 2025 together with the Directors' Statement and the Auditor's Report thereon.			
2.	Approval of payment of Directors' fees of S\$103,500 for the financial year ending 31 December 2026, payable quarterly in arrears.			
3.	Re-election of Mr. Ng Keok Chai as a Director of the Company.			
4.	Re-election of Mr. Alan Chin Yu as a Director of the Company.			
5.	Re-appointment of Messrs PKF-CAP LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
6.	Authority to Allot and Issue Shares.			

Dated this _____ day of _____ 2026

Total Number of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) of Member(s) /
Common Seal of Corporate Member(s)

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the Shares registered in your name(s).
2. A member is entitled to appoint not more than two (2) proxies or appoint the Chairman of the AGM as his/her/their proxy to attend, speak and vote on his/her/their behalf at the AGM. A proxy need not be a member of the Company.
3. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
"Relevant Intermediary" shall have the meaning ascribed to it in Section 181 of the Companies Act:
 - a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - b) a person holding a capital markets services licence holder to provide under the Securities and Futures Act and who holds shares in that capacity; and
 - c) CPF Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act 1953 of Singapore providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.Please note that if any of your shareholdings are not specified in the list provided by the Relevant intermediary to the Company, the Company may in its sole discretion disallow the appointment of the said proxy at the AGM.
4. In appointing the proxy(ies), a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholder concerned to be represented by each proxy shall be specified in the instrument.

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Affix
Postage
Stamp

Tricor Barbinder Share Registration Services
9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

2nd fold here

5. The instrument appointing the proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
 - (a) If sent personally or by post, be lodged at the office of Tricor Barbinder Share Registration Services at 9 Raffles Place #26-01 Republic Plaza Singapore 048619; or
 - (b) If submitted by email, be received by sg.is.proxy@vistra.comin either case, by 25 April 2026 at 10:00 a.m., being not less than seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid. Shareholders are strongly encouraged to submit completed proxy forms electronically via email.
6. This proxy form must be under the hand of the appointor or on his/her/their attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of their attorney or officer duly authorised. The dispensation of the use of common seal pursuant to the Companies Act 1967 of Singapore is applicable at the AGM.
7. For investors who hold Shares through relevant intermediaries, including CPF and SRS investors, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. Investors who wish to appoint the proxy(ies) should contact their relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) to submit their voting instructions at least seven (7) working days before the AGM, that is by 16 April 2026 at 10:00 a.m.

GENERAL

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/their name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2026.



SOUTHERN ARCHIPELAGO LTD.
Company Registration No.199302554G

Apex @ Henderson
201 Henderson Road #05-19
Singapore 159545

Tel (65) 6332 9488