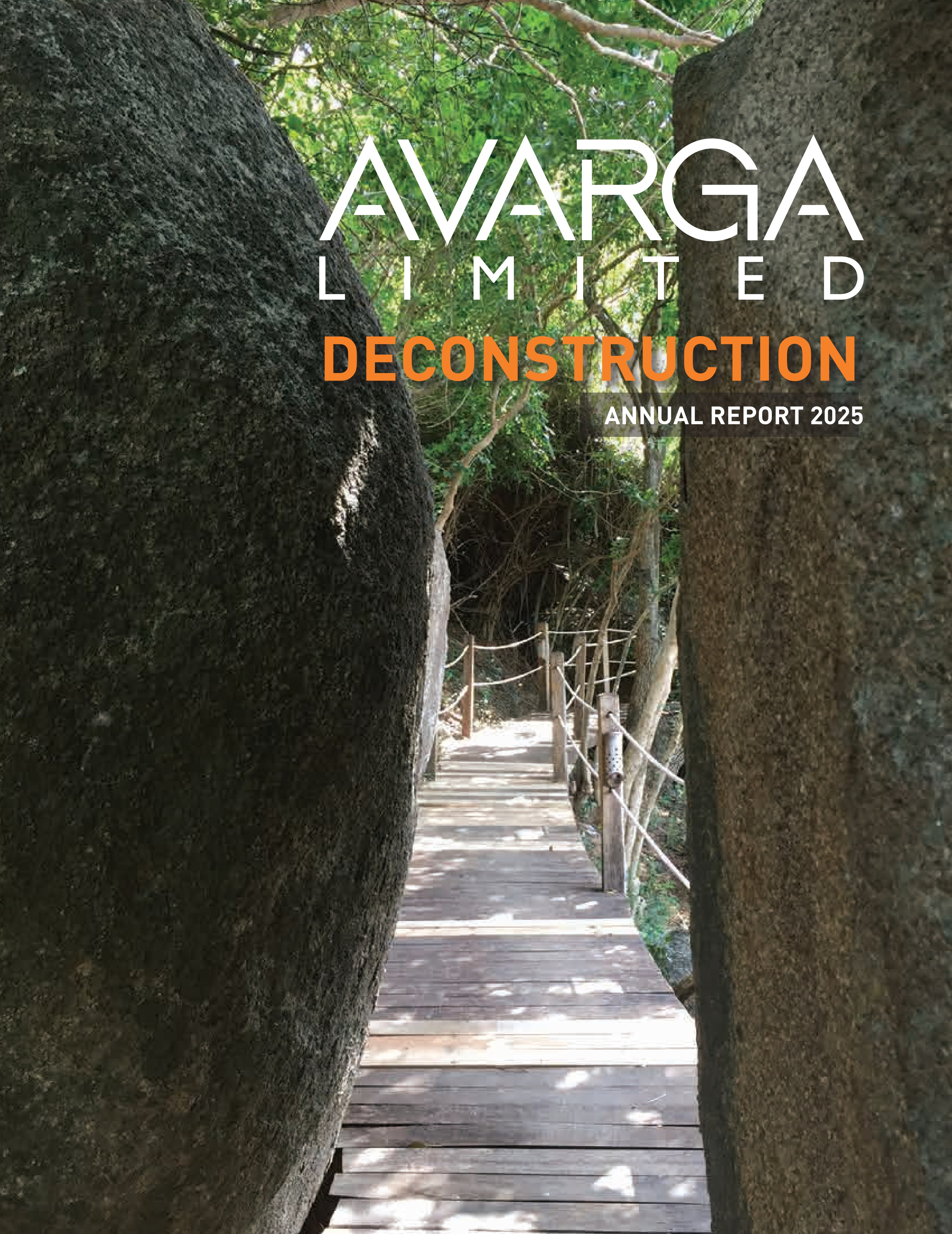

AVARGA LIMITED

DECONSTRUCTION

ANNUAL REPORT 2025

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Tong Kooi Ong
Executive Chairman

Tong Ian
Chief Executive Officer and Executive Director

Lai Ven Li
Lead Independent Director

Moey Weng Foong
Independent Director

Andrew Lim Cheong Seng
Independent Director

Kevin Kang Kah Wee
Independent Director

COMPANY SECRETARY

Chan Lai Yin

AUDIT AND RISK MANAGEMENT COMMITTEE

Lai Ven Li (Chairman)
Moey Weng Foong
Andrew Lim Cheong Seng
Kevin Kang Kah Wee

NOMINATING COMMITTEE

Andrew Lim Cheong Seng (Chairman)
Lai Ven Li
Kevin Kang Kah Wee

REMUNERATION COMMITTEE

Moey Weng Foong (Chairman)
Andrew Lim Cheong Seng
Lai Ven Li

REGISTERED OFFICE

1 Kim Seng Promenade
#13-10 Great World City
Singapore 237994
Tel: (65) 6836 5522
Fax: (65) 6836 5500
E-mail: admin@avarga.com.sg
Website: http://www.avarga.com.sg

SHARE REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road
#06-03
Robinson 77
Singapore 068896

INDEPENDENT AUDITOR

CLA Global TS Public Accounting Corporation
80 Robinson Road
#25-00
Singapore 068898

Director-in-charge: Loh Hui Nee
(Appointed since 25 April 2025)

BANKERS

Malayan Banking Berhad
United Overseas Bank Limited
CIMB Bank Berhad
Oversea-Chinese Banking Corporation, Limited

CEO'S STATEMENT

Dear Fellow Shareholders,

For our Company, the theme in 2025 was deconstruction. In business, it can mean spinning off divisions, selling non-core assets, shutting down subsidiaries, reorganising ownership structure, and refocusing on core competencies.

Our past statements have more than adequately explained the decisions we made, how we executed, and the results we achieved since we took over the company in 2011.

We started by turning around the paper recycling business, which was at break-even when we came onboard, generating strong cash flows that reached RM20 million per year at its peak. We then added the Myanmar IPP in 2014, and Taiga Building Products Limited a few years later. At its height in 2021, we achieved over S$2.4 billion revenue and over S$136 million in pretax profit. Despite this, we stopped paying dividends as we anticipated a "coming storm" for our businesses – and were proven right, with two Singapore banks reducing our credit facilities, political instability in Myanmar, heightened competition in Malaysia, and tariff hikes in North America.

In our deconstruction stage over the last 2 years, we sold our Myanmar IPP at an IRR of 9%, closed the paper business in Malaysia, and sold the properties for cash. Read out previous years annual reports if you have questions on why we did so.

For shareholders who wanted to monetise, we have completed a Mandatory Unconditional General Offer at the end of December 2024. Consequently, our family trust now owns 86.6% of the paid-up capital.

Financial Year 2025

Today, your Company is left with a 74.2% ownership of Taiga Building Products Limited, which itself is listed on the Toronto Stock Exchange. Some cash, some small investments, no debts. Therefore, I will keep this year's commentary simple as opposed to breaking down the operations as I've done so in the past.

Net profit after non-controlling interests decreased to S$13.1 million in 2025 from S$23.6 million in 2024, or 14.38 cents per share from 25.93 cents per share. This includes net profit from the asset sale of the paper business of S$16.2 million, classified under discontinued operations.

Earnings dropped significantly due to a witholding tax expense of S$18.7 million as a result of the dividend paid by Taiga for onward distribution to Avarga's shareholders last year. As we have highlighted in the past, the 15% withholding tax continues to be burden on the Group's earning power and valuation.

Total revenue in 2025 was S$1,523.8 million compared to S$1,592.9 million in 2024, largely due to weaker commodity lumber prices in North America.

On our balance sheet, total assets decreased to S$534.9 million from S$715.1 million. Group equity decreased to S$256.2 million from S$361.2 million. The decreases to both figures was largely due to the special dividend paid by Avarga in August last year.

CEO'S STATEMENT

In the past, our annual reports have provided alternative versions of our financial statements and summary performance from 2012 to 2024. The restated financial statements use the same information in the Annual Report, to better express our cash flows, performance, investments, and returns. There is no reason to continue with that practice for now, but please do refer to our old statements to understand the evolution of your Company.

Looking ahead

It should be expected that shareholders' dilemma is inevitable given almost the Company's entire net asset is another publicly listed company in a major exchange, along with a holding company discount, withholding tax disadvantage on dividends, low stock trading liquidity, and a small public float.

On 13 March 2026, our Company announced a Scheme of Arrangement to provide shareholders with an option to monetise given this dilemma. Further information on this exercise will be provided in the Scheme Document to be despatched in due course, and the Company will continue to provide information and updates as required.

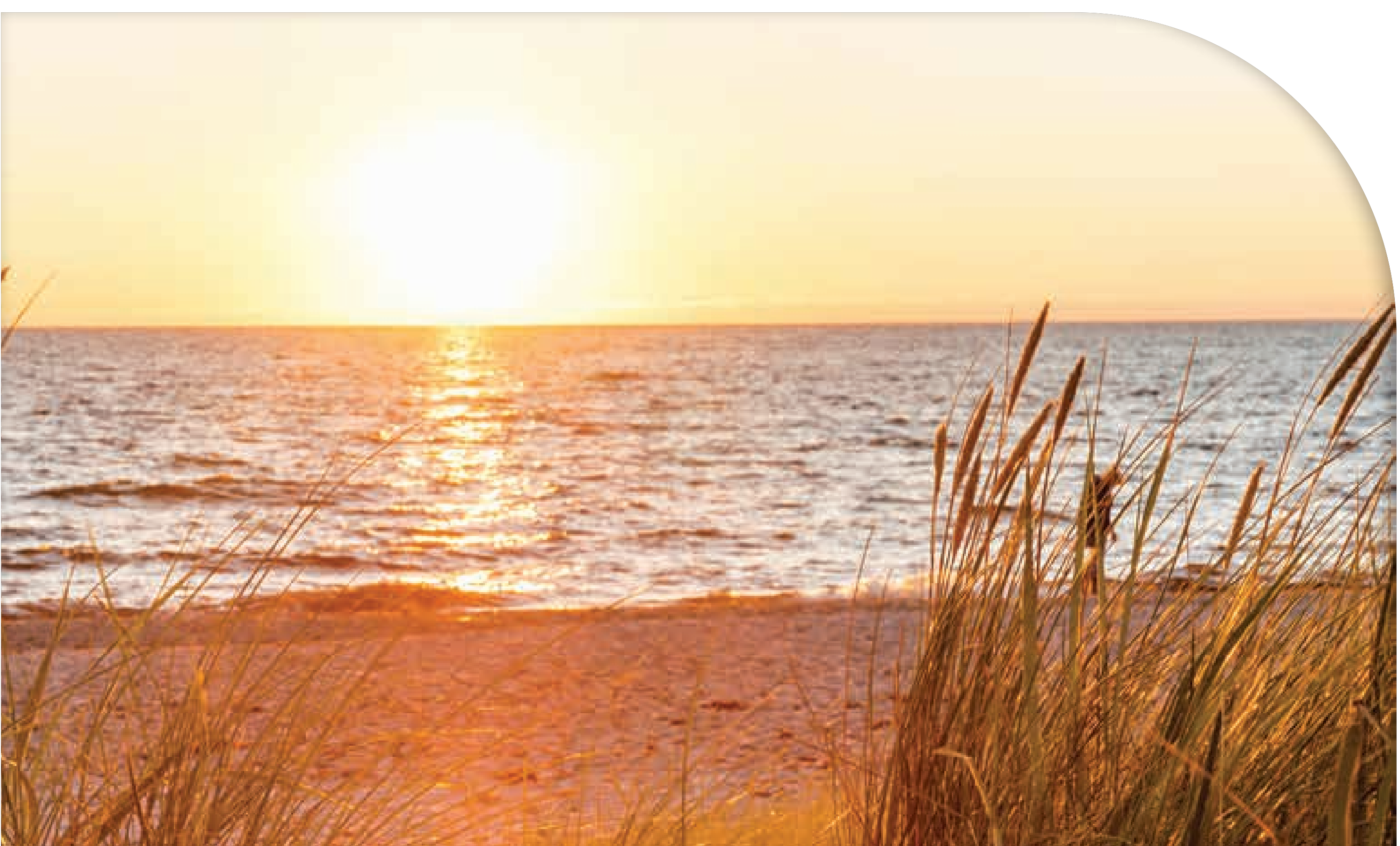
Thank you to my fellow board members at Avarga for all their guidance, our colleagues and associates for all their efforts, and of course, all the shareholders for your continued support.

On behalf of Avarga and our group of subsidiaries, I wish you and your loved ones well.

"Endings are milestones, not verdicts."

Thank you,

TONG IAN
CEO and Executive Director



BOARD OF DIRECTORS

TONG KOOI ONG
Executive Chairman
Appointed to the Board on
15 March 2012

Mr. Tong is an entrepreneur and an analyst.

He has varied business interests in different countries and writes regularly for The Edge Malaysia and The Edge Singapore.

Mr. Tong is on the board of Taiga Building Products Ltd., a subsidiary corporation of the Group listed on the Toronto Stock Exchange in Canada.

He is also the Independent and Non-Executive Chairman of Thomson Medical Group Limited.

Mr. Tong holds a Bachelor of Arts in Business Administration and a Master of Arts in Economics and Finance from Simon Fraser University, Canada. In 2002, he was bestowed his Doctor of Laws (Honoris Causa) from the same university.

Mr. Tong is a husband, a father to 4 children, and has 7 grandkids.

TONG IAN
Chief Executive Officer and
Executive Director
Appointed to the Board on
7 March 2017

Mr. Tong Ian is the Chief Executive Officer of the Group. He joined the Group in 2012 and was appointed Executive Director in 2017 and Chief Executive Officer in 2020. He is also the Chairman of Taiga Building Products Ltd., which became a subsidiary corporation of the Group in 2017, and oversees the Group's interests in that company.

Mr. Tong Ian also has interests in other industries, including real estate and media.

Mr. Tong Ian holds a Bachelor of Arts in Sociology from Trinity Western University and a Masters in Management from the Sauder School of Business, University of British Columbia, Canada.

LAI VEN LI
Lead Independent Director
Appointed to the Board on
1 January 2024

Ms. Lai has over 20 years of corporate and investment banking experience. Formerly Head of corporate banking for CIMB Singapore and Head of international corporate banking for CIMB group. Responsible for business strategy and portfolio development, managed asset portfolio in various countries. Served as a member of the Group Credit, Risk and Compliance, Asset and Liability and Business Management committees of the bank. Prior to CIMB, she worked in the international banking of DBS.

Ms. Lai was partner of a real estate private equity firm. She served on the board of directors of 3Cnergy Ltd. She also served as the Chairman of Audit Committee and a member of the Remuneration and Nominating committees of the company.

Currently, Ms. Lai is the Lead Independent Director of Avarga Limited and serving as the Chairman of Audit and Risk Management Committee and a member of the Remuneration and Nominating committees of the Company. She is also on the board of directors of ICP Ltd., for similar roles.

She graduated with a Bachelor of Commerce from The University of Western Australia. A Fellow of CPA Australia and a Chartered Accountant of Malaysian Institute of Accountants.

BOARD OF **DIRECTORS**

MOEY WENG FOONG
Independent Director
Appointed to the Board on
27 June 2020

Mr. Moey is the founder and Chief Executive Officer of GM Capital Management Singapore, an investment management, and principal investments firm in Singapore.

Over the last two decades, Mr. Moey has been investing in early-stage growth companies in the Asia-Pacific region (including Japan), advising and growing the businesses, investing through successful financing rounds and eventual public and private exits. He has also been active in commercial real estate in the UK and Japan and was previously with Salomon Smith Barney and Goldman Sachs in New York and Singapore before founding GM Capital Management.

He holds a Bachelor of Arts in Economics and Philosophy from the National University of Singapore.

ANDREW LIM CHEONG SENG
Independent Director
Appointed to the Board on
1 January 2023

Mr. Lim has held various managerial positions in financial institutions and stockbroking firms in Malaysia and Singapore.

He was Head of Dealing in Phileo Allied Securities Sdn Bhd in the late 1990's and Head of Equity Capital Markets in Aminvest Bank Berhad in 2003 – 2005.

Mr. Lim served as an independent non-executive director in WCT Holdings Berhad (listed in Bursa Malaysia) from 2013 – 2017. He is currently a private investor.

He holds a Bachelor of Commerce from University of Newcastle, NSW, Australia.

KEVIN KANG KAH WEE
Independent Director
Appointed to the Board on
1 January 2024

Mr. Kang is an executive director and the CEO of HThree City, a real estate investment management firm in Singapore.

Mr. Kang has over twenty years of experience in private equity, fund management and investment banking. Prior to establishing HThree City, Mr. Kang was the Deputy CEO of a private equity real estate manager, and before that with ANZ Investment Bank and Ernst & Young.

Mr. Kang holds a Bachelor of Commerce from the University of Melbourne, Australia, and an MBA from the Melbourne Business School, Australia. He is also a member of the Institute of Chartered Accountants (Australia).

TAIGA BUILDING PRODUCTS LTD. **DIRECTORS**

TONG IAN
Chairman and Director
Appointed to the Board on
20 July 2012

Information on Mr. Tong Ian is found in the Board of Directors section of this Report.

TONG KOOI ONG
Director
Appointed to the Board on
20 May 2005

Information on Mr. Tong Kooi Ong is found in the Board of Directors section of this Report.

GARSON DAVID LEE
Independent Director
Appointed to the Board on
8 November 2019

Mr. Lee is an experienced accounting professional with over 45 years of business and professional public practice experience in Canada. Upon graduating from the University of British Columbia, he joined Price Waterhouse & Company ("**PwC**") where he successfully completed his articles and obtained his Chartered Accountant degree. Mr. Lee left PwC to join Macmillan Bloedel Limited, which was Canada's largest forest products company.

He managed the company's Internal Audit Division and after 10 years, left to enter the public accounting field. He has 35 years of public practice experience as a Partner and retired in 2015. His firm was ranked among the top 30 Chartered Accounting firms in Canada. He is also the Managing Director of several private corporations which provide management, consulting, and other professional services.

He was also appointed a Director of Vancouver Bullion & Currency Exchange Limited ("**VBCE**") in February 2018 and as a Director of Avarga Limited in March 2017 which he resigned from in September 2019. Avarga Limited is Taiga's major shareholder.

Mr. Lee holds a Bachelor of Commerce degree from the University of British Columbia. He also holds a Chartered Professional Accountant (CPA) and a Chartered Accountant (CA) designation. He is a member of the Chartered Professional Accountants of British Columbia and the Chartered Professional Accountants of Alberta.

TAIGA BUILDING PRODUCTS LTD. DIRECTORS

JIM TEH
Independent Director
Appointed to the Board on
12 November 2020

Mr. Teh is currently the Group Head, Corporate Development at Pan-United Corporation Limited where he heads capital markets, treasury, and overall finance functions. He also manages corporate strategy, investor relations as well as corporate finance initiatives. Mr. Teh also manages Pan-United's slag cement grinding plant in Malaysia. Mr. Teh has extensive experience in wholesale banking, having spent 17 years with CIMB Group Berhad prior to joining Pan-United.

Mr. Teh is a Fellow Member+ of the Association of Chartered Certified Accountants (FCCA), a Chartered Accountant of Singapore (CA Singapore) as well as a Member of the Malaysia Institute of Accountants (CA Malaysia).

GRANT SALI
Director
Appointed to the Board on
6 May 2021

Mr. Sali's first job in the industry was with Weldwood of Canada, where he started in the warehouse and furthered his career as a salesman in their distribution and mill divisions. In 1982 he accepted a position as the sales manager at Trendwood in Edmonton. He came back to British Columbia in 1988 to work for Crestbrook Forest Industries Ltd as a sales manager out of their Cranbrook office. He was hired by Taiga in 1990 to establish the distribution centre in Kelowna. In 2001, he was promoted to Langley's branch manager and became a VP in 2007 with responsibility for Allied Products, Envirofor and the USA. In 2012 Mr. Sali assumed the position EVP Supply Management, adding Chief Procurement Officer to that role in 2015. Starting in July 2022, Mr. Sali took on the role of CEO at Taiga Ventures, retiring from the position in April 2024.

SYLVESTER ONG PAI KOO
Independent Director
Appointed to the Board on
3 May 2024

Mr. Ong brings a wealth of experience in the construction and finance sectors to his new role. Educated at Simon Fraser University in Canada, he holds both a Bachelor's and Master's Degrees in Economics and Business Administration, with a focus on Accounting and Finance. His career is marked by significant leadership positions, notably as the Independent non-Executive Chairman and Director at 3Cnergy Limited. He has also held directorships at PKS Jaya Sdn Bhd and previously, King Fraser International Pte Ltd. Mr. Ong's previous experience includes roles at Reinforced Earth (SEA) Pte Ltd, where he climbed the ranks from Commercial Manager to General Manager of Finance, managing significant financial operations and strategic planning for the company and its Asian subsidiaries.

JULIANA PAULINE ALMEIDA
Independent Director
Appointed to the Board on
8 May 2025

Juliana Pauline Almeida is an experienced finance and strategy professional with a global career spanning over three decades. She has held senior roles in investment research and financial analysis, including serving as Head of Phileo Allied Securities in New York and Research Head at Phileo Peregrine Securities in Kuala Lumpur. Her early career included positions in journalism and economic research. Ms. Almeida holds an MPhil in Economics and Politics from the University of Cambridge and a BSc in Economics from the London School of Economics. She has also earned CFA Level 1 certification. Her board and project experience includes serving as a Director of The Pryors Ltd., a residential association in London, and contributing to education and housing initiatives through roles with Numbers Champion and Fund My Home.

KEY MANAGEMENT **PERSONNEL**

KHOO HSIEN MING, KEVIN
President, Investments
Avarga Limited Group

Mr. Khoo joined the Group in 2012. He is responsible for managing the Group's investments and portfolio of assets, as well as strategic planning.

Prior to joining the Group, Mr. Khoo was the Group Editor-in-Chief of The Edge Communications Sdn Bhd, Malaysia's leading business and financial media company. He has extensive management and operations experience in Malaysia, especially in the equities research, media, banking, power generation and manufacturing sectors.

Mr Khoo started his career in Standard Chartered Bank Malaysia and later moved on to equities research in PhileoAllied Securities Sdn Bhd and Asia Analytica Sdn Bhd. He is also Executive Director of Asia Analytica Sdn Bhd, a licenced investment advisory company.

Mr. Khoo holds a Bachelor of Commerce degree from the University of Melbourne.

TAI LAI YEEN
Group Finance Manager
Avarga Limited

Ms. Tai is responsible for the accounting, finance, taxation as well as internal control functions of the Group. Prior to joining the Group in December 2010, Ms. Tai was an Assurance Manager of an international firm of certified public accountants and she has extensive experience in the accounting and auditing profession.

Ms. Tai holds a degree in Accountancy from the University of Putra Malaysia. She is a chartered accountant with the Institute of Singapore Chartered Accountants and member of The Institute of Internal Auditors Singapore.

RUSSELL PERMANN
Chief Executive Officer and President
Taiga Building Products Ltd.

Mr. Permann joined Taiga in 2008 as General Manager, Engineered Wood Products and gradually took on greater responsibilities including overseeing our business in the Prairies, and the USA and managing the Envirofor plants. Prior to his most recent appointment, he was EVP of Operations and Chief Operating Officer in March 2015. Mr. Permann was then promoted to Co-CEO and President effective as of 1 January 2021. Effective as of 1 January 2022, Mr. Permann took over as Taiga's sole CEO and President.

Mr. Permann has a Bachelor of Arts in Political Science from University of Calgary and an MBA from Athabasca University.

KEY MANAGEMENT **PERSONNEL**

MICHAEL SIVUCHA
Chief Operating Officer
Taiga Building Products Ltd.

Mr. Sivucha joined Taiga in 2012 as Panel Supply Manager and was promoted to Vice President, Commodities in 2015, where he took on the additional responsibilities of Lumber, Export Sales, Taiga Logistics, Pressure Treated Wood and Siding Sales. Prior to joining Taiga, he spent eight years with Tolko Industries Ltd., first as Business Development Manager and then as the N. American Sales Manager of its Strand-based businesses. Mr. Sivucha was promoted to Chief Operating Officer of Taiga on 28 February 2022.

Mr. Sivucha has a B.Sc. in Forestry from the University of British Columbia and an MBA from St. Mary's University. Prior to completing his MBA, he worked 7 years in forest operations.

MARK SCHNEIDEREIT-HSU
Chief Financial Officer,
VP Finance & Administration
and Corporate Secretary
Taiga Building Products Ltd.

Mr. Schneidereit-Hsu joined Taiga in 2005 as a Financial and Risk Analyst. In 2007 he was promoted to Manager, Corporate Planning, responsible for treasury, strategic planning, real estate, insurance, and human resource. Mr. Schneidereit-Hsu was appointed as the Chief Financial Officer of Taiga effective 1 June 2013. Prior to joining Taiga, Mr. Schneidereit-Hsu worked in international development in the Middle East and managed a care home with Communitas Supportive Care Society.

He holds a Bachelor of Arts in International Relations from the University of British Columbia and an MBA from McGill University. He is also a Chartered Professional Accountant (CPA, CMA).

ZARI TIONGSON
Controller
Taiga Building Products Ltd.

Ms. Tiongson joined Taiga in June 2023 as the Controller. Prior to joining Taiga, Ms. Tiongson worked in various industries in both the manufacturing and service sectors. Most recently she was with Organika Health Products, a health supplement manufacturer, as the Director of Finance.

Ms. Tiongson holds a Bachelor of Accounting from the British Columbia Institute of Technology. She became a member of the Certified General Accountants (CGA) of British Columbia in 2013 and is also a Chartered Professional Accountant (CPA).

REPORT ON **CORPORATE GOVERNANCE**

Avarga Limited ("**Avarga**" or the "**Company**") is committed to high standards of corporate governance within the Avarga group of companies (the "**Group**") and adopts the corporate governance practices contained in the Code of Corporate Governance 2018 (the "**Code**").

The board of directors of the Company ("**Board**") confirms that it has adhered to the principles and provisions of the Code for the financial year ended 31 December 2025. In so far as any provision has not been complied with, the rationale for these deviations are provided. We believe that good corporate governance establishes and maintains an ethical environment within the Group, which serves the interests of all shareholders.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Company is headed by an effective Board which is responsible for the overall management of the Company. The Board works closely with the management of the Company (the "**Management**") for the long-term success of the Company and the Management remains accountable for the performance. In this regard, the Board supervises the achievements of Management's performance targets. This aligns the interests of the Board and Management with that of the shareholders, whilst balancing the interest of all stakeholders.

The Board also sets the tone for the Group in respect of ethics, values and desired organisational culture, and also ensures proper accountability within the Group. All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict after providing his/her views.

The role of the Board includes:

(1) providing entrepreneurial leadership, setting strategic objectives, and seeking to ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(2) overseeing the establishing of a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(3) reviewing management performance;

(4) identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;

(5) setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met; and

(6) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

REPORT ON **CORPORATE GOVERNANCE**

The directors discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

Upon the appointment of any new director, the Company will provide a formal letter to the director, setting out the director's duties and obligations. The Company will conduct briefings to ensure that any incoming and/or new directors become familiar with the Group's business and governance practices.

The Company has adopted a policy which welcomes directors to request for further explanations, briefings or informal discussions on any aspect of the Company's operations or businesses from the Management. The directors also sit on the boards of other listed companies and are therefore not only well aware of their duties and responsibilities, but how to discharge such duties. All Board members are also encouraged to attend regular training, at the Company's expense, particularly on relevant new laws, regulations and changing commercial risks from time to time. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with regulatory changes, where these changes have an important bearing on Avarga's or the directors' disclosure obligations, directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals. In particular, directors are encouraged to attend relevant courses conducted by the Singapore Institute of Directors ("**SID**"), the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Institute of Singapore Chartered Accountants ("**ISCA**") and consultants.

During the financial year ended 31 December 2025 ("**FY2025**"), the following directors had attended the courses as set out below:

Mr. Moey Weng Foong

- Trends and Developments in SE Asian Wealth Management – Compare and Contrast
- Wealth Creators in Asia Preparing for Succession
- Structuring Wealth with PPLI – The Future of Asset Holding for Global Families
- AI in Trade Surveillance: Balancing Efficiency, Effectiveness, and Key Takeaways from IOSCO's 2025 Review

The Company has formulated guidelines setting forth matters reserved for the Board's decision. The matters reserved for the Board's decision are as follows:

(a) material acquisitions and disposals of assets/investments;

(b) corporate or financial restructuring;

(c) financial/funding arrangements;

(d) material capital expenditures;

(e) share issuances;

REPORT ON **CORPORATE GOVERNANCE**

(f) dividend payments to shareholders; and

(g) other transactions of a material nature requiring announcement under the Listing Manual of the SGX-ST ("**Listing Manual**").

Management was also given clear directions on matters (including setting thresholds for certain operational matters relating to subsidiaries) that require the Board's approval.

All directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group. The Group adheres to the requirements under the Code. In determining the independence of its directors, please refer to Principle 2 in this report.

In accordance with Rule 210(5)(e) of the Listing Manual, and the Code, the Board has, without abdicating its responsibilities, established three (3) board committees (the "**Board Committees**") namely, the Audit and Risk Management Committee ("**ARMC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), each of which has been delegated with specific authority. Each Board Committee is chaired by an independent director and has its own written terms of reference to address their respective areas of focus and which sets out the authority and duties of the respective Board Committees.

Please refer to the Principles in this report, for further information on the activities of the ARMC, NC and RC.

During FY2025, the Board conducted regular scheduled meetings on a half-yearly basis to coincide with the announcement of the Group's half-yearly and full year financial results and to keep abreast of significant business activities and overall business environment. These meetings also allowed Directors to understand the Company's business and review strategic direction of the Company.

Apart from board meetings, important or urgent matters concerning the Group are also presented for the Board's decision by way of written resolutions, fax, electronic mail and telephone conferencing. The Company's constitution (the "**Constitution**") provides for meetings to be held via telephone, radio, conference television or similar communication equipment or any other form of audio or audio-visual communication by which all persons participating in the meeting are able to hear and be heard by all other participants, for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Details of the number of Board meetings held in the year and attendance of each Board member at those meetings and meetings of the various Board Committees are provided on page 43 of this Annual Report.

The Management provides the directors with complete, adequate and timely information prior to meetings and on an on-going basis. Directors also have separate and independent access to the Management to enable them to make informed decisions and discharge their duties and responsibilities. Detailed meeting papers are prepared for each meeting of the Board and Board Committees and are normally circulated in advance of each meeting. The meeting papers include sufficient information from the Management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. In respect of budgets, where there is a material variance between the projections and actual results, the Management will disclose and explain this to the directors.

REPORT ON **CORPORATE GOVERNANCE**

Directors are also entitled to request from the Management and are provided with such additional information by the Management as needed to make informed and timely decisions.

Directors have separate and independent access to Management and the company secretary(ies). The company secretary(ies) and/or her representative(s) attends all Board Committees and Board meetings and is responsible to ensure that established procedures and all relevant statutes and regulations which are applicable to the Company are complied with. The appointment and removal of the company secretary(ies) is a decision of the Board as a whole. All directors have separate, direct and independent access to the advice and services of the company secretary(ies).

The Board also has in place procedures for directors to obtain independent professional advice on matters affecting the Group, if necessary, at the Company's expense.

Principle 2: Board Composition and Guidance

The Company is headed by an effective Board to lead, control and direct the Company and the Board has a pivotal role in charting the strategic course and direction of the Group. As at the date of this report, the Board comprised six (6) directors, namely Mr. Tong Kooi Ong, Mr. Tong Ian, Ms. Lai Ven Li, Mr. Moey Weng Foong, Mr. Andrew Lim Cheong Seng and Mr. Kevin Kang Kah Wee. It is chaired by Mr. Tong Kooi Ong who is also an executive director. He is responsible for the leadership and objective functioning of the Board.

As at the date of this report, the Board comprised of the following members:

Mr. Tong Kooi Ong	Executive Chairman
Mr. Tong Ian	Chief Executive Officer ("**CEO**")/Executive Director
Ms. Lai Ven Li	Lead Independent Director
Mr. Moey Weng Foong	Independent Director
Mr. Andrew Lim Cheong Seng	Independent Director
Mr. Kevin Kang Kah Wee	Independent Director

The Chairman of the Board is the father of the CEO. The independent and non-executive directors make up a majority of the Board. Ms. Lai Ven Li is the Lead Independent Director. All directors are required to disclose to the Board in a timely manner any relationships or appointment which could impair their independence.

The Board (taking into account the views of the NC) reviews whether the individual independent directors are independent in conduct, character and judgement with reference to the provisions set out by the Code. In accordance with the provisions set out by the Code, the Board also considers whether any of the independent directors have any relationships with the Company, its related corporations, its substantial shareholders or its officers which could interfere, or be reasonable perceived to interfere, with the exercise of the respective director's independent business judgement in the best interests of the Company.

The Board noted that the independent directors had none of the relationships set out in Rule 210(5)(d) of the Listing Manual or Provision 2.1 of the Code, and that there were no relationships or circumstances relevant to the Board's determination of the independence of the independent directors in accordance with the Code.

REPORT ON CORPORATE GOVERNANCE

The Company has adopted a Board Diversity Policy which sets out its policy and the framework for promoting diversity on the Board. The Board is of the view that the current Board and Board Committees size facilitate effective decision-making and is appropriate, taking into consideration the nature and scope of the Group's operation, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

The Board recognises that a diverse Board will enhance the decision-making process by utilising the variety in skills, broad range industry and business experiences, gender and other distinguishing qualities of the members of the Board. Diversity will be considered in determining the optimum composition of the Board so that, as a whole, it reflects a range of different perspectives, complementary skills and experiences, which is likely to result in better decision-making. Such diversity will provide a wider range of perspectives, skills and experience, which will allow Board members to better identify possible risks, raise challenging questions, contribute to problem-solving and increase the effectiveness and success of the Group.

The current board composition reflects the Company's commitment to Board diversity. Each year, the NC reviews the composition and size of the Board and each Board Committee and takes into careful consideration a combination of factors when reviewing appointments to the Board and the continuation of those appointments. These factors include skills, core competencies, knowledge, professional experience, educational background, gender, age, geographical background, tenure of service and other distinguishing qualities of the Directors.

The Board (taking into account the views of the NC) considers that its Board comprises directors who as a group provide an appropriate balance and diversity of gender, age, skills and experience and tenure which is necessary to lead and govern the Group effectively.

In recognition of the importance and value of gender diversity in the composition of the Board, Avarga always ensure that there is a mixture of male and female directors at all times. The Board currently has six directors, which comprises of a female who is independent and five male directors of which two are executives and three are independent. There is no goal for gender diversity as the Board believes that there is a balanced and effective Board composition that is aligned with the Group's governance principles and overall sustainability goals.

The Directors provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. Each director provides a valuable network of industry contacts which are considered essential to the Group and was appointed on the strength of his calibre, experience, and stature. There is strong emphasis on ensuring the Board comprised a comprehensive mix of skills that supports effective governance and strategic oversight. Over the past year, the Board enhanced its collective competencies through the appointment of new directors with skills and experiences that could contribute to long-term strategic priorities for the Group.

REPORT ON **CORPORATE GOVERNANCE**

The Board consists of directors with ages ranging from late-30s to late-60s, who have served on the Board for different tenures. The Board is cognizant that diversity of age and tenure contributes to diversity of thought allowing decisions made in the best interests of the Company as the Board had sought to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. The Board continually reviews the tenure profile of its Directors to ensure an appropriate balance between experience, continuity and diversity of thought. A balanced tenure mix strengthens the Board's deliberations and supports decision-making that remains objective, well-informed, and aligned with the best interests of the Company.

The NC will continue to review the Board composition and its diversity, as appropriate, to ensure the effectiveness of the Board and will recommend appropriate revisions to the Board for consideration and approval, where necessary.

A brief description of the background of each director is presented in the "**Board of Directors**" section of this Annual Report.

The role of the non-executive directors (including the independent directors) includes constructively challenging and helping develop proposals on strategy, and helping to review the performance of Management in meeting the agreed goals and objectives and monitoring the reporting of performance.

Non-executive directors are encouraged to meet regularly without the presence of Management. The non-executive directors have such meetings at least once a year.

Principle 3: Chairman and Chief Executive Officer

Mr. Tong Kooi Ong, the Chairman of the Board is the father of Mr. Tong Ian, the CEO. Although Chairman of the Board and the CEO are immediate family members, the Board are of the opinion that there is an appropriate balance of power, adequate accountability and capacity of the Board for independent decision making as reflected in the internal controls established within the Group. As the Chairman of the Board, Mr. Tong Kooi Ong's role includes:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promoting a culture of openness and debate at the Board;

(d) ensuring that the directors receive complete, adequate, and timely information;

(e) encouraging constructive relations within the Board and between the Board and Management;

(f) facilitating the effective contribution of non-executive directors in particular; and

(g) promoting high standards of corporate governance.

REPORT ON CORPORATE GOVERNANCE

As the Chairman of the Board, Mr. Tong Kooi Ong also oversees the workings of the Board, ensuring that the Board is able to perform its duties and that there is a flow of information between the Board and the Management.

As the CEO, Mr. Tong Ian is assisted by the Management in the daily operations and administration of the Group's business activities and in the effective implementation of the Group's strategies. Mr. Tong Ian also reviews most of the board papers before they are presented to the Board.

The Management staff who have prepared the papers, or who may provide additional insights, are invited to present the papers or attend the Board meetings.

Ms. Lai Ven Li is the Lead Independent Director. The Lead Independent Director's role is to be available to shareholders when they have concerns, and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. All the independent directors including the Lead Independent Director, meet at least annually without the presence of executive directors.

As all members of ARMC, RC and NC are independent directors, the Board believes that there are sufficient independent elements and adequate safeguards without undue influence, from the Chairman and the CEO, to allow for effective Board oversight.

Principle 4: Board Membership

The Board, in conjunction with the NC, reviews the composition of the Board and Board Committees annually, taking into account the need for progressive renewal of the Board.

As at the date of this report, the NC comprised three (3) directors, all of whom, including the Chairman, are independent non-executive directors. Ms. Lai Ven Li, the Lead Independent Director, is a member of the NC. As at the date of this report, the NC members comprised of the following members:

Mr. Andrew Lim Cheong Seng	(Chairman)
Ms. Lai Ven Li	(Member)
Mr. Kevin Kang Kah Wee	(Member)

The NC has written terms of reference endorsed by the Board that sets out its duties and responsibilities. The NC's key responsibilities are as follows:

(a) developing and maintaining a formal and transparent process for the appointment and re-appointment of directors to the Board and all things incidental, including:

  (i) making recommendations to the Board on all appointments to the Board;

  (ii) re-nominating directors at regular intervals; and

  (iii) determining annually, and as and when circumstances require, whether or not a director is independent;

REPORT ON **CORPORATE GOVERNANCE**

(b) assessing the effectiveness of the Board as a whole and its board committees, and the contribution by the Chairman and each director to the effectiveness of the Board;

(c) deciding how the performance of the Board may be evaluated and to propose objective performance criteria;

(d) reviewing of the development and succession plans for senior management; and

(e) reporting to the Board its findings from time to time on matters arising and requiring the attention of the NC.

Non-Executive Directors and Independent Directors made up a majority of the Board. The Board is satisfied that the existing Board with Executive Directors involved in management and Independent and Non-Executive Directors exercising oversight function contributes to diversity of thought for strategic discussions. The Board is able to make decisions in the best interests of the Company, with no individual or small group of individuals being able to dominate the Board's decision making.

Succession planning is an important part of the governance process. The NC will review the board succession plans for directors, in particular the Chairman, CEO and key management personnel. The NC will also seek to refresh the Board membership progressively and in an orderly manner.

Potential new Board members may be recommended from time to time via contacts. When considering a new Board member, the NC reviews the curriculum vitae of the potential candidate and considers his/her experience and likely contribution to the Board and whether the candidate has sufficient time available to commit to his/her responsibilities as director. Where practicable, meetings with the potential candidate will be conducted before the NC makes its recommendation to the Board. The Board then makes the final determination for the appointment.

Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution, and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director.

New directors are at present appointed by way of a Board resolution after the NC approves their appointment. Existing directors who retire by rotation are re-elected by way of a shareholders' resolution at the AGM after the Board accepted recommendation from NC. Under the Constitution, at the annual general meeting of the Company in each year, one-third of the directors for the time being (save for the managing director), or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation and shall be eligible for re-election, provided always that all directors shall retire from office at least once every three years. Pursuant to Rule 720(5) of the Listing Manual, an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years. Mr. Tong Ian and Mr. Kevin Kang Kah Wee are due for retirement at the AGM and being eligible for re-election at the forthcoming AGM. The NC, having assessed their performance and contribution to the Board and the Company, has recommended the re-election of Mr. Tong Ian and Mr. Kevin Kang Kah Wee as a director of the Company at the forthcoming AGM.

REPORT ON **CORPORATE GOVERNANCE**

The NC has also reviewed the independence of the directors with reference to the Provision 2.1 of the Code and the Listing Manual, and has determined Ms. Lai Ven Li, Mr. Moey Weng Foong, Mr. Andrew Lim Cheong Seng, and Mr. Kevin Kang Kah Wee, to be independent. All directors are required to disclose to the NC whether they have any relationships 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 director's independent business judgement in the best interests of the Company. Consideration and assessment of the independence of each independent director is carried out during a meeting of the NC, whereby the directors are given an opportunity to raise any feedback during the meeting or to the Chairman of the NC.

The NC has also determined that the directors have been adequately carrying out their duties as directors, notwithstanding the number of listed company board representations and other principal commitments of each director. The NC took into consideration various factors, such as the respective director's record of attendance at the Company's Board and Board Committee meetings.

The Board believes that each director has to personally determine the demands of his or her competing directorships and obligations and assess how much time is available to serve on the Board effectively, and this determination would be based on various factors and not only the number of listed company board representations that the director has. Further, the NC from time to time assesses the independence of each director, the performance of the Board as a whole, and the contribution of each director to the effectiveness of the Board. For FY2025, the NC was satisfied that the directors who have multiple board representations have devoted sufficient time and attention to the affairs of the Group to discharge their duties as directors of the Company. Each director has control over their time, and there was a high rate of attendance at Board and Board Committee meetings. Accordingly, the NC and the Board have not set a maximum number of board representations a director may hold, and have not prescribed or adopted guidelines to address competing time commitments of directors on multiple boards.

No alternate directors have been appointed by the Board.

Each meeting of the NC was properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes was duly circulated to all members and the Board.

The information on each director's academic and professional qualifications, shareholdings, directorship and other principal commitments is presented in the "**Board of Directors**" and "**Directors' Statement**" sections of this Annual Report.

Summary of activities of the NC in FY2025 is set out below:

- Reviewed structure, size and composition of the Board and Board Committees.
- Reviewed independence and time commitment of Directors.
- Reviewed training for Directors.

REPORT ON **CORPORATE GOVERNANCE**

- Evaluated the Board, Board Committee, Chairman and individual Director's performance.

- Reviewed results of performance evaluation and feedback to the Chairman and Board Committees.

- Reviewed succession planning for Chairman, CEO and key management personnel.

Principle 5: Board Performance

The NC is responsible for, *inter alia*, assessing the effectiveness of the Board as a whole and its Board Committees, and the contribution by the Chairman and each director to the effectiveness of the Board. The NC has established processes including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual directors.

In respect of evaluating the effectiveness of the Board and Board Committees, each director is required to complete a board performance evaluation on a yearly basis. On the basis of returns submitted, a consolidated report will be presented to the NC for discussion, with a view to implementing recommendations to further enhance the effectiveness of the Board and/or the Board Committees.

In evaluating the performance of the Board and the Board Committees, the NC considers a set of objective performance criteria. Such objective performance criteria for the board evaluation are in respect of various aspects including board size and composition, board processes, board information and accountability and board performance in relation to discharging its principal functions and responsibilities for financial targets.

In respect of evaluating the contribution by the Chairman and each director to the effectiveness of the Board, each director is required to complete an evaluation form on a yearly basis. On the basis of returns submitted, a consolidated report will be presented to the NC for discussion.

In evaluating the performance of the individual directors, the NC considers a set of objective performance criteria, such objective performance criteria are in respect of various aspects including contribution at meetings, commitment of time, knowledge and skills, relevant experience and preparedness for meetings.

During FY2025, there was no change to the criteria used to evaluate the performance and effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of the Chairman and contribution by each individual Director to the effectiveness of the Board.

REPORT ON **CORPORATE GOVERNANCE**

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

As at the date of this report, the RC comprised three (3) directors, all of whom, including the chairman, are non-executive and independent directors.

The composition of the RC is as follows:

Mr. Moey Weng Foong	(Chairman)
Mr. Andrew Lim Cheong Seng	(Member)
Ms. Lai Ven Li	(Member)

The RC has its terms of reference defining its role which include the following:

(a) ensuring a formal and transparent procedure for developing policy on key management personnel remuneration and fixing the remuneration packages of individual directors;

(b) reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel, and also reviewing and recommending to the Board the specific remuneration packages for each director as well as for the key management personnel;

(c) reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;

(d) considering whether directors and key management personnel should be eligible for benefits under long-term incentive schemes, including share schemes;

(e) considering the use of contractual provisions to allow the Company to reclaim incentive components of remunerations 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;

(f) preparing a remuneration report annually providing clear disclosure of the Company's remuneration policy (including the link between remuneration paid to directors and key management personnel, and performance), level and mix of remuneration, and the procedure for setting remuneration, for recommendation to the Board;

(g) reporting to the Board its findings from time to time on matters arising and requiring the attention of the RC; and

(h) undertaking such other reviews, projects, functions, duties and responsibilities as may be requested by the Board.

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If necessary, the RC will seek expert advice from external remuneration consultants in determining the Group's remuneration policy above. The remuneration policy recommended by the RC is submitted for approval by the Board.

The RC reviews the reasonableness of the termination clauses of the contracts of service of executive directors and key management personnel. Where necessary, the RC obtains advice from external remuneration consultants for the Group's benchmarking of such contracts.

No remuneration consultants have been appointed for FY2025.

Having reviewed and considered the remuneration of the executive directors and the key management personnel, including the variable and discretionary component, which is moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

In addition, the executive directors owe fiduciary duties to the Company. The Company should be able to avail itself of remedies against the executive directors in the event of such breach of fiduciary duties.

Whilst the RC reviews the fees payable to non-executive directors to be recommended for shareholders' approval at the AGM, no member of the RC may by himself or herself decide on his or her own remuneration.

Principle 7: Level and Mix of Remuneration

In setting remuneration packages, the aim of the RC is to ensure that the level and structure of remuneration is aligned with the long-term interest and risk policies of the Company, and is appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. The RC takes into account the performance of the Group, as well as individual directors and key management personnel, aligning their interests with those of shareholders to maximise long-term shareholder value. Directors are paid director's fees, determined by the Board based on the effort, time spent and responsibilities of the directors. The RC aims to ensure that there is a formal and transparent procedure for developing a policy on executive remuneration and fixing the remuneration packages of individual directors. The RC also aims to ensure that non-executive directors are not overcompensated to the extent that their independence may be compromised. Directors' fees for directors are subject to the approval of shareholders at the annual general meeting.

The RC has approved a variable bonus system known as the Pay for Performance Remuneration Framework, for the executive directors and key management personnel, which takes into account a risk assessment matrix, and broad key performance indicators relating to the Group, such as the profit, rate of return and gearing. These performance conditions reflect the core values of the Group. The Company currently has an employee share option scheme known as the Avarga Group Employees' Share Option Scheme 2018 ("**Avarga Group ESOS 2018**"), which is intended to be a long-term incentive scheme.

REPORT ON CORPORATE GOVERNANCE

Principle 8: Disclosure on Remuneration

The remuneration of directors and top 5 key management personnel (who are not directors or the CEO) of the Group for FY2025 is set out below:

(a) Directors of the Company	Fees (S$)	Salary (S$)	Bonus (S$)	Benefits (S$)	Total (S$)
Mr. Tong Kooi Ong[2]	–	300,000	–	15,907	315,907
Mr. Tong Ian[3]	–	500,000	–	83,560	583,560
Mr. Moey Weng Foong	67,000	–	–	–	67,000
Mr. Andrew Lim Cheong Seng	70,000	–	–	–	70,000
Ms. Lai Ven Li	73,000	–	–	–	73,000
Mr. Kevin Kang Kah Wee	64,000	–	–	–	64,000

(b) Directors of Subsidiary, Taiga	Fees (C$)	Salary (C$)	Bonus (C$)	Benefits (C$)	Total (C$)
Mr. Tong Kooi Ong[2]	–	–	3,000,000[7]	–	3,000,000
Mr. Tong Ian[3]	–	–	1,000,000[7]	–	1,000,000
Mr. Garson David Lee	79,000	–	–	–	79,000
Mr. Jim Teh	76,500	–	–	–	76,500
Mr. Grant Sali[4]	55,000	–	297,891	–	352,891
Mr. Sylvester Ong Pang Koo	84,000	–	–	–	84,000
Mr. Brian Flagel[6]	15,250	–	–	–	15,250
Ms. Juliana Pauline Almeida[5]	56,250	–	–	–	56,250

Notes:

(1) 100% of the remuneration paid to the Non-Executive Directors is in the form of Directors fees, which are payable wholly in cash.

(2) Mr. Tong Kooi Ong was appointed Executive Director of Taiga on 6 May 2021. Breakdown of total remuneration (in percentage terms): Salary-10% and Bonus-90%.

(3) Mr. Tong Ian was appointed Executive Chairman of Taiga on 6 May 2021. Breakdown of total remuneration (in percentage terms): Salary-33%, Bonus-62%, and Benefits-5%.

(4) Mr. Sali was awarded a bonus for his services rendered in 2024 in his capacity as CEO of Taiga Ventures. These services included consulting management with regards to new business initiatives and strategies. Mr. Sali retired from the position of CEO of Taiga Ventures in April 2024. Breakdown of total remuneration (in percentage terms): Fees-16% and Bonus-84%.

(5) Ms. Almeida appointed to the Board on 8 May 2025.

(6) Mr. Flagel resigned as a director of Taiga effective as of 21 March 2025.

(7) After due and careful consideration, the independent directors of Taiga recommended the award of cash bonuses to each of Mr. Tong Kooi Ong and Mr. Tong Ian in recognition of their extraordinary contributions during 2025 rendered in their executive capacities as Executive Director and Executive Chairman of Taiga, respectively. With respect to Mr. Tong Kooi Ong, his cash bonus also reflects a special one-time award in recognition of the significant positive impact his leadership has had on advancing Taiga's strategic objectives, which has resulted in sustained long-term shareholder returns. In reaching this recommendation, the independent directors of Taiga considered a broad range of quantitative and qualitative factors, including, without limitation, Taiga's short- and long-term financial and operational results; key profitability, growth, and strategic direction and leadership, peer group benchmarking, the compensation awarded to the other members of Taiga's senior management and the significant positive impact of Mr. Tong Kooi Ong's and Mr. Tong Ian's leadership on advancing Taiga's business and stakeholder objectives during 2025. The independent directors also assessed additional metrics and considerations intended to promote alignment with long-term value creation and the achievement of strategic objectives.

REPORT ON **CORPORATE GOVERNANCE**

(c) Top 5 Key Management Personnel (who are not directors or the CEO)

Remuneration bands	Number
Less than S$250,000	1
S$250,001 to S$500,000	1
S$500,001 to S$750,000	1
S$1,250,001 to S$1,500,000	1
S$1,500,001 to S$1,750,000	1

Taking note of the highly competitive industry conditions, pressure in talent market and the sensitivity and confidentiality of remuneration matters, the Board decided not to disclose the remuneration of the top five key management personnel (who are not directors or the CEO) of the Group on a name basis. The Board is of the view that the disclosure of such information would not be in the interests of the Company as such information is confidential and sensitive, and may facilitate the solicitation of the key management personnel. The Company needs to maintain stability in the management team. The Company believes that shareholders' interest will not be prejudiced as a result of non-disclosure of at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 on a name basis as the Company has disclosed the remuneration framework adopted by the Company in arriving at the remuneration package of Directors and key management personnel.

Total remuneration paid to the top 5 key management personnel (who are not directors or the CEO) for FY2025 was approximately S$3,934,000.

The RC met once during the year to decide on directors' fees, review the remuneration packages of executive directors, assess the performance of senior management, and determine their compensation packages (including bonus awards) for FY2025. The RC's recommendations covered all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, and benefits-in-kind.

The names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2025 are set out below:

Between S$3,100,000 to S$3,200,000

Name	Designation	Relationship
Mr. Tong Kooi Ong	Executive Chairman	Substantial shareholder and father of Mr. Tong Ian (CEO/Executive Director)

REPORT ON **CORPORATE GOVERNANCE**

Between S$1,500,000 to S$1,600,000

Name	Designation	Relationship
Mr. Tong Ian	CEO/Executive Director	Son of Mr. Tong Kooi Ong (substantial shareholder and Executive Chairman)

The Group's remuneration framework comprises fixed pay and short-term and long-term incentives and is aimed to be aligned with the long-term interest and risk policies of the Group. The Group subscribes to linking remuneration to the performance of the Group, as well as individual directors and key management personnel, based on an annual appraisal of employees and using indicators such as competencies, key result areas, performance rating, and potential of the employees. Long-term incentive schemes are put in place to motivate and reward employees and align their interests with those of shareholders to maximise long-term shareholder value. Industry practices and norms are also taken into consideration. The RC has approved a variable bonus system known as the Pay for Performance ("**P4P**") Remuneration Framework, for the executive directors and key management personnel.

The RC believes P4P is a comprehensive and transparent compensation scheme, promoting performance and risk management, as well as aligning the interests of Management with shareholders.

The P4P scheme has a clear framework based on a risk assessment matrix that incorporates the earnings and operating outlook, risk profiles and the required rate of return for each of our business units.

At the beginning of each year, the RC discusses and recommends for the Board's approval the risk assessment matrix for the coming year, based on a number of factors including:

- The risk parameters for each business unit, taking into account earnings sustainability, performance risks, country risk and currency risk.

- The required rate of return for each risk profile, and consequently, the required rate of return for each business unit.

Multiplying this required rate of return with the capital employed for each business unit yields the overall weighted required rate of return for the Company. The prevailing risk-free rate is then added to this required rate of return for the Company, with adjustments for gearing.

Compensation for the Company's Management is based on exceeding this hurdle Rate of Return on Capital Employed, which in 2025 was calculated at 8.11% (8.78% in 2024).

The Company currently also has an employee share option scheme known as the Avarga Group ESOS 2018, which is intended to be a long-term incentive scheme. The Avarga Group ESOS 2018 was approved by the Company's shareholders at an extraordinary general meeting held on 27 April 2018. The Avarga Group ESOS 2018 is administered by the RC.

REPORT ON **CORPORATE GOVERNANCE**

The Avarga Group ESOS 2018 provides an opportunity for employees of the Group who have contributed significantly to the growth and performance of the Group, as well as executive directors who satisfy the eligibility criteria as set out in the rules of the Avarga Group ESOS 2018 ("**ESOS Rules**"), to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the Avarga Group ESOS 2018 will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

Under the Avarga Group ESOS 2018, any executive director or confirmed employee of the Group selected by the RC to participate in the Avarga Group ESOS 2018 in accordance with the ESOS Rules who have, among other things, been in the employment of the Group for a period of at least 12 months, or such shorter period as the RC may determine, shall be eligible to participate. Controlling shareholders and their associates are also eligible to participate in the Avarga Group ESOS 2018. Under the Avarga Group ESOS 2018, the number of shares comprised in options offered to a participant shall be determined at the absolute discretion of the RC, who shall take into account, where applicable, criteria such as the bonus earned by the participant in any particular year, rank, past performance, years of service and potential contribution of the participant.

The aggregate number of shares over which the RC may offer to grant options on any date, when added to:

(a) the aggregate number of new shares issued and issuable in respect of all other share-based incentive schemes of the Company (if any); and

(b) the number of treasury shares and subsidiary holdings delivered in respect of the options granted under all other share-based incentive schemes of the Company (if any),

shall not exceed 15% of the total issued shares (excluding treasury shares and subsidiary holdings) of the Company on the date immediately preceding the date of grant.

The aggregate number of shares over which the RC may offer to grant options to the controlling shareholders and their associates under the Avarga Group ESOS 2018, shall not exceed 25% of the shares available under the Avarga Group ESOS 2018, provided always that the number of shares available to each controlling shareholder or each of his associates shall not exceed 10% of the shares available under the Avarga Group ESOS 2018.

Subject to any adjustment pursuant to the ESOS Rules, the exercise price for each share in respect of which an option is exercisable shall be fixed by the RC at the market price as determined in accordance with the ESOS Rules.

The exercise price of the options is determined by the RC at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. For the avoidance of doubt, the exercise price shall not be at a discount to the market price. Options granted shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 100 shares or any multiple thereof), at any time, by an option holder during the exercise period.

REPORT ON CORPORATE GOVERNANCE

Options granted shall be exercisable during a period commencing after the fourth anniversary of the date of grant of the option and expiring on the tenth anniversary of the date of grant of the option, subject to the following:

(a) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the fourth anniversary of the date of grant of that option and ending on the fifth anniversary of the date of grant of that option;

(b) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the fifth anniversary of the date of grant of that option and ending on the sixth anniversary of the date of grant of that option;

(c) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the sixth anniversary of the date of grant of that option and ending on the seventh anniversary of the date of grant of that option;

(d) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the seventh anniversary of the date of grant of that option and ending on the tenth anniversary of the date of grant of that option;

provided always that all options shall be exercised by the tenth anniversary of the relevant date of grant, failing which all unexercised options shall immediately lapse and become null and void and a grantee shall have no claim against the Company.

A feature of the Avarga Group ESOS 2018 is that options may be exercised after a participant ceases to be employed by the Group (other than arising from misconduct on the part of the option holder (as determined by the RC in its absolute discretion)). This is because it is the Company's intention to use options to pay a portion of a participant's earned bonus entitlement instead of making such payment in cash, and the participant would in effect have paid for the option upon its grant since such option represents the consideration he receives for that part of his earned bonus entitlement.

In FY2025, no options were granted under the Avarga Group ESOS 2018. No options have been granted under the Avarga Group ESOS 2018 to date.

Summary of activities of RC in FY2025 is as follow:

- Reviewed remuneration packages of key management personnel and employees related to substantial shareholder which includes salary adjustments and bonus.

- Reviewed remuneration package of the Executive Directors which includes salary and bonus.

- Reviewed and recommended Directors' fees for approval of shareholders at the AGM.

REPORT ON **CORPORATE GOVERNANCE**

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board determines the Group's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems, to safeguard the interests of the Company and its shareholders.

The Board also reviews the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems annually. Such review is carried out internally.

For the financial year under review, the Board is of the view that the Group's internal controls (including financial, operational, compliance and information technology controls, and risk management systems) maintained by the Management that were in place throughout the financial year and up to the date of this Annual Report were adequate and effective, and provide reasonable, but not absolute, assurance against material financial misstatements or losses, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risk.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, the Board and the ARMC are of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, were adequate and effective as at 31 December 2025.

The Board, together with the ARMC and the Management, will continue to enhance and improve the existing internal control framework to identify and address critical and significant risks relating to financial, operational, compliance and information technology. The system of internal controls established by the Group provides reasonable, but not absolute, assurance that the Group's assets and investments are safeguarded. The likelihood of achieving the internal control objectives is affected by limitations inherent in all internal control and risk management systems. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgments in decision-making, human errors, losses, fraud, or other irregularities.

The Board has received assurance from the CEO/Executive Director and the Executive Chairman that, as at 31 December 2025, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received assurance from the CEO/Executive Director, President of Investments and Group Finance Manager, who are responsible, that the Group's risk management and internal control systems were adequate and effective as at 31 December 2025 to address the risks that the Group considers relevant and material to its operations.

REPORT ON CORPORATE GOVERNANCE

The ARMC has been tasked to assist the Board in carrying out its responsibility of overseeing the Group's risk management framework and policies adequately.

Principle 10: Audit and Risk Management Committee

As at the date of this report, the ARMC comprised four (4) directors, all of whom, including chairman, are non-executive and independent directors. The Chairman and all its members have recent and relevant accounting or related financial management expertise or experience.

As at the date of this report, the composition of the ARMC is as follows:

Ms. Lai Ven Li	(Chairman)
Mr. Moey Weng Foong	(Member)
Mr. Andrew Lim Cheong Seng	(Member)
Mr. Kevin Kang Kah Wee	(Member)

The ARMC has written terms of reference defining its role which include the following:

(a) review the scope and results of audit of the external audit and the independence (annually), its cost effectiveness and the objectivity of the external auditors;

(b) where the auditors also supply a substantial volume of non-audit services to the Company, the Committee shall keep the nature and extent of such services under review, seeking to maintain objectivity;

(c) meet with the external auditors and internal auditors without the presence of the Company's Management at least once a year:

- discuss problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss; and

- review the assistance given by Management to the auditors;

(d) determine the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;

(e) review, comment and report to the Board at least annually, the adequacy and effectiveness of the Company's risk management and internal controls system;

(f) ensure that the internal audit function is adequately resourced (staffed with persons with the relevant qualifications and experience), independent of the activities it audits and has appropriate standing within the Company;

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(g) review, at least annually, the adequacy and effectiveness of the internal audit function;

(h) review with the external auditors:

- the audit plan, including the nature and scope of the audit before the audit commences;
- their evaluation of the system of internal accounting controls;
- their audit report; and
- their management letter and Management's response;

(i) to ensure co-ordination where more than one audit firm is involved;

(j) to review the half yearly and annual financial statements before submission to the Board for approval, focusing in particular, on:

- changes in accounting policies and practices;
- major risk areas;
- significant adjustments resulting from the audit;
- the going concern statement;
- compliance with accounting standards; and
- compliance with stock exchange and statutory/regulatory/requirements;

(k) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(l) review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement or any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;

(m) review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(n) review interested person transactions, if any, as defined under the requirements of the Listing Manual;

REPORT ON **CORPORATE GOVERNANCE**

(o) report to the Board its findings from time to time on matters arising and requiring the attention of the ARMC;

(p) undertake such other reviews and projects as may be requested by the Board;

(q) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors; and

(r) disclose the following information in the Company's annual report:

- names of the members of the ARMC;
- details of the ARMC's activities;
- number of ARMC meetings held in that year; and
- the attendance of individual directors at such meetings.

In FY2025, the ARMC performed activities set out above.

The ARMC has the authority to conduct or authorise investigations into any matter within its terms of reference, full access to and cooperation of the Management, and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly. Management is invited to attend all meetings of the ARMC.

The ARMC also conducted a review of the Group's interested person transactions.

In performing its functions, the ARMC and the Audit Committee of the Group's significant subsidiary, Taiga met with its external auditors and the internal auditors, where applicable, at least annually, each without the presence of Management. The external auditor has unrestricted access to the ARMC. Reasonable resources were made available to the ARMC to enable it to discharge its functions properly.

The external auditors periodically provide briefings to members of the ARMC in relation to updates on changes in accounting standards and treatment, and their corresponding impact on financial statements, if any.

REPORT ON **CORPORATE GOVERNANCE**

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "**Independent Auditor's Report**" which is found in this Annual Report. During the year under review, the remuneration paid or payable to the Company's external auditors, CLA Global TS Public Accounting Corporation ("**CLA Global TS**") (including as auditor of subsidiary corporations by the network of member firms of CLA Global), is set out below:

Service Category	**Fees Paid/Payable (S$'000)**
Audit Service	96
Non-Audit Service	21
Total Fees	117

The ARMC, having reviewed all non-audit services provided by the external auditors of the Company, CLA Global TS, is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors and recommends to the Board, the nomination of the external auditors for re-appointment.

The external auditor of Taiga Building Products Ltd, a significant subsidiary of the Company, is DMCL LLP ("**DMCL**") (formerly known as Dale Matheson Carr-Hilton Labonte, LLP). During the year under review, the remuneration paid or payable to DMCL is set out below:

Service Category	**Fees Paid/Payable (S$'000)**
Audit Service	486
Non-Audit Service	98
Total Fees	584

The external auditor of UPP Pulp & Paper (M) Sdn Bhd, a subsidiary of the Company, is Deloitte Malaysia PLT ("**Deloitte Malaysia**") (formerly known as Deloitte PLT, Malaysia). During the year under review, the remuneration paid or payable to Deloitte Malaysia is set out below:

Service Category	**Fees Paid/Payable (S$'000)**
Audit Service	17
Non-Audit Service	19
Total Fees	36

The Company's external auditors, CLA Global TS, is an accounting firm registered with the Accounting and Corporate Regulatory Authority ("**ACRA**") and approved under the Accountants Act. Taking into account the Audit Quality Indicators Disclosure Framework issued by ACRA and CLA Global TS' other auditing engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the audit, the Board and the ARMC is satisfied that CLA Global TS and the audit engagement director assigned

REPORT ON **CORPORATE GOVERNANCE**

to the audit have adequate resources and experience to meet its audit obligations and the appointments of different auditing firms for its subsidiaries have not compromised the standard and effectiveness of the audit of the Group and the Company. In this connection, the Company confirms that it is in compliance with Rules 712 and 715 of the Listing Manual.

The ARMC does not comprise former partners or directors of the Group's auditing firm.

The Group has adopted a Code of Business Conduct to regulate the standards of ethical conduct of the Group, which provides that its directors, officers and employees are required to observe and maintain high standards of integrity in compliance with the law, regulations and Group policies.

The Group has introduced a whistle-blowing framework, where employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters to the ARMC. The ARMC has ensured that arrangements are in place for concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The Group commits to ensure protection of the whistleblower against detrimental or unfair treatment. Details of the whistle-blowing policies and arrangement were made available to all employees. The Group's whistle-blowing policy can be retrieved from its website. The Group seeks to continuously improve on and increase the effectiveness of its whistle-blowing measures. As at the date of this report, there was no whistle-blowing report received.

The Group recognises the importance of the internal audit function as an integral part of an effective system of good corporate governance. The Group has established and maintains on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. The internal audit function is independent of Management. The internal auditor has a direct and primary reporting line to the Chairman of the ARMC, with administrative reporting to the CEO/Executive Director.

The internal audit function assists the ARMC and the Board in monitoring risks and internal controls of the Group. The internal audit function is carried out by persons with the relevant qualifications and experience, is adequately resourced and has appropriate standing within the Company. The internal audit schedules and scope of internal audit work each year are determined in consultation with, but independent of, Management and are submitted to the ARMC for approval.

Where outsourced internal audit services are required to supplement the internal audit work for the financial year, the appointment of the internal audit firm to perform such services is approved by the ARMC. For FY2025, no internal audit firm was appointed by the Group to perform internal audit services. The internal audit function of the Company's significant subsidiary corporation, Taiga, is undertaken by the Internal Audit department, headed by the Manager of Internal Audit & Process Control. The head of internal Audit at Taiga graduated with a Bachelor of Business Administration degree from the University of the Fraser Valley in June 2009 and is a Chartered Accountant and a Chartered Professional Accountant. He joined Taiga in late 2019, in the current role. He has more than 14 years of experience as an auditor and internal auditor, having worked at companies such as PricewaterhouseCoopers and Paper Excellence/Catalyst Paper before joining Taiga. The internal audit charter ensures the internal audit department has full access to all documents, records, properties and personnel of the Group, including the ARMC, and has appropriate standing within the Group.

REPORT ON **CORPORATE GOVERNANCE**

The Group's internal auditors for FY2025 are guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors in carrying out their internal audit.

The ARMC reviews the adequacy and effectiveness of the internal audit function of the Company at least annually during a meeting of the ARMC. For FY2025, the ARMC is of the view that the internal audit function is independent, effective and adequately resourced.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings
Principle 12: Engagement with Shareholders

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the share price or value.

Annual general meeting is the principal forum for dialogue with shareholders. The Board welcomes questions and comments relating to the Group's business or performance from shareholders at annual general meetings. Shareholders are given an opportunity to air their views and direct questions to the Board on matters affecting the Group. The Chairman of the Board and the respective Chairman of the ARMC, NC and RC, all other directors, Management and representatives of the external audit firm are normally present at the annual general meeting to address questions from shareholders. Details of the directors' attendance at general meetings held during the financial year is provided under Principle 13 of this Annual Report.

The Company tables separate resolutions at general meetings on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. Shareholders will be informed of the procedures, including voting procedures that govern general meetings of shareholders. All resolutions are put to vote by poll and where a resolution has been put to vote, the Company will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

The Constitution currently does not allow a shareholder to vote in absentia at general meetings, except through the appointment of a proxy, attorney or in the case of a corporation, a corporate representative to cast their vote in their stead. Minutes of general meetings are prepared and available to shareholders upon their request in accordance with applicable laws.

The Company also encourages active shareholder participation at its general meetings. Notices of meetings are published at the URLs *https://www.sgx.com/securities/company-announcements* and *http://www.avarga.com.sg/investor-relations/sgx-announcements/together* with explanatory notes or a circular on items of special business, at least fourteen (14) clear days before the meeting. Reports or circulars of the general meetings are despatched to all shareholders by electronic transmission in accordance with the Companies Act, the Listing Manual, and the Constitution.

REPORT ON CORPORATE GOVERNANCE

The Board is aware of its obligations to shareholders and has devised investor relations policies to provide regular, effective and fair communication and convey pertinent information to shareholders. In line with continuous disclosure obligations of the Company pursuant to the Listing Manual, the Board's policy is that all shareholders should be equally and timely informed of all major developments and events that impact the Group. Information/annual reports/circulars/notices of general meeting are communicated to shareholders through public announcements via SGXNET and/or news release where appropriate. The Group does not practice selective disclosure of material information. Material information is excluded from briefings with investors or analysts, unless it has been publicly released via SGXNET before, or concurrently with, such meetings. Where there is inadvertent disclosure made to a selected group, the Group makes the same disclosure publicly to all others as soon as practicable.

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communications with shareholders. The investor relations policy also explains that shareholders with questions may contact the Investor Relation Officer by email to *admin@avarga.com.sg*. Through that contact, the Company may respond to such questions.

For FY2025, the Company has paid total interim dividend of S$1.20 per share on 25 August 2025.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Board adopts a balanced approach towards the needs and interests of key stakeholders, taking into account the best interests of the Company.

To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET. Shareholders are also informed of rules, including voting procedures that govern the general meeting. The Company maintains a current corporate website, *http://www.avarga.com.sg/* to communicate and engage with stakeholders.

The Annual Reports sets out the Group's strategy and key areas of focus in managing stakeholder relationships.

REPORT ON **CORPORATE GOVERNANCE**

CORPORATE INFORMATION AND ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF DIRECTORS SEEKING FOR RE-ELECTION

Particulars of Directors as at 1 January 2026

Name of Directors	Board Committees as Chairman or Member	Directorship: Date first appointed Date last re-elected	Board appointment	Directorship in other listed companies in Singapore (present)	Directorship in other listed companies in Singapore (held over preceding 3 years)
Mr. Tong Kooi Ong	–	15 March 2012 25 April 2025	Executive Chairman	Thomson Medical Group Limited	–
Mr. Tong Ian	–	7 March 2017 28 April 2023	Chief Executive Officer/Executive Director	–	–
Ms. Lai Ven Li	Chairman: ARMC Member: RC and NC	1 January 2024 18 April 2024	Lead Independent Director	ICP Ltd.	3Cnergy Limited
Mr. Moey Weng Foong	Chairman: RC Member: ARMC	27 June 2020 18 April 2024	Independent Director	–	–
Mr. Andrew Lim Cheong Seng	Chairman: NC Member: ARMC and RC	1 January 2023 25 April 2025	Independent Director	–	–
Mr. Kevin Kang Kah Wee	Member: ARMC and NC	1 January 2024 18 April 2024	Independent Director	–	–

REPORT ON CORPORATE GOVERNANCE

Directors standing for re-election at the AGM

The following information relating to Mr. Tong Ian and Mr. Kevin Kang Kah Wee, each of whom is standing for re-election as a director in accordance with the Constitution, is provided pursuant to Rule 720(6) of the Listing Manual.

Name of Director	**Mr. Tong Ian**	**Mr. Kevin Kang Kah Wee**
Date of Appointment	7 March 2017	1 January 2024
Date of last re-appointment (if applicable)	28 April 2023	18 April 2024
Age	39	53
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The NC noted that in accordance with the Constitution, Mr. Tong Ian shall be required to retire at this Annual General Meeting. Mr. Tong Ian agreed to retire and stand for re-election. The NC approved the re-election and re-nomination of Mr. Tong Ian.	The Board has considered the NC's recommendation and assessment of Mr. Kevin Kang Kah Wee's qualification, expertise, and experience, and is satisfied that his reappointment as an independent director, member of ARMC and NC will be beneficial to the Board and to the Company.
Whether the appointment is executive, and if so, the area of responsibility	Executive 1. To oversee the business and operations of Taiga Building Products Ltd. 2. To explore business opportunities and investments in North America, Europe and elsewhere. 3. To participate in general operational matters of the Company.	Non-Executive, Independent Director
Job Title	Chief Executive Officer and Executive Director	Independent Director, Member of ARMC and NC

REPORT ON **CORPORATE GOVERNANCE**

Name of Director	**Mr. Tong Ian**	**Mr. Kevin Kang Kah Wee**
Professional qualifications	Bachelor of Arts in Sociology from Trinity Western University and a Masters in Management from Sauder School of Business, University of British Columbia, Canada	Bachelor of Commerce from University of Melbourne, Australia Master of Business Administration (MBA) from Melbourne Business School Member of the Institute of Chartered Accountants (Australia)
Working experience and occupation(s) during the past 10 years	Please refer to the "**Board of Directors**" section of this Annual Report	Please refer to the "**Board of Directors**" section of this Annual Report
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Son of Mr. Tong Kooi Ong (Executive Chairman, and substantial shareholder)	No
Conflict of interest (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 Company	Yes	Yes
Other Principal Commitments including Directorships – Past (for the last 5 years) and Present	**Past directorships:** 1. Source Certain International Pty Ltd 2. UPP Investments Luxembourg S.á.r.l. 3. TGC Investments Ltd 4. Genghis Investments Ltd 5. Olivia Holdings Pte Ltd 6. 3C Med Sdn Bhd 7. Old Skool Ventures Limited 8. UPP Greentech Pte Ltd	

REPORT ON **CORPORATE GOVERNANCE**

Name of Director	Mr. Tong Ian	Mr. Kevin Kang Kah Wee
	Present directorships: 1. Seed2tree.com Pte Ltd 2. Phileo Capital Pte Ltd 3. Phileo Group Pte Ltd 4. The Edge Media Group Pte Ltd 5. The Edge Property Pte Ltd 6. Anything Finder Pte Ltd 7. Axio Developments Ltd 8. Phileo Development Ltd 9. Phileo Group Holdings Ltd 10. Taiga Building Products Ltd 11. Avarga Canada Limited 12. Taiga Building Products (Singapore) Pte Ltd 13. UPP Pulp & Paper (M) Sdn Bhd 14. UPP Industries Pte Ltd 15. Avarga Investment Pte Ltd 16. Phileo Capital Limited 17. 3Cs Investments Ltd 18. Publiq Development Group Sdn Bhd 19. Potensi Laris Sdn Bhd 20. financialzoo Limited 21. Cluster SG Pte Ltd 22. The Calla Project Pte Ltd	**Present directorships:** 1. HThree Capital Pte. Ltd. 2. HThree City Australia Pte. Ltd. 3. Holland Hill Holdings Private Limited 4. HThrree City ACF3 GP Pte. Ltd. 5. HThree City ACF3 MSPV Pte. Ltd. 6. HThree City Jade Pte. Ltd. 7. HThree ACF3 Head Pty Ltd 8. HThree ACF3 Sub Pty Ltd
Disclosure on the following matters concerning the Director:		
(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

REPORT ON **CORPORATE GOVERNANCE**

Name of Director	Mr. Tong Ian	Mr. Kevin Kang Kah Wee
(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

REPORT ON **CORPORATE GOVERNANCE**

Name of Director	Mr. Tong Ian	Mr. Kevin Kang Kah Wee
(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
(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

REPORT ON **CORPORATE GOVERNANCE**

Name of Director	Mr. Tong Ian	Mr. Kevin Kang Kah Wee
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(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	No	No

REPORT ON **CORPORATE GOVERNANCE**

Name of Director	Mr. Tong Ian	Mr. Kevin Kang Kah Wee
(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	No	No
(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,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(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
(Applicable to appointment of director only) Any prior experience as a Director of an issuer listed on the Exchange?	Not applicable	Not applicable

The information on each director's academic and professional qualifications, working experience, shareholdings, directorship and other principal commitments is presented in the "**Board of Directors**" and "**Directors' Statement**" sections of this Annual Report.

REPORT ON CORPORATE GOVERNANCE

Attendance at Board, Board Committees and General Meetings during the financial year ended 31 December 2025

	Board		ARMC		NC		RC		AGM	
Directors	No.of Meetings held	Attendance	No. of Meetings held	Attendance	No. of Meetings held	Attendance	No. of Meetings held	Attendance	No. of Meetings held	Attendance
Mr. Tong Kooi Ong	2	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	1
Mr. Tong Ian	2	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	1
Ms. Lai Ven Li	2	2	2	2	1	1	1	1	1	1
Mr. Moey Weng Foong	2	2	2	2	N.A.	N.A.	1	1	1	1
Mr. Andrew Lim Cheong Seng	2	2	2	2	1	1	1	1	1	1
Mr. Kevin Kang Kah Wee	2	2	2	2	1	1	N.A.	N.A.	1	1

DEALING IN SECURITIES

In line with Rule 1207(19) of the Listing Manual, the Group has issued a policy on share dealings by the Company and the directors and key officers of the Group, setting out the implications of insider trading and recommendations of the best practices set out in Rule 1207(19) of the Listing Manual. The Group adopts a code of conduct to provide guidance to its directors and officers with regard to dealing by the Company and its directors and officers in the Company's shares, which includes an annual declaration by the Company's directors and officers with regard to securities trading and disclosure by the Company's directors and officers when they deal in the Company's shares. In addition, the policy also states that an officer should not deal in the Company's securities on short-term considerations.

The Group also issues periodic circulars to its directors, officers and employees reminding them that there must be no dealings in the Company's shares during the period commencing one (1) month before the announcement of the Group's half yearly and full year financial results, as the case may be, and if they are in possession of unpublished material and price-sensitive information.

The Company has complied with Rule 1207(19) of the Listing Manual.

REPORT ON CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

The Group has not obtained a general mandate from shareholders for interested person transactions.

The Group has no interested party transaction entered into or with value more than S$100,000 during the financial year.

UPDATE ON USE OF PROCEEDS

Bonus Share Warrants

As announced on 13 February 2017, the Company issued and allotted 836,667,121 free bonus warrants to shareholders on the basis of one (1) warrant for every one (1) existing ordinary share pursuant to a bonus warrants issue approved at the extraordinary general meeting held on 31 January 2017. The bonus warrants carried the right to subscribe for one (1) new share at the exercise price of S$0.37 for each new share and were listed and quoted on the SGX-ST on 16 February 2017.

As announced on 5 October 2016, the bonus warrants were issued in registered form and constituted by a deed poll setting out the terms and conditions of the Warrants (the "**Deed Poll**"). Each bonus warrant, subject to the terms and conditions in the Deed Poll, carry the right to subscribe for one (1) new share at the exercise price during the period commencing on and including the date six (6) months from the date of listing of the bonus warrants on the Official List of Singapore Exchange Securities Trading Limited and expiring at 5.00 p.m. on the market day immediately preceding the third (3rd) anniversary of the date of issue of the bonus warrants, unless such date is a date on which the register of members of the Company is closed or is not a market day, in which event the bonus warrants shall expire on the date prior to the closure of the register of members of the Company or on the immediately preceding market day, as the case may be (the "**Exercise Period**").

On 12 February 2020, the outstanding bonus warrants of 836,627,900 had expired.

As at 13 February 2020, the Company has issued 39,221 ordinary shares arising from the exercise of bonus warrants at S$0.37 per share.

The total proceeds received by the Company is approximately S$15,000.

The Board will continue to make periodic announcements on the utilisation of the proceeds arising from the exercise of warrants until the whole of the proceeds has been fully disbursed.

REPORT ON **CORPORATE GOVERNANCE**

CORPORATE SOCIAL RESPONSIBILITY

We are committed to positively impacting those around us and contributing to the broader communities in which we operate, and society as a whole.

The Group's Corporate Social Responsibility ("**CSR**") efforts have been largely focused on Myanmar, where we owned and operated a power plant from 2014 until its divestment in 2024. Over the past decade, we have helped two schools in Myanmar, with a primary focus on a government primary school near our power plant, No. 16 Basic Education Primary School, Insein township, which is home to over 800 students.

Since 2015, our CSR efforts in Myanmar include building an airconditioned multi-media hall and equipping it with computers, accessories, desks and chairs; replacing the school's old furniture with new desks and chairs, building a new school building, building a new school hall and library; replacing the school's parameter walls and donating new uniforms, books and bags to the school's students.

Over the years, we have also made CSR contributions towards the communities surrounding our power plant. These include repairing water tanks, donating oxygenators and making contributions towards victims of natural disasters.

With the sale of the power plant in 2024, we have since ceased our CSR activities in Myanmar.

In Malaysia, UPP Pulp & Paper (M) Sdn Bhd contributed towards The Edge Covid-19 Equipment Fund in 2020. The fund aimed to raise donations from the corporate sector to buy medical equipment such as ventilators, protective suits and masks, to assist Malaysia's medical facilities and healthcare workers.

We have also donated RM60,000 over 2020-2021 to Persatuan Kebajikan Amal Da Ai Malaysia, a non-profit charitable childcare centre looking after mentally and physically handicapped children.

In 2022-2024, due to the large losses incurred by UPP Pulp and Paper (M) Sdn Bhd, we did not undertake major CSR activities in Malaysia, as we focused instead on restructuring our business.

In 2025, we donated RM50,000 to Yayasan Budi Penyayang Malaysia (PENYAYANG). PENYAYANG is a charity foundation dedicated to providing assistance to all Malaysians in need, regardless of colour, race or creed. Forms of assistance range from deploying funds for the less fortunate and needy to providing aid for education, and carrying out constructive programmes for the betterment of Malaysian society.

In Singapore, we have donated a total of S$250,000 from 2018-2022, comprising annual donations of S$50,000 per year over 5 years, to the Singapore National Gallery to support and promote Singapore's arts and cultural heritage.

REPORT ON **CORPORATE GOVERNANCE**

In 2025, we are proud to support the academic journey of a promising student pursuing a Bachelor of Science in Philosophy, Politics and Economics (PPE) at University College London (UCL). Through the sponsorship of tuition fees, we aim to empower the next generation of critical thinkers and changemakers, while reaffirming our commitment to investing in education and future leadership.

In Canada, Taiga Building Products created the Taiga Community Fund to support customers and organisations in need through difficult times. The fund has made donations to recipients in every province in Canada, including Abbotsford Food Bank, Kelowna's Women's Shelter and Coast Mental Health in British Columbia, the Arthouse for Children and Youth and Children's Aid Foundation of Halton in Ontario; and the Big Brothers Big Sisters Foundations in both Nova Scotia and Prince Edward Island. We also provide scholarships to the children of our employees.

Taiga Building Products had made some significant donations in 2022 to various projects and initiatives in its communities, including C$30,000 to the Canadian Red Cross in support of the Hurricane Fiona recovery efforts in the Atlantic Region, C$10,000 to the Vancouver General Hospital Foundation, C$10,000 to the BC Children's Hospital Oncology, and C$8,000 to the Blind Beginnings Gala, a local charity for blind youth.

In 2023, donations totaling over C$114,000 were contributed by Taiga Building Products in Canada alone, with significant support directed towards various community projects and initiatives. Among these contributions were C$20,000 directed to the Canadian Red Cross for aiding wildfire relief efforts in Alberta, C$10,000 each to the Red Cross and the Fondation Charles-Bruneau, which focuses on providing care for children with cancer in Quebec.

We also made a substantial donation of C$52,808 to Habitat for Humanity Halton-Mississauga. This non-profit organization collaborates with communities to construct homes for local families in need of affordable housing. In the US, Taiga Building Products contributed a total of US$14,000 in various donations. This included US$4,000 directed towards the Panther Foundation, and US$2,500 allocated to the Boys & Girls Clubs of Southwest Washington.

In 2024, donations in Canada totaled C$265,301. Notable contributions include C$104,799 to Habitat for Humanity Halton/Mississauga, C$101,288 to Habitat for Humanity Canada, and C$22,306 to Habitat for Humanity Edmonton. In the US, donations amounted to US$3,998, which includes a US$2,500 contribution to Read Northwest.

In 2025, Taiga Building Products continued its commitment to community support through charitable contributions totalling approximately C$199,039 in Canada. The majority of these donations, approximately C$154,000, were directed to Habitat for Humanity, a global movement working in Canada and around the world to make safe and affordable homeownership accessible to more families.

Additional significant contributions included C$20,000 to the Canadian Red Cross Society, supporting humanitarian relief and emergency response efforts, C$15,000 to the Rona Foundation, which focuses on improving living conditions and supporting community development initiatives across Canada, and US$1,500 to the Washougal Fire Department in the US, supporting its vital emergency response services and commitment to community safety.

SUSTAINABILITY **REPORT**

THE BOARD'S STATEMENT

Dear Stakeholders,

The Board of Directors (the "**Board**") is pleased to present Avarga Limited's ("**Avarga**" and together with its subsidiaries, the "**Group**") annual Sustainability Report, which outlines the Group's sustainability strategy, priorities, and performance for the financial year. Operating across multiple geographies and within the building materials and portfolio investment sectors, the Group recognises that its activities have significant environmental, social, and economic impacts. Sustainability therefore remains integral to Avarga's long-term strategy, resilience, and value creation, and continues to be embedded across our operations and decision-making processes.

During the year, the Group operated in a challenging macroeconomic environment, particularly within the building products segment, which experienced modest revenue pressures. The Board has worked closely with management to address these challenges through disciplined cost management, operational efficiencies, and prudent capital allocation, while remaining attentive to commodity price volatility. At the same time, we continue to place strong emphasis on our people, investing in training, skills development, and career progression to ensure our workforce remains capable and adaptable in an evolving business landscape. We are encouraged by the Group's continued strong compliance performance, reflected in the absence of significant regulatory penalties and the low incidence of reportable cases.

The Board retains ultimate accountability for the Group's sustainability and climate-related matters. This includes oversight of sustainability governance, the identification and review of material Environmental, Social, and Governance ("**ESG**") topics, and the monitoring of performance against established targets. An annual review is conducted to ensure the ongoing relevance of the Group's material sustainability issues, taking into consideration stakeholder expectations and emerging risks and opportunities. In fulfilling our responsibilities, we seek to balance the interests of shareholders with those of employees, customers, suppliers, business partners, and the communities in which we operate, while contributing positively to environmental and social outcomes. Further details on our governance approach are set out in the Sustainability Governance Structure section of this report.

The Board would like to extend its appreciation to our employees, shareholders, business partners, and stakeholders for their continued trust and support. With their collective commitment, Avarga will continue to advance its sustainability agenda and strengthen the foundations for long-term, responsible growth.

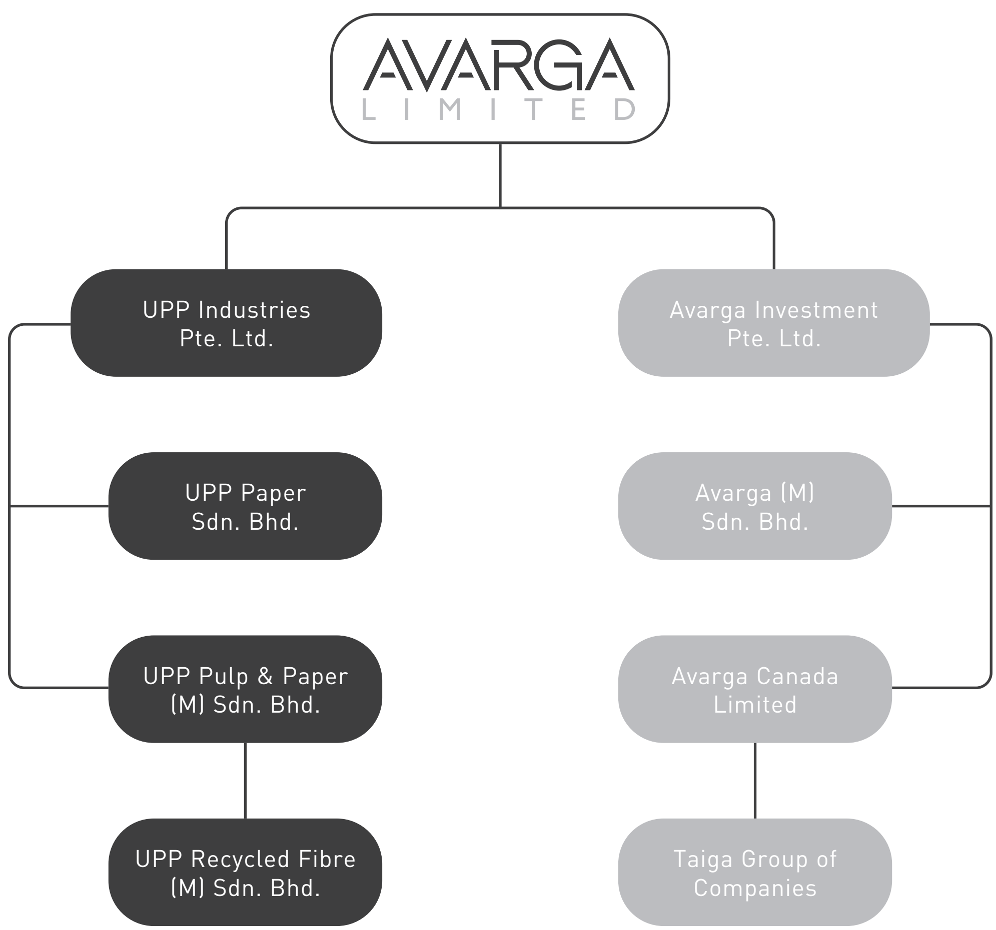
Sincerely,
The Board of Directors

SUSTAINABILITY **REPORT**

ABOUT THE REPORT

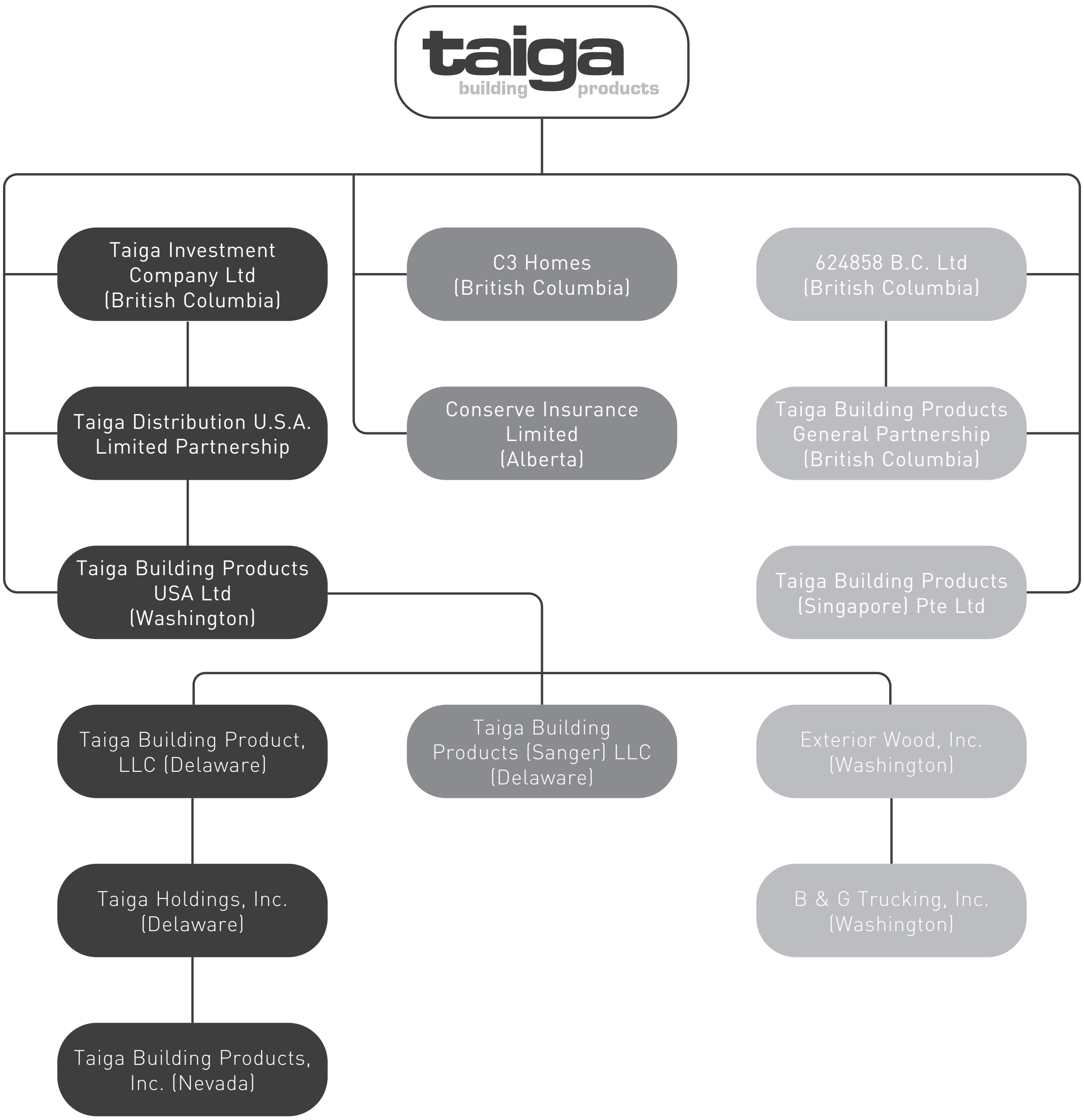
Reporting Period and Scope

This report offers a comprehensive review of the Group's ESG policies, practices, and performance for the reporting period from 1 January 2025 to 31 December 2025 ("**FY2025**"). It covers all subsidiaries within the Group's structure as at 31 December 2025, as listed below. The Group is headquartered in Singapore, with operations in Malaysia, Canada, and the United States. The latest group structure is outlined as follows:



SUSTAINABILITY **REPORT**

The Taiga Group of Companies consist of the following entities:



SUSTAINABILITY **REPORT**

Reporting Framework

This report is prepared with reference to the Global Reporting Initiative ("**GRI**") Universal Standards 2021. These standards were selected for their comprehensive principles and detailed guidelines, which are widely recognised as representing best practices in international sustainability reporting.

The report also meets the requirements of the Singapore Exchange Limited ("**SGX-ST**") Listing Manual Section A: Mainboard's Rules 711A and 711B, which set out the principal components of a sustainability report on a 'comply or explain' basis.

In addition, in line with SGX regulations, scope 1 and 2 emissions disclosures are provided in accordance with the International Financial Reporting Standards ("**IFRS**") S2 Climate-related Disclosures issued by the International Sustainability Standards Board ("**ISSB standards**"). The Group intends to progressively implement climate reporting that is fully aligned with the ISSB standards by FY2030.

Data Assurance

While external assurance has not been sought, we have applied the following reporting principles to ensure the quality and proper presentation of the reported information:

Accuracy	To present accurate and sufficiently detailed information for stakeholders to better assess the Group's ESG performance
Balance	To provide a fair representation of the Group's negative and positive impacts in an unbiased manner
Clarity	To report on information in a way that is accessible and understandable
Comparability	To allow our stakeholders to assess our current impacts against our past performance as well as our goals and targets
Completeness	To include all information which is relevant to our present activities, events, and impacts within the present reporting period
Sustainability Context	To report on our impact within the wider context of sustainable development
Timeliness	To publish an annual sustainability report within four months after our financial year end
Verifiability	To gather, record, compile, and analyse information in a way that allows for internal and external assurance

Accessibility & Feedback

The sustainability report can be found in our Group's Annual Report 2025 accessible via http://www.avarga.com.sg/investor-relations/annual-reports/. We actively seek and appreciate input from our stakeholders concerning the Group's sustainability initiatives and related disclosures. Please direct your feedback and inquiries to: http://www.avarga.com.sg/contact-us/.

SUSTAINABILITY **REPORT**

ORGANISATIONAL PROFILE

Avarga Limited, formerly known as UPP Holdings Limited, has maintained its status as a listed company on the Main Board of SGX-ST since 15 October 1980. As an investment holding company, the Group operates in two principal business segments:

Portfolio Investment (Malaysia): UPP Pulp & Paper (M) Sdn Bhd ("UPP")

Following the cessation of the paper business during the financial year, the principal business activity of UPP has been changed to portfolio investment. The company invests globally across a range of asset classes and manages its portfolio to balance opportunities with risk. In addition, UPP pursues strategic investments in listed and unlisted companies to enhance long-term value creation.

Building Materials Distribution (Canada and USA): Taiga Building Products Ltd ("Taiga")

Taiga is a publicly listed company on the Toronto Stock Exchange and is Canada's largest wholesale distributor of building materials, products, and related services. The company operates four wood preservation facilities and manages 18 distribution centres across Canada and the United States, supported by six reload stations in the eastern United States. Leveraging this extensive operational network, Taiga remains a significant participant in the North American building materials market.

SUSTAINABILITY **REPORT**

Membership of Associations

To maintain alignment with industry best practices, we regularly collaborate with our industry associations. Through knowledge exchange and constructive dialogue with fellow members, we are able to identify and implement effective solutions to address complex challenges.

Entity	Industry Associations
Taiga Building Products Ltd	• Western Retail Lumber Association • American Wood Protection Association • Canadian Wood Council

Awards and Accreditations

Awards	Description
Friend of the Arts (Organisation) issued by National Arts Council	Established in 1983, the Patron of the Arts Award recognises organisations and individuals for their significant contributions to the development and advancement of the arts. Through the generous support of patrons – whether via financial contributions, the provision of resources, the sharing of expertise, or the dedication of time – Singapore's arts landscape has achieved meaningful growth and sustained progress.
Securities Investors Association Singapore ("SIAS") Investors' Choice Awards 2021	The Singapore Corporate Governance Award ("**SCGA**") 2021, Runner Up for Small Cap Category.
SIAS Investors' Choice Awards 2023	The SCGA 2023 recognises the Group's outstanding performance in corporate governance and its strong commitment to sustainability practices.

SUSTAINABILITY **REPORT**

SUPPLY CHAIN MANAGEMENT

The Group is dedicated to executing sustainable and efficient approaches in resource management, supply chain operations, and logistics. Establishing robust, collaborative relationships with suppliers is essential for minimising disruptions and ensuring the prompt delivery of superior products and services to our customers.

We are committed to sourcing from suppliers who demonstrate ethical practices, responsibility, and cost-effectiveness. To address the distinct requirements of Avarga's diverse business units, we employ a meticulous selection process involving comprehensive due diligence and performance evaluations to confirm compliance with our stringent sourcing criteria. Additional information on each of our core business areas is outlined below.

Portfolio Investment (Malaysia)

During the financial year, UPP has changed its principal business from paper manufacturing to portfolio investment. This strategy offers liquidity, flexibility and serves as a bridge to potential future investment opportunities. By investing globally across asset classes, with a primary focus on listed equities, UPP aims to generate attractive returns and consider strategic stakes in both listed and unlisted companies over time.

Building Materials Distribution (Canada and USA)

Taiga has established an extensive network of suppliers through long-term partnerships that reflect the company's operational scale and objectives. By streamlining bulk shipments, Taiga effectively reduces distribution costs and expands market access for its suppliers, thereby minimising their overall risk exposure. Furthermore, Taiga is committed to delivering comprehensive marketing and product support to its suppliers to facilitate shared success.

SUSTAINABILITY **REPORT**

SUSTAINABILITY GOVERNANCE

The Group recognises that robust sustainability governance is crucial for successfully integrating sustainable practices throughout its operations. The Board is responsible for overseeing the Group's sustainability strategy and performance, which includes regularly reviewing and approving sustainability goals, targets, and initiatives. The Board consists of six members, including four independent directors, four non-executive directors, and one female director.

Name	Designation	Date of Appointment
Tong Kooi Ong	Executive Chairman	15 March 2012
Tong Ian	Chief Executive Officer and Executive Director	7 March 2017
Lai Ven Li	Lead Independent Director	1 January 2024
Moey Weng Foong	Independent Director	27 June 2020
Andrew Lim Cheong Seng	Independent Director	1 January 2023
Kevin Kang Kah Wee	Independent Director	1 January 2024

The Group's senior management team is committed to continuously overseeing and managing sustainability risks and opportunities with diligence and effectiveness.

Comprehensive details concerning our nomination and selection procedures, along with remuneration policies, can be found in the "**Report on Corporate Governance**" section on pages 10 to 46 of the Annual Report.

SUSTAINABILITY **REPORT**

STAKEHOLDER ENGAGEMENT

Active engagement with stakeholders is crucial to advancing our sustainability initiatives. Consistent communication with both internal and external stakeholders provides valuable perspectives on their expectations and concerns, which significantly influence the development of our sustainability strategy and guide our decision-making processes. The following table details our stakeholder engagement approach and the measures implemented by the Group to address the key concerns of each stakeholder category.

Stakeholder Groups	Engagement Platforms	Frequency	Responses to key concerns
Customers	We maintain a customer helpdesk and host customer feedback sessions to address their queries and concerns.	Ad-hoc	We aim to provide customers with a pleasant and efficient customer support experience.
Suppliers	We discuss and work on current and new business dealings with our suppliers during internal meetings.	Ad-hoc	We aim to establish consistent and reliable communication with our suppliers.
Employees	We engage our employees through orientation programmes, employee surveys and staff appraisals.	Annually/Ad-hoc	We aim to constantly improve staff welfare and create a positive working environment.
Investors	We communicate with our investors during our annual general meetings, and through the release of our annual report and half-yearly financial statements.	Annually/Ad-hoc	We aim to provide our investors with transparent insights into our business prospects and ESG performance.
Government and Regulators	We maintain a good working relationship with the local authorities and regulators by providing timely updates, submitting periodic reports, and filing our taxes.	Annually/ Semi-Annually/ Quarterly	We aim to maintain full compliance with all laws and regulations, with timely reporting and resolution of issues as they arise.

SUSTAINABILITY **REPORT**

MATERIAL TOPICS

In FY2022, we conducted a thorough reassessment of material topics to evaluate the Group's sustainability risks and opportunities. This review considered our business model, strategic direction, and stakeholder expectations. As a result, we identified seven important ESG topics for disclosure, which are listed in the table below. In FY2025, we re-examined these topics and confirmed their ongoing importance, without adding any new topics. The Board validated that these key areas continue to align with our main operations and play a vital role in guiding our sustainability strategy.

Material Topics	Their Relevance and Impacts	Targets
Economic Performance	Avarga's economic performance has a direct impact on the employees, shareholders, suppliers, community partners and the local authorities who look to the economic value generated and distributed by the Group for support.	• Increase revenue growth and generate a net profit. • Achieve long-term capital growth by identifying investments opportunities and encouraging product innovation.
Employment	Our employees are our most valued asset. By engaging in fair employment practices and maintaining a healthy organisational culture, we are able to attract and retain the right talent, which is key to ensuring the long-term growth of the Group.	• To maintain or improve the employee turnover rate in FY2025. • To continue to ensure a stringent hiring process, while committing to fair employment practices and offering equal opportunities to all potential candidates.
Training and Education	Amidst an ever-changing work environment, it is important for us to provide our employees with continual training and learning opportunities, to equip them with the necessary skills and knowledge to perform their duties and bolster their productivity.	• Ensure that training programmes are made available and accessible for our employees. • Continuously improve the quality of our training courses for employees to perform their duties effectively.
Occupational Health and Safety	Occupational health and safety ("**OHS**") is a common but important concern in our industry. Our employees work in an environment that inherently possesses significant health and safety hazards. Their protection and well-being are of paramount importance to the Group.	• Conduct refresher courses to remind employees to abide by safety guidelines at work. • Reduce workplace injuries and ensure a safe working environment for all employees.

SUSTAINABILITY **REPORT**

MATERIAL TOPICS (CONTINUED)

Material Topics	Their Relevance and Impacts	Targets
Anti-Corruption	To protect the interests of our stakeholders and prevent reputational damage to the Group, we have adopted a zero-tolerance policy for bribery, unethical and corrupt practices.	• Maintain zero incidents of corruption. • To foster an environment that encourages honesty, integrity, and ethical practices.
Regulatory Compliance	In addition to being a fundamental component of corporate governance, ensuring regulatory compliance is the baseline for meeting our stakeholders' expectations and maintaining our license to operate.	• Monitor legal and regulatory updates. • Conduct compliance training for employees. • Maintain zero incidents of non-compliance with all applicable laws and regulations.
Environmental Stewardship	Climate change and its effects poses both risk and opportunities to our businesses, with strategic and financial implications for the Group. We believe that it is everyone's responsibility to safeguard the wellbeing of the future generation by minimising their environmental footprint.	• Responsible resource consumption, with a focus on minimising our negative impacts through prevention at source and participating in the reduce, reuse and recycle movement.

SUSTAINABILITY REPORT

ECONOMIC PERFORMANCE

A breakdown of the Group's economic value generated in terms of revenue by our core business segment and other gains/(losses) for FY2025 and FY2024 are as follows:

Business Segment (S$ Million)	FY2025	FY2024[1]
Building Products (Taiga)	1,523.8	1,592.9
Total	**1,523.8**	**1,592.9**

The economic value distributed refers to the operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments of the Group. A breakdown of the Group's economic value distributed for FY2025 and FY2024 are as follows:

Expenses (S$ Million)	FY2025	FY2024[1]
Operating costs and employee wages	1,465.8	1,533.3
Interest expense and dividend paid to shareholders	114.6	6.0
Tax expense	9.9	18.6
Withholding tax expenses	18.7	–
Total	**1,609.0**	**1,557.9**

[1] All financial figures for FY2024 have been restated to exclude the discontinued operations

SUSTAINABILITY **REPORT**

ECONOMIC PERFORMANCE (CONTINUED)

Taking the difference between economic value generated and distributed, the Group's economic value retained for FY2025 and FY2024 are as follows:

Economic values (S$ Million)	FY2025	FY2024[1]
Economic Value Generated	1,523.8	1,592.9
Economic Value Distributed	(1,609.0)	(1,557.9)
Economic Value Retained	**(85.2)**	**35.0**

Accounting for the Group's other gains and losses, such as interest income and loss allowance, the Group's Net Profit After Tax are as follows:

Reconciliation (S$ Million)	FY2025	FY2024[1]
Economic Value Retained	**(85.2)**	**35.0**
Add: Other (losses)/gains	(20.3)	7.0
Add: Dividend paid to shareholders	109.0	–
Net Profit After Tax from Continuing Operations	**3.5**	**42.0**

Following the cessation of the paper manufacturing business, Taiga has consistently been the sole contributor, accounting for 100% of the Group's total revenue. As such, the Group's and Taiga's revenue decreased by 4.3%. Economic value distributed increased by 3.3% mainly due to dividends paid to shareholders, which exceeded the economic value generated. As a result, economic value retained decreased by 2.4 times, and the net profit after tax from continuing operations decreased by 91.7%.

[1] All financial figures for FY2024 have been restated to exclude the discontinued operations

SUSTAINABILITY **REPORT**

ECONOMIC PERFORMANCE (CONTINUED)

Taiga Building Products Ltd.

Taiga's revenue decreased by 4.3% compared to FY2024. The decrease in profit margins is primarily due to lower average lumber prices as well as a decline in sales volume, which has impacted the profitability of the commodity products with our building products business.

Taiga's financial results are directly correlated with the residential construction, renovation, and repair industries throughout North America. These sectors are subject to substantial influence from overarching economic factors, such as fluctuations in interest rates and prevailing market conditions, leading to variable levels of demand. Despite these dynamics, Taiga consistently accounts for over 100% of the Group's total revenue.

UPP Pulp & Paper (M) Sdn Bhd ("UPP")

Following the cessation of the paper mill business, the retrenchment of staff, sale of operational assets, and continuation of only residual selling activity during the financial year, UPP's financial results have been presented as "Discontinued Operations" as of 31 December 2025 and its prior period's financial results have been restated to reflect this change too.

UPP has also changed its principal business activity to Portfolio investments during the financial year.

SUSTAINABILITY **REPORT**

EMPLOYMENT

At Avarga, we value our employees as our greatest asset and see them as key contributors to our economic growth. Their commitment and effort are vital for delivering high-quality products and services, and they help shape our Company culture with their outlook, behaviours, and core values. A supportive work environment helps us attract and retain talent and boosts overall job satisfaction. We consider our people the foundation of our achievements, driving progress through their enthusiasm and dedication.

We are dedicated to upholding fair employment standards and offering a competitive, merit-based benefits and rewards system. This includes thorough insurance plans, maternity and paternity leave for all full-time staff, and clear, balanced bonus and performance-based incentive programs. Details about these practices can be found in our employee handbook and HR policies, which provide transparency and consistency. Our comprehensive human resource management approach emphasizes merit-driven hiring, development, and retention.

We are committed to providing all employees with equal opportunities to demonstrate their knowledge, skills, and experience. Performance appraisals are conducted through transparent, two-way communication to ensure a thorough understanding of employees' needs and to address any challenges encountered. Our compensation system features clear, performance-based bonus frameworks and incentive programs. To encourage continuous growth and development, we convene regular departmental meetings to solicit employee feedback and pinpoint areas for improvement. This strategy enhances performance and fosters a supportive work environment.

We recognise the significance of equitable parental leave for all employees, regardless of location. We comply fully with local statutory and contractual parental leave requirements across all jurisdictions in which we operate. Given the regional variation in entitlements, region-specific data is not included in this report. Nonetheless, we are dedicated to ensuring that every employee with children receives parental leave in accordance with applicable laws and regulations.

Key performance indicators ("**KPIs**"), such as the number of new hires and staff resignations or terminations, are monitored to evaluate the effectiveness of our employment practices and uncover opportunities for further enhancement. Our ongoing objective is to maintain a rigorous recruitment process while promoting fair employment and equal opportunity for all candidates.

The following tables provide a breakdown of our workforce by gender and geographic region:

	FY2025			FY2024		
Region	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Singapore	3	4	**7**	3	4	**7**
Malaysia	2	3	**5**	115	19	**134**
Canada and USA	467	124	**591**	473	120	**593**
Total	**472**	**131**	**603**	**591**	**143**	**734**

EMPLOYMENT (CONTINUED)

All employees in Singapore and Malaysia are full-time, permanent employees. A detailed breakdown of the 591 individuals employed within Taiga in Canada and the USA is provided below. Additionally, Taiga engages one worker who is not classified as employee.

Employee profile (Taiga)

Type of employee	FY2025	FY2024
All employees	**591**	**593**
Permanent employees	585	589
Temporary employees	6	4
Full-time employees	584	585
Part-time employees	7	8

UPP Pulp & Paper (M) Sdn Bhd

Performance[2]

UPP saw no new hires due to the cessation of the production and conversion of principal business to portfolio investment. This resulted in an overall new hire rate[3] of Nil (FY2024: 10.1%).

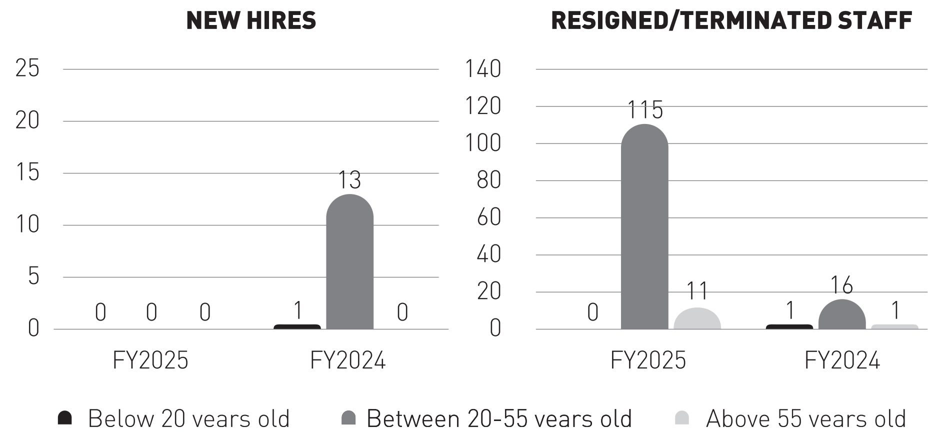
Consequent to the change in principal business and cessation of manufacturing activities, turnover increased as the majority of staff were retrenched, resulting in a turnover rate[4] of 94.0% (FY2024: 13.0%).

[2] 2024 new hire and turnover rates were restated due to change in formulae
[3] New hire rate = total new hires/total employees as at the end of the last reporting period
[4] Turnover rate = total resignees/total employees as at the end of the last reporting period

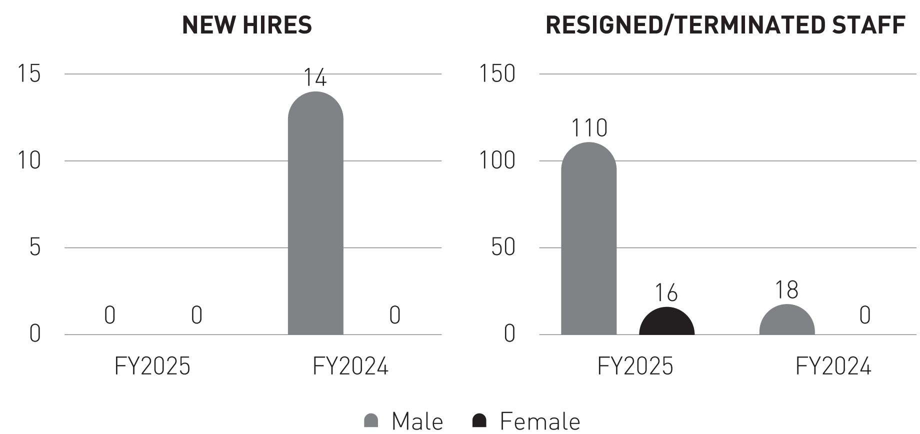
SUSTAINABILITY **REPORT**

EMPLOYMENT (CONTINUED)

UPP's New Employee Hires and Employee Turnover by Age Group



UPP's New Employee Hires and Employee Turnover by Gender



SUSTAINABILITY **REPORT**

EMPLOYMENT (CONTINUED)

Parental Leave Entitlement by Gender

UPP's parental leave policies include provisions for both maternity and paternity leave. Employees who make use of these benefits are assured reinstatement to their original position or an equivalent role upon their return. Details regarding parental leave utilisation at UPP are provided below:

Parental Leave	FY2025			FY2024		
	Female	Male	Total	Female	Male	Total
Number of employees entitled to parental leave	2	3	5	19	66	85
Number of employees who took parental leave during the reporting period	–	3	3	–	1	1
Number of employees that returned to work in the reporting period after parental leave ended	–	3	3	–	1	1
Total number of employees due to return to work after taking parental leave	–	3	3	–	1	1
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work[5]	–	1	1	–	–	–
Return to work rate[6]	N.A.[7]	100%	100%	N.A.[8]	100%	100%
Retention rate[9]	N.A.[7]	100%	100%	0%	0%	0%

5 FY2024 figures were restated due to error in computation
6 Return to work rate = total employees who returned to work in the reporting period/Total number due to return to work after taking parental leave
7 There were no female employees that took parental leave in FY2025
8 There were no female employees that took parental leave in FY2024
9 Retention rate = total employees who returned to work and were still employed 12 months later/total employees returning from parental leave in the prior reporting period

SUSTAINABILITY **REPORT**

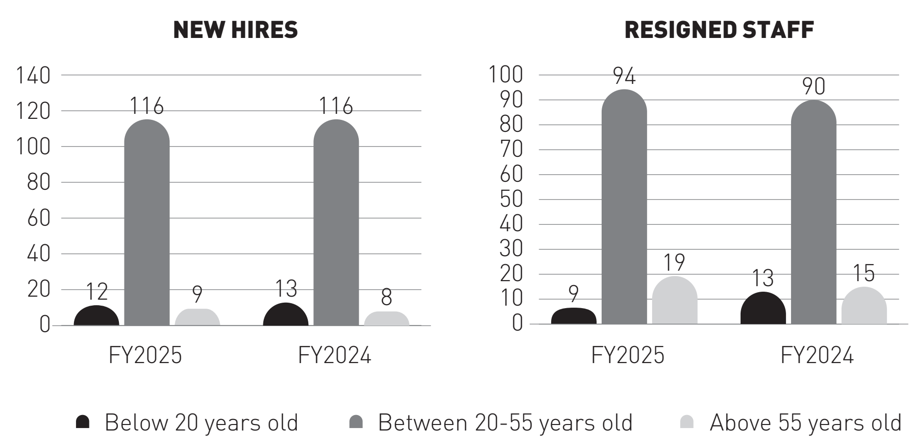
EMPLOYMENT (CONTINUED)

Taiga Building Products Ltd.

Performance[10]

During this reporting period, Taiga maintained a consistent total staff strength with no significant fluctuations. The new hire rate for FY2025 was 23.1%, a slight decrease from 23.5% in FY2024. However, the turnover rate, which stood at 20.2% in FY2024, saw a slight increase to 20.6% in FY2025.

Taiga's New Employee Hires and Employee Turnover by Age Group



Taiga's New Employee Hires and Employee Turnover by Gender

[10] 2024 new hire and turnover rates were restated due to change in formulae

SUSTAINABILITY REPORT

EMPLOYMENT (CONTINUED)

Parental Leave Entitlement by Gender

The breakdown of Taiga's utilisation of parental leave are as follows:

Parental Leave	FY2025			FY2024		
	Female	Male	Total	Female	Male	Total
Number of employees entitled to parental leave	124	467	591	120	473	593
Number of employees who took parental leave during the reporting period	5	4	9	4	1	5
Number of employees that returned to work in the reporting period after parental leave ended	2	3	5	–	–	–
Total number of employees due to return to work after taking parental leave	5	4	9	4	1	5
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work[11]	1	1	2	–	–	–
Return to work rate	40%	75%	55.6%	N.A.[12]	N.A.[12]	N.A.[12]
Retention rate	25%	100%	40%	N.A.[13]	N.A.[13]	N.A.[13]

11 FY2024 figures were restated due to error in computation
12 Staff had yet to return from parental leave
13 No staff took parental leave in FY2023

SUSTAINABILITY **REPORT**

TRAINING AND EDUCATION

With a team of more than 600 employees operating across several countries, we value the significant contributions each individual brings to our organisation's success. Our training and development initiatives are strategically designed to align employee aspirations with the Group's objectives, fostering sustainable value creation.

We are dedicated to delivering continuous learning and career advancement opportunities, ensuring our workforce is equipped with the skills and expertise essential for success in a dynamic business landscape. This commitment is supported by a dedicated budget for seminars and workshops that promote upskilling, cross-skilling, and reskilling. We regularly enhance our training programmes to reflect the Group's strategic direction and evolving requirements, empowering employees to achieve optimal performance as the organisation expands.

Moreover, we uphold a commitment to fairness and inclusivity, guaranteeing that all training opportunities are accessible to every member of our workforce.

New Hires

All new employees participate in a comprehensive orientation program upon joining the Group, ensuring thorough preparation for their roles and seamless integration into our organisational culture and work environment. Supervisors provide ongoing, on-the-job training to both new and current staff, fostering continuous skills development and enhancing competencies. This informal training represents a significant opportunity for employees to expand their knowledge and improve job performance.

Performance Appraisals

Each year, all employees undergo a formal performance appraisal process. Supervisors utilise this process to highlight strengths, identify opportunities for development, and acknowledge exceptional accomplishments. The outcomes of these evaluations guide the identification of employee learning and development requirements, allowing supervisors to allocate resources strategically to foster both personal and professional advancement.

Taiga Building Products Ltd.

We conduct management meetings alongside Rising Stars meetings, which are specifically tailored for high-potential employees demonstrating leadership capabilities. These sessions deliver comprehensive training across essential areas such as sales, inventory management, and financial oversight. The Group further supports employee growth by fully funding professional education opportunities, including accounting certifications and MBA programs. In addition, yard staff undergo forklift training to promote workplace safety and operational efficiency. All employees regularly participate in training on new Taiga system functionalities, with particular emphasis on ERP system upgrades, such as bisTrack, to ensure ongoing operational excellence.

We pay for transition assistance services for certain departing employees to support their ongoing employability and help manage career transitions resulting from retirement or termination.

SUSTAINABILITY REPORT

TRAINING AND EDUCATION (CONTINUED)

UPP Pulp & Paper (M) Sdn Bhd

During FY2025, our employees participated in a total of 8 external training courses, a decrease from the 18 courses attended in FY2024. Below is a list of employee skills upgrading and transition assistance programs that UPP conducted during FY2025.

No.	Name
1	All about compensation & benefits
2	Teambuilding at Tadom Hills
3	Managing the process of career change
4	Power BI Analytic (Beginner to Advance)
5	Managing the employment of foreign employees
6	Mastering E Invoice
7	Mastering SQL for Business Operation
8	Data Visualisation & Reporting with Microsoft 365: From Raw Data to Professional Reports

Avarga Limited

In FY2025, a total of 44 training hours were undertaken by four employees, resulting in an average of 11 hours of training per employee, an increase of 6.7 hours from FY2024. The training sessions covered on various topics, including payroll management, budget update, Financial Reporting Standards, and updates on tax regulations.

SUSTAINABILITY **REPORT**

OCCUPATIONAL HEALTH AND SAFETY

The safety and well-being of our employees are essential to achieving the Group's strategic objectives. We acknowledge the fundamental importance of employee welfare in driving organisational success and remain dedicated to fostering a work environment that emphasises health and security. All Group employees receive comprehensive insurance and medical coverage as integral components of their benefits package. Our human resource management policies and employee benefits undergo regular evaluation to maintain fairness, efficiency, and market competitiveness.

Occupational Health and Safety ("OHS") Management System and Policies

We are dedicated to upholding the health and safety of our workforce by implementing a comprehensive OHS management system across all business divisions. This framework guarantees adherence to all applicable legal requirements and integrates recognised industry standards and best practices.

Our OHS policies establish detailed procedures for reporting workplace accidents and injuries and ensure systematic incident investigations. Employees are obligated to promptly notify their manager or supervisor of any incidents, facilitating immediate and appropriate response measures. All incidents are thoroughly documented, and management is kept informed. Reports are submitted to relevant local authorities when necessary. Where required, corrective actions are instituted following an incident to mitigate recurrence.

Compulsory health and safety training sessions are provided to prevent accidents and familiarise employees with our OHS protocols. All personnel are expected to fully understand safety regulations and consistently utilise Personal Protective Equipment ("**PPE**") when operating machinery, handling heavy materials, or working with chemicals. It is essential that employees remain aware of the inherent hazards associated with specific tasks and equipment. Additionally, we maintain rigorous fire safety standards through regular testing of safety alarms and scheduled fire drills, ensuring all employees are proficient in evacuation and emergency response procedures.

Taiga Building Products Ltd.

Taiga incorporates its Health, Safety, and Environment ("**HSE**") policies and procedures within the Employee Manual. The central HSE principle is prevention through education, which aims to minimise workplace accidents. The policy establishes safety protocols and guidelines for risk management related to occupational health and safety hazards, seeking to reduce work-related injuries and illnesses. It also delineates the responsibilities of both employees and management regarding incident management and response.

All new employees undergo comprehensive training during orientation, covering Safety Procedures, Confined Spaces, the Workplace Hazardous Materials Information System, Lock-Out protocols, and the correct use of PPE.

SUSTAINABILITY REPORT

OCCUPATIONAL HEALTH AND SAFETY (CONTINUED)

Health And Safety Committee

The Health and Safety Committee takes charge of investigating workplace accidents, raising awareness about safety regulations, and suggesting ways to improve safety. They consistently track and assess data on job-related injuries and illnesses, review employee injury reports, and introduce corrective measures when needed. The committee also supervises high-risk activities and shares information about near-miss events. Frequent safety briefings highlight potential hazards and safe practices, underscoring the importance of following established safety protocols and maintaining occupational health standards.

Performance

Work-related injuries	FY2025		FY2024	
	Number	Rate[14]	Number	Rate[15]
Number of hours worked	1,223,000	N.A.	1,223,000[15]	N.A.
Fatalities resulting from work-related injuries	–	–	–	–
High-consequence work-related injuries (excluding fatalities)	–	–	–	–
Recordable work-related injuries (including fatalities and high-consequence work-related injuries)	10	1.63	15	2.43

The table above shows the number of OHS accidents for Taiga in FY2025 and FY2024. In FY2025, the number of recordable work-related incidents decreased in comparison with FY2024, and these incidents mostly consisted of slip/fall and sprains.

UPP Pulp & Paper (M) Sdn Bhd

Following the company's transition from paper manufacturing to a portfolio investment business model, disclosures relating to workplace safety measures in production facilities are no longer applicable.

14 Injury rates are calculated based on 200,000 hours worked
15 FY2024 numbers were restated due to an administrative mistake noted

ANTI-CORRUPTION

The Group is dedicated to creating sustainable value for all stakeholders through robust corporate governance and adherence to ethical business practices. Effective corporate governance is fundamental to safeguarding the interests of shareholders, customers, employees, and the broader community. We enforce a strict zero-tolerance policy regarding bribery, corruption, and malpractice. Our Whistleblowing Policy, together with established procedures for Interested Persons Transactions, forms a comprehensive framework designed to manage and prevent corruption within the Group.

Whistleblowing Policy

The Whistleblowing Policy[16] establishes a confidential and direct channel for employees to report workplace misconduct or suspected wrongdoing. The policy provides the email address of the Chairman of the Audit and Risk Management Committee to facilitate secure reporting. All reports submitted in good faith are handled with the utmost confidentiality, and whistleblowers are safeguarded against retaliation. The organisation is dedicated to transparent communication with whistleblowers, taking appropriate disciplinary action, and ensuring that all concerns are fully addressed. Employees are also encouraged to raise concerns regarding potential improprieties, such as issues related to financial reporting, misconduct, or unlawful activities, with their department head or senior management team.

Interested Persons Transactions Policy

We have set up straightforward procedures to manage Interested Persons Transactions, making sure all such transactions are quickly reported to the Audit and Risk Management Committee. Senior executives, the Committee, or the Board then thoroughly review these transactions, taking into account factors like transaction value and whether the deals are conducted at arm's length. After this review, appropriate action is taken as needed. If a Director might have a conflict of interest, they must refrain from voting, and investigations are carried out as necessary to enforce this rule.

Performance

We are pleased to report that no whistleblowing cases were reported in FY2025, and no incidents of fraud, corruption, or unethical conduct were identified during the reporting period. This reflects the effectiveness of the Group's strong internal control framework and ethical standards.

16 The Whistleblowing Policy can be found on the Company's website, at https://www.avarga.com.sg/about-us/corporate-governance/

SUSTAINABILITY **REPORT**

REGULATORY COMPLIANCE

Conducting our operations with responsibility and integrity is fundamental to establishing trust and credibility with stakeholders. Such trust enhances relationships and supports a strong reputation, both of which are critical to achieving sustained organisational success.

Code of Conduct Policy

Robust internal policies are essential to maintain our adherence to external regulations. To foster a positive workplace environment, we have introduced a Code of Conduct Policy that sets out fundamental principles and ethical business practices, providing clear guidance for employees to act with integrity. Employees are required to consistently maintain these high standards in every business interaction, demonstrating our dedication to accountability and transparency throughout the organisation. The Group's Code of Conduct Policy is available on the Company's website at https://www.avarga.com.sg/about-us/corporate-governance/.

Laws and regulations

The Group acknowledges that failure to comply with laws and regulations may result in fines, sanctions, and reputational harm. To address these risks, we are dedicated to ensuring full adherence to all relevant local laws and regulations across every jurisdiction in which we operate. For example, Taiga complies with the Canadian Environmental Protection Act in Canada. Given the continually evolving nature of regulatory frameworks, we proactively monitor legislative changes to uphold compliance. Additionally, we perform regular reviews of our business operations to identify and mitigate potential legal and regulatory breaches.

Performance

During FY2025, the Group achieved full compliance with applicable laws and regulations across all jurisdictions of operation, incurring no significant fines. This outcome highlights our ongoing dedication to meeting legal and regulatory standards in every region in which we conduct business.

SUSTAINABILITY REPORT

ENVIRONMENTAL STEWARDSHIP

We are dedicated to reducing our environmental impact by embedding sustainability considerations into all aspects of our decision-making. Our approach includes collaboration with supply chain partners to advance environmentally responsible practices. These initiatives are designed to deliver positive, long-term outcomes for the environment.

This report marks the first year of our phased implementation towards comprehensive compliance with ISSB standard disclosure requirements, which we are committed to achieving in full by FY2030, in accordance with SGX regulations. We have measured our emissions, encompassing those produced by the consolidated accounting group. We have no associates, joint ventures, and unconsolidated subsidiaries.

Emissions[17]

Location/Entity	FY2025		
	Taiga	UPP	Singapore
Scope 1 emissions (tCO_2e)	6,547.15	37.53	0.00
Scope 2 emissions (tCO_2e)	1,919.30	455.28	3.72
Total emissions intensity (tCO_2e/S$Million)	**5.88**		

Our Scope 1 emissions comprise mainly of natural gas, diesel, propane and petrol. Our Scope 2 emissions are attributed to purchased electricity in respective countries.

Taiga Building Products Ltd.

Taiga is committed to responsible forestry practices, upholding the sustainable management of forest resources for future generations. We procure spruce, pine, fir, and cedar from lumber mills that comply with Canada's rigorous forest protection regulations and source their timber exclusively from sustainably managed forests.

Our product line embodies the "reduce, reuse, recycle" philosophy. For instance, our insulation products incorporate recycled glass and are formaldehyde-free, enhancing indoor air quality. Our Trex composite decking is produced using waste wood, reclaimed plastic pallet wrap, and recycled plastic grocery bags. Additionally, we provide alternative wood products such as oriented strand board and engineered wood products to further diversify our portfolio.

Recognised certification

Our Canadian treatment facilities hold certification from the Canadian Wood Preservation Certification Authority, consistently passing Environment Canada audits and maintaining full compliance with Technical Recommendation Documents endorsed by both governmental and industry bodies.

By advocating for and distributing treated wood products, we support the reduction of long-term timber consumption. The enhanced durability of treated wood, relative to traditional timber, extends product lifespan and contributes to the preservation of forest resources.

[17] This is the first year we have collected and disclose emissions data, hence there is no prior year data

SUSTAINABILITY **REPORT**

GRI CONTENT INDEX

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

GRI DISCLOSURES		PAGE NO.
GRI 2: General Disclosures 2021		
The organisation and its reporting practices		
2-1	Organisational details	51
2-2	Entities included in the organisation's sustainability reporting	48-49
2-3	Reporting period, frequency and contact point	48, 50
2-4	Restatements of information	58-59, 62, 64-66, 70
2-5	External assurance	50
Activities and workers		
2-6	Activities, value chain and other business relationships	51, 53
2-7	Employees	61
2-8	Workers who are not employees	62
Governance		
2-9	Government structure and composition	54
2-10	Nomination and selection of the highest governance body	16-19
2-11	Chair of the highest governance body	15-16
2-12	Role of the highest governance body in overseeing the management of impacts	10, 54
2-13	Delegation of responsibility for managing impacts	54
2-14	Role of the highest governance body in sustainability reporting	54
2-15	Conflicts of interests	71
2-16	Communication of critical concerns	61, 71

SUSTAINABILITY **REPORT**

GRI CONTENT INDEX (CONTINUED)

GRI DISCLOSURES		PAGE NO.
2-17	Collective knowledge of the highest governance body	10, 54
2-18	Evaluation of the performance of the highest governance body	19
2-19	Remuneration policies	20-21
2-20	Process to determine remuneration	20-21
2-21	Annual total compensation ratio	Not applicable[18]
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	47
2-23	Policy commitments	71-72
2-24	Embedding policy commitments	71-72
2-25	Processes to remediate negative impacts	55
2-26	Mechanisms for seeking advice and raising concerns	71
2-27	Compliance with laws and regulations	72
2-28	Membership associations	52
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	55
2-30	Collective bargaining agreements	Not applicable[19]
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	56-57
3-2	List of material topics	56-57
GRI 201: Economic Performance 2016		
3-3	Management of material topics	58-60
201-1	Direct economic value generated and distributed	58-60

[18] We have not included the annual total compensation ratio due to confidentiality constraints, given the highly competitive industry conditions, pressure in talent market and the sensitivity of remuneration matters

[19] All employees within the scope are not covered by collective bargaining agreements

SUSTAINABILITY REPORT

GRI CONTENT INDEX (CONTINUED)

GRI DISCLOSURES		PAGE NO.
GRI 401: Employment 2016		
3-3	Management of material topics	61-66
401-1	New Employee Hires and Employee Turnover	63, 65
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	61-62
401-3	Parental leave	64, 66
GRI 404: Training and Education 2016		
3-3	Management of material topics	67
404-1	Average hours of training per year per employee	68
404-2	Programs for upgrading employee skills and transition assistance programs	68
GRI 403: Occupational Health and Safety 2018		
3-3	Management of material topics	69-70
403-1	Occupational health and safety management system	69-70
403-2	Hazard identification, risk assessment, and incident investigation	69-70
403-4	Worker participation, consultation, and communication on occupational health and safety	69-70
403-5	Worker training on occupational health and safety	69-70
403-9	Work-related injuries	70
GRI 205: Anti-Corruption 2016		
3-3	Management of material topics	71
205-3	Confirmed incidents of corruptions and actions taken	71
Regulatory Compliance		
3-3	Management of material topics	72
Environmental Stewardship		
3-3	Management of material topics	73

DIRECTORS' **STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The directors present their statement to the members together with the audited financial statements of Avarga Limited (the "**Company**") and its subsidiary corporations (the "**Group**") for the financial year ended 31 December 2025 and the balance sheet of the Company as at 31 December 2025.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 89 to 184 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2025 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) 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 as follows:

Tong Kooi Ong	(Executive Chairman)
Tong Ian	(Chief Executive Officer)
Lai Ven Li	
Moey Weng Foong	
Andrew Lim Cheong Seng	
Kevin Kang Kah Wee	

Arrangements to enable directors to acquire shares and debentures

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, other than as disclosed under "**Share options**" in this statement.

DIRECTORS' **STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Directors' interests in shares or debentures

According to the register of directors' shareholdings, 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 name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2025	At 1.1.2025	At 31.12.2025	At 1.1.2025
Company				
(No. of ordinary shares)				
Tong Kooi Ong	–	–	78,661,865*	786,618,653

* The number of ordinary shares were adjusted pursuant to the completion of the share consolidation of every ten (10) existing shares into one (1) consolidated share of the Company on 23 May 2025.

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2025	At 1.1.2025	At 31.12.2025	At 1.1.2025
Holding Corporation				
– TKO Pte. Ltd.				
(No. of ordinary shares)				
Tong Kooi Ong	–	–	1	1

Mr. Tong Kooi Ong, who by virtue of his interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the whole of the share capital of the Company and its wholly owned subsidiary corporations and in the shares held by the Company in the following subsidiary corporations that are not wholly owned by the Group:

	At 31.12.2025	At 1.1.2025
Taiga Building Products Ltd.		
– No. of ordinary shares	107,944,523	107,944,523

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

Share options

Avarga Group Employees' Share Option Scheme 2018

The Avarga Group Employees' Share Option Scheme 2018 (the "**Option Scheme**") for executive directors and confirmed employees of the Group (the "**Participant**") was approved by members of the Company at an Extraordinary General Meeting on 27 April 2018. The Option Scheme is administered by the Remuneration Committee ("**RC**"), subject to a maximum period of ten years.

DIRECTORS' **STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Share options (Continued)

Avarga Group Employees' Share Option Scheme 2018 (Continued)

The purpose of the Option Scheme is to provide an opportunity for employees of the Group who have contributed significantly to the growth and performance of the Group, as well as executive directors who satisfy the eligibility criteria as set out in the rules of the Option Scheme ("**Option Scheme Rules**"), to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

Under the Option Scheme, any Executive Director or confirmed employee of the Group selected by the RC to participate in the Option Scheme in accordance with the Option Scheme Rules who have, among other things, been in the employment of the Group for a period of at least 12 months, or such shorter period as the RC may determine, shall be eligible to participate in the Option Scheme. Controlling shareholders and their associates are also eligible to participate in the Option Scheme. Under the Option Scheme, the number of shares comprised in options offered to a participant shall be determined at the absolute discretion of the RC, who shall take into account, where applicable, criteria such as the bonus earned by the participant in any particular year, rank, past performance, years of service and potential contribution of the participant.

The aggregate number of shares over which the RC may offer to grant options on any date, when added to:

(a) the aggregate number of new shares issued and issuable in respect of all other share-based incentive schemes of the Company (if any); and

(b) the number of treasury shares and subsidiary holdings delivered in respect of the options granted under all other share-based incentive schemes of the Company (if any),

shall not exceed 15% of the issued share shares (excluding treasury shares and subsidiary holdings) of the Company on the date immediately preceding the date of grant.

The aggregate number of shares over which the RC may offer to grant options to the controlling shareholders and their associates under the Option Scheme, shall not exceed 25% of the shares available under the Option Scheme, provided always that the number of shares available to each controlling shareholder or each of his associates shall not exceed 10% of the shares available under the Option Scheme.

Subject to any adjustment pursuant to the Option Scheme Rules, the exercise price for each share in respect of which an option is exercisable shall be fixed by the RC at the market price as determined in accordance with the Option Scheme Rules.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Share options (Continued)

Avarga Group Employees' Share Option Scheme 2018 (Continued)

The exercise price of the options is determined by the RC at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for five market days immediately preceding the date of the grant. For the avoidance of doubt, the exercise price shall not be at a discount to the market price. Options granted shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 shares or any multiple thereof), at any time, by an Option holder during the exercise period. Options granted shall be exercisable during a period commencing after the fourth anniversary of the date of grant of the option and expiring on the tenth anniversary of the date of grant of the option, subject to the following:

(a) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the fourth anniversary of the date of grant of that option and ending on the fifth anniversary of the date of grant of that option;

(b) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the fifth anniversary of the date of grant of that option and ending on the sixth anniversary of the date of grant of that option;

(c) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the sixth anniversary of the date of grant of that option and ending on the seventh anniversary of the date of grant of that option;

(d) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the seventh anniversary of the date of grant of that option and ending on the tenth anniversary of the date of grant of that option;

provided always that all options shall be exercised by the tenth anniversary of the relevant date of grant, failing which all unexercised options shall immediately lapse and become null and void and a grantee shall have no claim against the Company.

A feature of the Option Scheme is that Options may be exercised after a Participant ceases to be employed by the Group (other than arising from misconduct on the part of the Option Holder (as determined by the Committee in its absolute discretion)). This is because it is the Company's intention to use Options to pay a portion of a Participant's earned bonus entitlement instead of making such payment in cash, and the Participant would in effect have paid for the Option upon its grant since such Option represents the consideration he receives for that part of his earned bonus entitlement.

DIRECTORS' **STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Share options (Continued)

Avarga Group Employees' Share Option Scheme 2018 (Continued)

There were no options granted during the financial year, including options to controlling shareholders of the Company or their associates (as defined in the Listing manual of SGX-ST), to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

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

Audit and Risk Management Committee ("ARMC")

The members of the ARMC at the end of the financial year were as follows:

Lai Ven Li (Chairman)
Moey Weng Foong
Andrew Lim Cheong Seng
Kevin Kang Kah Wee

All members of the ARMC, including the Chairman, were independent and non-executive directors.

The ARMC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. In performing those functions, the ARMC reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company as at 31 December 2025 and the consolidated financial statements of the Group for the financial year then ended before their submission to the Board of Directors.

The ARMC has recommended to the Board that CLA Global TS Public Accounting Corporation be nominated as auditors of the Company at the forthcoming Annual General Meeting ("**AGM**") of the Company.

DIRECTORS' **STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Independent Auditor

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Tong Kooi Ong
Director

Tong Ian
Director

30 March 2026

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF AVARGA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Avarga Limited (the "**Company**") and its subsidiary corporations (the "**Group**"), which comprise the consolidated balance sheet of the Group and the balance sheet 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 financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 89 to 184.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore 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 balance sheet of the Group and the balance sheet 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 financial year ended on that date.

Basis for Opinion

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

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF AVARGA LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

Key audit matter	How our audit addressed the matter
Revenue recognition – Wholesale of building products We refer to Notes 2.3(i) and 24 to the consolidated financial statements. During the financial year ended 31 December 2025, the Group recognised revenue of $1.52 billion from wholesale of building products. Revenue from wholesale of building products is recognised at a point in time, when control of the products has been transferred to the customers, which is when the products are shipped to the customers in instances where the customer arranges for shipment or when delivery is made in instances where the Group arranges for shipment. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. This is regarded as a key audit matter due to the magnitude of the revenue and the high volume of transactions that are generated from multiple locations, and the Group has volume-based incentive agreements in place which are specific to product lines and customers groups.	In obtaining sufficient audit evidence, the procedures performed included: • Reviewed the Group's revenue recognition policy to ensure the consistency within the Group and is in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*. • Evaluated the design and implementation of internal controls relating to revenue cycle. • Performed analytical procedures to identify unusual fluctuations or trends and areas where there is a higher risk of misstatement. • Performed substantive test of details of revenue, including sales cut-off test to ascertain that revenue have been properly taken up in appropriate financial period. • Reviewed management journal entries to detect any unusual transactions in relation to revenue for evidence of fraud and/or management override. • Reviewed the terms of rebate and other rebates incentive arrangements with customers and perform substantive procedures to ascertain that revenue recognised is measured correctly. Where amounts of rebates or other rebates incentives arrangement require judgements and estimates, we had reviewed and assessed the reasonableness and appropriateness of management's judgements and estimates. • Reviewed the adequacy of disclosures by management in Notes 2.3(i) and 24 to the financial statements.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF AVARGA LIMITED

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the matter
Impairment of non-financial assets – Goodwill We refer to Notes 2.9(a), 3.1(a) and 12(a) to the consolidated financial statements. The carrying amount of the Group's goodwill amounted to $19.84 million as at 31 December 2025. The goodwill recognised are in relation to the acquisition of Taiga Building Products Ltd. ("**Taiga**") and Exterior Wood, Inc ("**EWI**") in previous financial years. During the financial year ended 31 December 2025, the Group has recognised a full impairment loss on the goodwill arising from the acquisition of EWI. The Group tested goodwill for impairment at the end of the reporting period. In performing the impairment assessment of the carrying amount of goodwill, the recoverable amounts of cash-generating units to which goodwill has been attributable, are determined using the value-in-use method based on the discounted cash flows. This is regarded as a key audit matter due to significant management estimates and assumptions which involve judgements in the discounted cash flows. Changes to the estimates and assumptions that are affected by future market and economic conditions will result in changes in the carrying amount of goodwill recognised at the end of the reporting year end.	In obtaining sufficient audit evidence, the procedures performed included: • Evaluated whether the methodology used by management to determine the recoverable amount of goodwill complies with SFRS(I) 1-36 *Impairment of Assets*. • Analysed the discounted cash flows used in the value-in-use calculation. • Evaluated the reasonableness and reviewed the appropriateness of key assumptions and estimates used by management in the impairment assessment given the current economic climate and expected future performance of the cash-generating unit. For discount rate, we involved our internal valuation specialist for the recalculation and benchmarking with similar and/or comparable companies/industries. • Reviewed the adequacy and appropriateness of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AVARGA LIMITED

Other Matter

The financial statements of Avarga Limited for the financial year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those statements on 21 March 2025.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)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.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF AVARGA LIMITED

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

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.

- 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.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF AVARGA LIMITED

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement director on the audit resulting in this independent auditor's report is Loh Hui Nee.

CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

30 March 2026

BALANCE **SHEETS**

AS AT 31 DECEMBER 2025

		Group			Company	
		31 December		1 January	31 December	
	Note	2025	2024	2024	2025	2024
		$'000	$'000	$'000	$'000	$'000
			(Restated)			
ASSETS						
Current assets						
Cash and cash equivalents	4	82,134	200,617	172,094	4,151	1,617
Trade and other receivables	5	118,362	150,101	129,724	94,040	96,525
Service concession receivables		–	–	11,325	–	–
Inventories	6	177,494	172,309	182,686	–	–
Derivative financial instruments	14	–	111	–	–	–
Income tax recoverable	29	3,043	4,716	14,284	–	–
		381,033	527,854	510,113	98,191	98,142
Non-current assets						
Property, plant and equipment	7	109,456	129,959	136,499	763	527
Investments in subsidiary corporations	11	–	–	–	12,018	12,018
Financial assets, at fair value through profit or loss ("**FVPL**")	9	10,587	11,374	11,208	–	–
Financial assets, at fair value through other comprehensive income ("**FVOCI**")	10	7,595	–	–	–	–
Long term inventories	6	4,487	1,776	–	–	–
Intangible assets	12	19,993	42,284	44,712	–	–
Deferred tax assets	20	1,758	1,892	2,128	–	–
		153,876	187,285	194,547	12,781	12,545
Total assets		534,909	715,139	704,660	110,972	110,687

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

BALANCE **SHEETS**

AS AT 31 DECEMBER 2025

	Note	Group			Company	
		31 December		1 January	31 December	
		2025	2024	2024	2025	2024
		$'000	$'000	$'000	$'000	$'000
			(Restated)			
LIABILITIES						
Current liabilities						
Trade and other payables	13	99,797	117,967	116,000	361	547
Derivative financial instruments	14	245	–	204	–	–
Revolving credit facility	15	10,626	–	–	–	–
Bank borrowings	16	–	10,108	26,740	–	–
Lease liabilities	17	6,355	5,827	5,670	164	87
Current income tax liabilities		–	–	39	–	–
		117,023	133,902	148,653	525	634
Non-Current liabilities						
Lease liabilities	17	80,593	86,756	89,582	280	7
Deferred gain	18	1,768	1,901	2,115	–	–
Provisions	19	–	32	151	–	–
Deferred tax liabilities	20	4,417	7,344	6,736	–	–
		86,778	96,033	98,584	280	7
Total liabilities		203,801	229,935	247,237	805	641
NET ASSETS		331,108	485,204	457,423	110,167	110,046
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	21	169,597	169,597	169,597	169,597	169,597
Treasury shares	21	(12,130)	(12,130)	(12,130)	(12,130)	(12,130)
Retained profits/(accumulated losses)		154,366	250,310	226,723	(47,374)	(47,495)
Other reserves	22	(55,626)	(46,616)	(40,791)	74	74
		256,207	361,161	343,399	110,167	110,046
Non-controlling interests	11	74,901	124,043	114,024	–	–
Total equity		331,108	485,204	457,423	110,167	110,046

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 $'000	2024 $'000 (Restated)
Continuing operations			
Revenue	24	1,523,785	1,592,861
Cost of sales		(1,359,110)	(1,423,998)
Gross profit		164,675	168,863
Other gains/(losses), net			
– Interest income – bank deposits		2,180	5,932
– Loss allowance on trade receivables		(1,248)	(703)
– Others	25	(39,927)	1,921
Expenses			
– Distribution		(30,268)	(31,868)
– Selling and administrative		(76,404)	(77,477)
– Finance	28	(5,582)	(6,032)
Profit before income tax		13,426	60,636
Income tax expense	29	(9,904)	(18,620)
Net profit from continuing operations		3,522	42,016
Discontinued operations			
Profit/(loss) from discontinued operations, net of tax	31	16,246	(5,684)
Total net profit		19,768	36,332
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Losses		(8,124)	(5,521)
Realisation of currency translation reserve upon disposal of subsidiary corporations		–	(292)
Items that will not be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
– Fair value changes – equity investments	10	(536)	–
Currency translation differences arising from consolidation			
– Losses		(3,523)	(2,706)
Other comprehensive loss, net of tax		(12,183)	(8,519)
Total comprehensive income		7,585	27,813

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025	2024
		$'000	$'000
			(Restated)
(Loss)/profit attributable to:			
Equity holders of the Company			
– Continuing operations		(3,192)	29,243
– Discontinued operations		16,246	(5,684)
		13,054	23,559
Non-controlling interests		6,714	12,773
		19,768	36,332
Total comprehensive income attributable to:			
Equity holders of the Company		4,394	17,746
Non-controlling interests		3,191	10,067
		7,585	27,813
(Loss) /earnings per share ("(LPS)/"EPS") for (loss)/profit attributable to equity holders of the Company (cents per share)			
Basic and Diluted (LPS)/EPS			
– Continuing operations	30	(3.51)	32.19
– Discontinued operations	30	17.89	(6.26)

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Attributable to equity holders of the Company								
		Share capital	Treasury shares	Retained profits(1)	Capital reserve	Currency translation reserve	Fair value reserve	Total other reserves	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2025										
Balance as at 1 January 2025, as previously stated		169,597	(12,130)	242,919	808	(46,990)	–	(46,182)	121,625	475,829
Prior year adjustments	36	–	–	7,391	–	(434)	–	(434)	2,418	9,375
Balance as at 1 January 2025, as restated		169,597	(12,130)	250,310	808	(47,424)	–	(46,616)	124,043	485,204
Profit for the financial year		–	–	13,054	–	–	–	–	6,714	19,768
Other comprehensive loss for the financial year		–	–	–	–	(8,124)	(536)	(8,660)	(3,523)	(12,183)
Total comprehensive income/(loss) for the financial year		–	–	13,054	–	(8,124)	(536)	(8,660)	3,191	7,585
Acquisition of non-controlling interests without a change in control	11	–	–	–	(350)	–	–	(350)	(9,040)	(9,390)
Dividend paid by a subsidiary corporation to non-controlling interests	11	–	–	–	–	–	–	–	(43,293)	(43,293)
Dividend relating to 2025 paid	23	–	–	(108,998)	–	–	–	–	–	(108,998)
Total transactions with owners, recognised directly in equity		–	–	(108,998)	(350)	–	–	(350)	(52,333)	(161,681)
Balance as at 31 December 2025		169,597	(12,130)	154,366	458	(55,548)	(536)	(55,626)	74,901	331,108

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Attributable to equity holders of the Company						Non-controlling interests	Total equity
		Share capital	Treasury shares	Retained profits[1]	Capital reserve	Currency translation reserve	Total other reserves		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2024									
Balance as at 1 January 2024, as previously stated		169,597	(12,130)	219,332	818	(41,175)	(40,357)	111,606	448,048
Prior year adjustments	36	–	–	7,391	–	(434)	(434)	2,418	9,375
Balance at 1 January 2024, as restated		169,597	(12,130)	226,723	818	(41,609)	(40,791)	114,024	457,423
Profit for the financial year		–	–	23,559	–	–	–	12,773	36,332
Other comprehensive loss for the financial year		–	–	–	–	(5,813)	(5,813)	(2,706)	(8,519)
Total comprehensive income/(loss) for the financial year		–	–	23,559	–	(5,813)	(5,813)	10,067	27,813
Effect of subsidiary corporation's shares buyback and cancelled	11	–	–	28	(10)	(2)	(12)	(48)	(32)
Total transactions with owners, recognised directly in equity		–	–	28	(10)	(2)	(12)	(48)	(32)
Balance as at 31 December 2024, as previously stated		169,597	(12,130)	242,919	808	(46,990)	(46,182)	121,625	475,829
Prior year adjustments	36	–	–	7,391	–	(434)	(434)	2,418	9,375
Balance as at 31 December 2024, as restated		169,597	(12,130)	250,310	808	(47,424)	(46,616)	124,043	485,204

(1) Retained profits of the Group are fully distributable.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025	2024
		$'000	$'000
Cash flows from operating activities			
Profit for the year:			
– Continuing operations		3,522	42,016
– Discontinued operations		16,246	(5,684)
		19,768	36,332
Adjustments for:			
– Income tax expense	29	10,825	18,960
– Depreciation of property, plant and equipment		12,076	12,688
– Amortisation of intangible assets	26	1,790	2,103
– Amortisation of deferred gain	25	(111)	(116)
– Gain on disposal of property, plant and equipment			
– Continuing operations	25	(139)	(105)
– Discontinued operations	31(a)(i)	(18,266)	–
– Property, plant and equipment written off		–	2,405
– Impairment loss on property, plant and equipment		–	162
– Gain on disposal of a subsidiary corporation	31	–	(2,383)
– Provisions		(32)	(114)
– Loss allowance on trade receivables, net		656	1,571
– Impairment losses on goodwill and intangible assets	25	19,053	–
– Net fair value loss/(gain) on derivatives		356	(315)
– Fair value loss on financial assets, at FVPL	25	210	9
– Finance income		–	(1,879)
– Interest income		(2,201)	(5,983)
– Interest expense		5,594	6,226
– Unrealised currency translation (gain)/loss		(2,728)	726
		46,851	70,287
Change in working capital, net of effects from disposal of subsidiary corporations:			
– Trade and other receivables and service concession receivables		28,608	(21,494)
– Inventories		(9,734)	580
– Trade and other payables		(15,032)	15,544
Cash generated from operations		50,693	64,917
Interest received		2,202	5,013
Interest paid		(3,271)	(5,795)
Income tax paid		(14,312)	(16,069)
Net cash provided by operating activities		35,312	48,066

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	2025	2024
		$'000	$'000
Cash flows from investing activities			
Proceeds from disposal of subsidiary corporations, net of cash disposed	31	–	10,152
Additions to property, plant and equipment		(5,225)	(4,127)
Proceeds from disposal of property, plant and equipment		31,128	114
Purchase of financial assets, at FVOCI	10	(8,131)	–
Net cash provided by investing activities		17,772	6,139
Cash flows from financing activities			
Acquisition of non-controlling interests	11	(9,390)	–
Changes in revolving credit facility		10,224	–
Repurchase of common shares by a subsidiary corporation	11	–	(32)
Principal payment of lease liabilities		(6,479)	(6,411)
Proceeds from bank borrowings		–	500
Repayment of bank borrowings		(10,105)	(17,456)
Interest paid		(259)	(743)
Dividend paid by a subsidiary corporation to non-controlling interest	11	(43,293)	–
Dividend paid to equity holders of the Company	23	(108,998)	–
Net cash used in financing activities		(168,300)	(24,142)
Net (decrease)/increase in cash and cash equivalents		(115,216)	30,063
Cash and cash equivalents			
Beginning of financial year		200,617	172,094
Effects of currency translation on cash and cash equivalents		(3,267)	(1,540)
End of financial year	4	82,134	200,617

Reconciliation of liabilities arising from financing activities

	1 January	Cash flows	Non-cash changes			31 December
			Addition	Interest expenses	Foreign exchange movement	
	$'000	$'000	$'000	$'000	$'000	$'000
2025						
Lease liabilities	92,583	(11,175)	2,417	4,696	(1,573)	86,948
Bank borrowings	10,108	(10,364)	–	259	(3)	–
Revolving credit facility	–	10,224	–	–	402	10,626
2024						
Lease liabilities	95,252	(11,661)	6,932	5,250	(3,190)	92,583
Bank borrowings	26,740	(17,699)	–	743	324	10,108

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. GENERAL INFORMATION

Avarga Limited (the "**Company**") is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and incorporated and domiciled in Singapore. The address of its registered office is 1 Kim Seng Promenade, #13-10 Great World City, Singapore 237994.

The principal activities of the Company are the trading of paper products, investment holding and providing management services. The principal activities of its subsidiary corporations are disclosed in Note 11 to the financial statements.

The Company's immediate and ultimate holding corporation is TKO Pte. Ltd., a company incorporated in Singapore.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("**$**") and all values in the tables are rounded to the nearest thousand ($'000), unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) 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 to the financial statements.

2.2 Interpretations and amendments to published standards effective in 2025

On 1 January 2025, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("**INT SFRS(I)**") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition

(i) *Wholesale of building products*

The Group distributes building products to supply yards, building product retailers and industrial manufacturers. Sales are recognised at the point in time when control of the products has transferred to the Group's customers, being when the products are shipped to the customer in instances where the customer arranges for shipment or upon delivery for instances in which the Group arranges for shipment. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Once products are delivered to the Group's customers, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A portion of the Group's sales take place on a consignment basis, where the Group will deliver inventory to customer locations that has not yet been purchased. The revenue from these sales is recognised at the point in time when the customer purchases the inventory.

The Group's products are sold with volume discounts based on aggregate sales over set periods. Revenue from these sales is recognised based on the price agreed upon for each order, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the sales are made with credit terms standard for the market. The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision. Historically, the Group's annual returns for products sold have been negligible.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (Continued)

(ii) Trading of paper products

The Group manufactures and sells a range of paper products. Sales are recognised at the point in time when control of the products has transferred to its customer, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers.

The sales are made with credit terms standard ranges from 30 to 120 days. However, the customer has a right to return the goods to the Group due to quality issues. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has not been significant for years, it is not probable that a significant reversal in the cumulative revenue recognised will occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. The asset is measured by reference to the former carrying amount of the product. The costs to recover the products are not material, because the customer usually returns the product in a saleable condition.

The Group does not operate any customer loyalty programme.

(iii) Operating and maintenance income

Operating and maintenance income relates to the income derived from managing and operation of infrastructure under service concession arrangement.

Operating and maintenance income is recognised in the accounting period in which the services are rendered.

The customer is only invoiced once a month. A contract asset is recognised for the cumulative revenue recognised but not yet invoiced.

(iv) Finance income

Finance income from a service concession arrangement is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. **MATERIAL ACCOUNTING POLICIES** (CONTINUED)

2.3 **Revenue recognition** (Continued)

(v) Interest income

Interest income from financial assets at FVPL is included as part of the net fair value gains or losses in "Other gains and losses". Interest income from financial assets at amortised cost and FVOCI is recognised using the effective interest rate method.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.4 **Group accounting**

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations 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 of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on 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 subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(a) *Subsidiary corporations* (Continued)

(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 corporation 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 corporation 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. Please refer to the paragraph "Impairment of non-financial assets – Goodwill" for the subsequent accounting policy on goodwill.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(a) *Subsidiary corporations* (Continued)

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation 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 a specific 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 subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Land and buildings*

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

(a) *Measurement* (Continued)

(ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is 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.

(b) *Depreciation*

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line and declining balance methods to allocate their depreciable amounts over their estimated useful lives and annual rates as follows:

Straight-line method	Useful lives
Leasehold land	90 to 99 years
Leasehold improvements	Over term of lease
Buildings	50 years
Treating equipment	20 to 25 years
Plant and machinery	3 to 40 years
Computer system and license	3 to 10 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	5 years

Declining balance method	Annual rates
Buildings	4% to 10%
Furniture and office equipment	8% to 30%
Warehouse equipment	10% to 30%

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

(b) *Depreciation* (Continued)

The residual values, estimated useful lives or annual rates and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Assets that are not yet available for use are not being depreciated.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses), net – Others".

2.6 Intangible assets

(a) *Goodwill*

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of 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 (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets (Continued)

(b) Other intangible assets

Other intangible assets from a business acquisition are recorded at fair value on the date of acquisition. After initial recognition, an intangible asset is carried at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to profit or loss on a straight-line basis in accordance with their estimated economic useful lives or periods of contractual rights as follows:

Intangible assets	Useful lives
Customer relationships and brand name	7 to 15 years
Favourable lease terms	Over the term of the lease

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date to ensure they are aligned with estimates of the remaining economic useful lives of the associated intangible assets. The effects of any revision are recognised in profit or loss when the changes arise.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.8 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. **MATERIAL ACCOUNTING POLICIES** (CONTINUED)

2.9 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("**CGU**") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*
Property, plant and equipment (including right-of-use assets)
Investments in subsidiary corporations

Intangible assets, property, plant and equipment (including right-of-use assets) and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

(b) *Intangible assets*
Property, plant and equipment (including right-of-use assets)
Investments in subsidiary corporations (Continued)

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial assets

(a) *Classification and measurement*

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

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(a) Classification and measurement (Continued)

At initial recognition

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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, service concession receivables and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("**OCI**") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains/(losses), net – Others". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains/(losses), net – Others".

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. **MATERIAL ACCOUNTING POLICIES** (CONTINUED)

2.10 **Financial assets** (Continued)

(a) *Classification and measurement* (Continued)

At subsequent measurement

(ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other gains/(losses), net – Others", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value changes – equity investments" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34(a) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and service concession receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets at amortised cost, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit losses if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit losses will be calculated and recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(c) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet 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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payment made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets is subsequently depreciated using the straight-line method or declining balance method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

(ii) Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (Continued)

When the Group is the lessee: (Continued)

(ii) *Lease liabilities* (Continued)

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (Continued)

When the Group is the lessee: (Continued)

(iii) Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(iv) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value, except for production consumables which are recorded at the lower of cost and replacement cost which approximates net realisable value.

Cost of raw materials is determined using the weighted-average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work-in-progress comprises cost of raw materials, direct labour, other direct costs and an appropriate proportion of manufacturing overheads (based on normal operating capacity) but excludes borrowing costs.

Where necessary, damaged, obsolete and slow-moving items are written-down to net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Income taxes (Continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, investment and reinvestment allowance) similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.17 Provisions

Provisions for warranty and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions (Continued)

A provision for future potential warranty costs is calculated using historical trends and future expectations of future claims. Adjustments to the warranty provision are included in cost of sales. Actual future warranty costs may differ from those estimates.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expenses.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

An asset retirement obligation is a legal obligation associated with the remediation of tangible long-lived assets that the Group may be required to settle. The Group's assets retirement obligations are primarily associated with the treating facility drip pad at the Washougal (United States) location of Exterior Wood, Inc., a subsidiary corporation of Taiga that Taiga is obligated to remediate. The Group recognises the best estimate of the fair value of the liability, with a corresponding increase in the carrying value of the related asset. The liability, recorded in current liabilities, is estimated based on a number of assumptions requiring management's judgement, including estimated costs to be incurred, inflation rates and discount rates, and is accreted to its projected future value over time. The capitalised asset is depreciated over its useful life. Upon satisfaction of the asset retirement obligations, the differences between the recorded asset retirement obligation liability and the actual retirement costs incurred are recognised as a gain or loss in the consolidated statement of comprehensive income.

2.18 Employee compensation

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 in Singapore and Employee Provident Fund in Malaysia on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Employee compensation (Continued)

(b) 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 balance sheet 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.

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 share capital account, when new ordinary shares are issued, or to the "Treasury shares" account, when treasury shares are re-issued to the employees.

(c) Profit sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises an accrual when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(d) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employee up to the balance sheet date.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. **MATERIAL ACCOUNTING POLICIES** (CONTINUED)

2.18 **Employee compensation** (Continued)

(e) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises cost for a restructuring that is within the scope of SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.19 **Financial guarantees**

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantees contracts are initially measured at fair value and subsequently measured at the higher of:

(a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers*; and

(b) the amount of expected loss allowance computed using the impairment methodology under Note 2.10 to the financial statements.

2.20 **Deferred gain**

Deferred gains on sale and leaseback transactions are amortised over the lease terms of the buildings, which are being accounted for as lease liability. Amortisation is included in "Other gains/(losses), net – Others".

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted-average number of ordinary shares outstanding during the financial year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

2.22 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 Dollar ("**$**"), 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 balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation (Continued)

(b) *Transactions and balances* (Continued)

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "Finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other gains/(losses), net – Others".

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's 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 balance sheet 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.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker whose members are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.25 Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("**treasury shares**"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.26 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

2.27 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.27 Non-current assets (or disposal groups) held-for-sale and discontinued operations (Continued)

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

(a) represents a separate major line of business or geographical area of operation; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation; or

(c) is a subsidiary acquired exclusively with a view to resale.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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.

3.1 Critical accounting estimates and assumptions

(a) Impairment of goodwill and intangible assets

In performing the impairment assessment of the carrying amount of goodwill and intangible assets, as disclosed in Note 12, the recoverable amounts of the cash-generating units ("**CGUs**") in which goodwill and intangible assets have to be attributable to, are determined using value-in-use ("**VIU**") calculations.

Significant judgements are involved in estimating the pre-tax discount rates, gross margin and growth rates applied in computing the recoverable amounts of different CGUs. Specific estimates are disclosed in Note 12(a).

During the current financial year, impairment losses on goodwill and intangible assets of $19,053,000 (2024: $Nil) were recognised as the carrying amounts of one of the CGUs exceeded its recoverable amount.

The Group has assessed that any reasonably possible change in the key assumptions used in the VIU calculation would not result in a further impairment.

(b) Current and deferred tax

The Group calculates current and deferred income tax provisions for each of the jurisdictions in which it operates. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities and ultimately until they are statute barred from reassessment. This occurs subsequent to the issuance of financial statements. Therefore, results in subsequent periods will be affected by the amount that estimates differ from the final tax filings, resolution of uncertain tax positions, open years or tax disputes that may arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions (Continued)

(b) *Current and deferred tax* (Continued)

The Group is required to make estimates and assumptions when assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. The Group also evaluates the recoverability of deferred tax assets based on an assessment of the likelihood of using the underlying future tax deductions against future taxable income before they expire. Deferred tax liabilities arising from temporary differences on investments in subsidiary corporations are recognised unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained profits depend on management's estimates. These estimates and judgements are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to profit or loss. New information may become available that causes the Group to change its judgement and estimates regarding the adequacy of provisions related to income and other taxes. Any changes will be recorded prospectively in the period that such determinations are made.

The Group's and the Company's deferred income taxes, unrecognised tax losses, capital allowances, reinvestment allowance and merger and acquisition allowances are set out in Note 20. The amount of income tax recoverable/expense recognised is disclosed in Note 29.

3.2 Critical judgements in applying the entity's accounting policies

(a) *Loss allowance of trade receivables*

As at 31 December 2025, the Group's trade receivables before loss allowance amounted to $111,760,000 (2024: $133,367,000) (Note 5), arising from the wholesale of building products segment of the Group.

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns. Management has determined the expected loss rates by grouping the receivables according to the category of internal credit rating of each segment. A loss allowance of $2,991,000 (2024: $2,505,000) (Note 5) was recognised for trade receivables as at 31 December 2025.

The Group's and the Company's credit risk exposure for trade receivables are set out in Note 34(a)(i).

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.2 Critical judgements in applying the entity's accounting policies (Continued)

(b) *Valuation of inventories*

Inventories are carried at the lower of cost and net realisable value, except for production consumables which are recorded at the lower of cost and replacement cost which approximates net realisable value. The Group reviews the ageing analysis of inventories at each balance sheet date, and obsolete and slow-moving inventory items identified that are no longer suitable for sale are write-down. The net realisable value for such inventories are estimated based primarily on the latest product prices and current market conditions. The carrying amount of the Group's inventories is disclosed in Note 6.

(c) *Critical judgement over the lease terms*

As at 31 December 2025, the Group's lease liabilities, which are measured with reference to an estimate of the lease terms, amounted to $86,948,000 (2024: $92,583,000), of which $68,477,000 (2024: $69,215,000) arose from extension options. Extension options are included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

For leases of warehouse and factory, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities;
- If the warehouse and factory are located in strategic locations that will contribute to the continued profitability of the business segment, the Group typically includes the extension option in lease liabilities;
- Otherwise, the Group considers other factors including its historical lease periods for similar assets, costs required to obtain replacement assets, and business disruptions.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee. There is no change in the Group's assessment of extension option which has an impact on the recognised lease liabilities and right-of-use assets during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Cash at bank and on hand	41,672	153,828	875	1,611
Short-term bank deposits	40,462	46,789	3,276	6
	82,134	200,617	4,151	1,617

Cash and cash equivalents denominated in currencies other than the functional currency of the Group's entities at the balance sheet date are as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
United States Dollar	3,578	14,047	3,233	882
Canadian Dollar	376	–	374	–

5. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Trade receivables				
– Non-related parties	111,760	133,367	–	19
Less: Loss allowance (Note 34(a)(i))	(2,991)	(2,505)	–	–
Trade receivables – net	108,769	130,862	–	19
Other receivables				
– Non-related parties	5,768	15,467	71	13
– Subsidiary corporations	–	–	124,195	130,532
Less: Loss allowance (Note 34(a)(ii))	–	–	(30,296)	(34,113)
Other receivables – net	5,768	15,467	93,970	96,432
Deposits	54	57	48	53
Prepayments	3,771	3,715	22	21
	118,362	150,101	94,040	96,525

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables of $108,508,000 (2024: $127,053,000) of the Group are pledged as security for the revolving credit facility of the Group (Note 15).

Trade receivables are non-interest bearing and are generally on 30 to 120 days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The other receivables due from subsidiary corporations are non-trade in nature, unsecured, interest-free and repayable on demand.

During the financial year ended 31 December 2024, the Company assigned and transferred other receivables due from a subsidiary corporation amounting to $12,804,000 to the purchaser upon the completion of the disposal of UPP Greentech Group (Note 31).

Trade and other receivables denominated in currencies other than the functional currency of the Group's entities at the balance sheet date are as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
United States Dollar	–	322	1,996	18,058
Canadian Dollar	–	–	12,910	75,205

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6. INVENTORIES

	Group	
	2025	2024
	$'000	$'000
Current		
At cost		
Building products:		
– Allied building products	46,728	35,181
– Lumber products	98,744	98,701
– Panel products	31,063	34,363
Paper products:		
– Finished goods	–	2,627
Work-in-progress	–	3
Production consumables	959	1,434
	177,494	172,309

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to $1,286,799,000 (2024: $1,351,895,000). The Group has recognised a write-down on its slow-moving inventories amounting to $2,351,000 (2024: $1,793,000) (Note 26).

Inventories of $177,494,000 (2024: $169,680,000) of the Group have been pledged as security for the revolving credit facility of the Group (Note 15).

Non-Current

Long term inventories of $4,487,000 (2024: $1,776,000) relates to the two properties, which are held for development and future sale.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land, buildings and leasehold improvements	Treating equipment, warehouse equipment and plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Computer system and license	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
2025							
Cost							
Beginning of financial year	9,183	141,732	86,486	4,649	2,232	8,304	252,586
Currency translation differences	19	3,971	(6,487)	(950)	103	(1,168)	(4,512)
Additions	–	1,490	3,608	162	–	2,385	7,645
Disposals							
– Continuing operations	–	–	(691)	(112)	–	–	(803)
– Discontinued operations	(3,729)	(16,694)	–	–	(1,046)	–	(21,469)
Written off	–	(388)	(54,233)	(11)	–	–	(54,632)
End of financial year	5,473	130,111	28,683	3,738	1,289	9,521	178,815
Accumulated depreciation and impairment losses							
Beginning of financial year	–	45,033	68,369	1,444	1,676	6,105	122,627
Currency translation differences	–	4,406	(5,902)	231	102	–	(1,163)
Charge for the financial year							
– Continuing operations (Note 26)	–	6,865	3,586	395	172	955	11,973
– Discontinued operations	–	45	–	–	58	–	103
Disposals							
– Continuing operations	–	–	(671)	(101)	–	–	(772)
– Discontinued operations	–	(7,731)	–	–	(1,046)	–	(8,777)
Written off	–	(388)	(54,233)	(11)	–	–	(54,632)
End of financial year	–	48,230	11,149	1,958	962	7,060	69,359
Net book value							
End of financial year	5,473	81,881	17,534	1,780	327	2,461	109,456

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7. **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

	Freehold land	Leasehold land, buildings and leasehold improvements	Treating equipment, warehouse equipment and plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Computer system and license	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
2024							
Cost							
Beginning of financial year	8,947	138,753	83,693	5,572	2,165	8,960	248,090
Currency translation differences	236	(2,323)	3,389	(78)	67	(1,036)	255
Additions	–	5,302	4,935	411	–	380	11,028
Reclassified to disposal group	–	–	(101)	(8)	–	–	(109)
Disposals	–	–	(320)	(4)	–	–	(324)
Written off	–	–	(5,110)	(1,244)	–	–	(6,354)
End of financial year	9,183	141,732	86,486	4,649	2,232	8,304	252,586
Accumulated depreciation and impairment losses							
Beginning of financial year	–	37,738	65,118	1,998	1,177	5,560	111,591
Currency translation differences	–	(410)	3,025	45	91	(256)	2,495
Charge for the financial year							
– Continuing operations (Note 26)	–	7,367	3,272	439	112	801	11,991
– Discontinued operations	–	338	175	50	134	–	697
Reclassified to disposal group	–	–	(39)	(7)	–	–	(46)
Disposals	–	–	(314)	–	–	–	(314)
Written off	–	–	(2,868)	(1,081)	–	–	(3,949)
Impairment losses recognised for discontinued operations	–	–	–	–	162	–	162
End of financial year	–	45,033	68,369	1,444	1,676	6,105	122,627
Net book value							
End of financial year	9,183	96,699	18,117	3,205	556	2,199	129,959

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold building	Furniture, fixtures, and office equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Company				
2025				
Cost				
Beginning of financial year	388	85	560	1,033
Additions	496	4	–	500
Written off	(388)	(11)	–	(399)
End of financial year	496	78	560	1,134
Accumulated depreciation				
Beginning of financial year	313	72	121	506
Charge for the financial year	144	8	112	264
Written off	(388)	(11)	–	(399)
End of financial year	69	69	233	371
Net book value				
End of financial year	427	9	327	763
2024				
Cost				
Beginning of financial year	388	81	560	1,029
Additions	–	4	–	4
End of financial year	388	85	560	1,033
Accumulated depreciation				
Beginning of financial year	184	68	9	261
Charge for the financial year	129	4	112	245
End of financial year	313	72	121	506
Net book value				
End of financial year	75	13	439	527

7. **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

During the financial year ended 31 December 2025, the Group's additions to property, plant and equipment included an amount of $2,417,000 (2024: $6,932,000) (Note 8(f)) acquired under right-of-use assets under leasing arrangements. Right-of-use assets acquired under leasing arrangement are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 8(a) to the financial statements.

During the financial year ended 31 December 2025, the Group recorded an impairment loss of $Nil (2024: $162,000) on the plant and machinery relating to the Group's paper manufacturing business, which has been classified as discontinued operations, as the carrying value exceeded the recoverable amount of the cash-generating unit in Malaysia. The impairment test carried out by the Group was based on management's assessments of the higher of VIU and fair value less costs to sell.

As of 31 December 2025:

(a) The development costs of the computer systems projects that are not ready for use were $874,000 (2024: $548,000). No depreciation has been recognised on the components that are not ready for use. Furthermore, the Group has recorded an asset retirement obligation ("**ARO**") of $2,510,000 for remediation work required at Washougal location of Exterior Wood, Inc., an indirect subsidiary corporation of the Group via Taiga building Products Limited. A net of $2,878,000 in escrow funds was received in 2023 from the previous owners of Exterior Wood, Inc.. A corresponding liability of $5,158,000 (2024: $5,476,000) is recorded under provisions in Note 19 to the financial statements.

(b) The Group has written-off the net book value of plant and machinery, furniture fixtures and office equipment relating to the Group's paper manufacturing business, which has been classified as discontinued operations. The net book value of plant and equipment written-off was approximately $Nil (2024: $2,405,000).

8. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Leasehold land, buildings and leasehold improvements

The Group leases warehouse for storage and distribution needs. These leasehold land, buildings and leasehold improvements are recognised within Property, plant and equipment (Note 7).

There are no externally imposed covenant on these lease arrangements.

8. LEASES – THE GROUP AS A LESSEE (CONTINUED)

Nature of the Group's leasing activities (Continued)

Treating equipment, warehouse equipment and plant and machinery

The Group leases equipment to produce pressure-treated wood products at its wood preservation plants.

(a) *Carrying amounts*

Right-of-use ("**ROU**") assets classified within Property, plant and equipment

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Leasehold land, buildings and leasehold improvements	71,743	78,193	427	75
Treating equipment, warehouse equipment and plant and machinery	4,393	7,540	–	–
Furniture, fixtures and office equipment	7	12	7	10
	76,143	85,745	434	85

(b) *Depreciation charge during the financial year*

	Group	
	2025	2024
	$'000	$'000
Leasehold land, buildings and leasehold improvements	5,618	6,060
Treating equipment, warehouse equipment and plant and machinery	1,826	1,787
Furniture, fixtures and office equipment	3	13
	7,447	7,860

(c) *Interest expense*

Interest expense on lease liabilities of the Group for the financial year ended 31 December 2025 was $4,696,000 (2024: $5,250,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8. LEASES – THE GROUP AS A LESSEE (CONTINUED)

Nature of the Group's leasing activities (Continued)

Treating equipment, warehouse equipment and plant and machinery (Continued)

(d) *Lease expense not capitalised in lease liabilities*

	Group	
	2025	2024
	$'000	$'000
Lease expense – short-term lease	154	181

(e) Total cash outflow for all the leases during the financial year ended 31 December 2025 for the Group was $11,329,000 (2024: $11,842,000).

(f) Additions of ROU assets during the financial year ended 31 December 2025 for the Group was $2,417,000 (2024: $6,932,000).

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Leasehold land, buildings and leasehold improvements	774	4,992	496	–
Treating equipment, warehouse equipment and plant and machinery	1,643	1,940	–	–
	2,417	6,932	496	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9. FINANCIAL ASSETS, AT FVPL

	Group	
	2025	2024
	$'000	$'000
Beginning of financial year	11,374	11,208
Currency translation differences	(577)	175
Fair value loss (Note 25)	(210)	(9)
End of financial year	10,587	11,374
Non-current assets		
Non-listed securities:		
Equity securities		
– Private Asian Real Estate Fund	8,332	9,094
Debt securities		
– Private guaranteed bond	2,255	2,280
	10,587	11,374

The instruments are all mandatorily measured at fair value through profit or loss.

The investment in the private Asian Real Estate Fund is denominated in USD, which is different from the subsidiary corporation's functional currency.

The investment in a private guaranteed bond bears an interest rate of 8% per annum, along with a share of revenues maturing on 29 December 2026.

10. FINANCIAL ASSETS, AT FVOCI

	Group	
	2025	2024
	$'000	$'000
Beginning of financial year	–	–
Additions	8,131	–
Fair value loss	(536)	–
End of financial year	7,595	–
Non-current assets		
Listed equity securities	7,595	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10. FINANCIAL ASSETS, AT FVOCI (CONTINUED)

Financial assets, at FVOCI denominated in currencies other than the functional currency of the Group's entities at the balance sheet date are as follows:

	Group	
	2025	2024
	$'000	$'000
United States Dollar	1,660	–
Hong Kong Dollar	4,759	–
Chinese Renminbi	743	–

The Group has elected to measure this equity security at FVOCI due to the Group's intention to hold this equity instrument for long-term capital appreciation.

11. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2025	2024
	$'000	$'000
Equity investments at cost		
Beginning and end of financial year	15,422	15,422
Allowance for impairment		
Beginning and end of financial year	(3,404)	(3,404)
Carrying amount	12,018	12,018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group has the following subsidiary corporations as at 31 December 2025 and 2024:

Name of companies	Country of business/ incorporation	Principal activities	Proportion of ordinary shares directly held by Parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2025	2024	2025	2024	2025	2024
			%	%	%	%	%	%
Held by the Company								
UPP Industries Pte. Ltd.[1]	Singapore	Investment holding	100	100	100	100	–	–
Avarga Investment Pte. Ltd.[1]	Singapore	Investment holding	100	100	100	100	–	–
Held through subsidiary corporations								
Avarga (M) Sdn. Bhd.[2]	Malaysia	Investment holding	–	–	100	100	–	–
UPP Pulp & Paper (M) Sdn. Bhd.[2][3][5]	Malaysia	Portfolio investment	–	–	100	100	–	–
UPP Recycled Fibre (M) Sdn. Bhd.[2]	Malaysia	Dormant	–	–	100	100	–	–
UPP Paper Sdn. Bhd.[2]	Malaysia	Dormant	–	–	100	100	–	–
Avarga Canada Limited[2]	Canada	Investment holding	–	–	100	100	–	–
Taiga Building Products Ltd. and its subsidiary corporations[2][4]	Canada	Independent wholesale distributor of building products	–	–	74.2	72	25.8	28

11. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

(1) Audited by CLA Global TS Public Accounting Corporation, Singapore.

(2) Reviewed by CLA Global TS Public Accounting Corporation, Singapore for consolidation purposes.

(3) Audited by Deloitte Malaysia PLT (formerly known as Deloitte PLT), Malaysia.

(4) Audited by DMCL LLP (formerly known as Dale Matheson Carr-Hilton Labonte, LLP), Vancouver, an independent member firm associated with Moore Global Network Limited.

(5) Following the cessation of the paper business during the financial year, UPP Pulp & Paper (M) Sdn. Bhd., a wholly-owned subsidiary of the Company has changed its principal activity from "Manufacture and sale of paper products and trading in recycled fibre" to "Portfolio investment".

The Group has complied with Rule 712 and Rule 715 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

Carrying value of non-controlling interests

	Group	
	2025	2024
	$'000	$'000
		(Restated)
Taiga Building Products Ltd. ("**Taiga**") and its subsidiary corporations	74,901	124,043

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for subsidiary corporations that has non-controlling interests that are material to the Group. This is presented before inter-company eliminations.

Taiga Building Products Ltd. and its subsidiary corporations

Summarised balance sheet as at 31 December

	2025	2024
	$'000	$'000
		(Restated)
Current		
Assets	364,642	502,879
Liabilities	(114,831)	(119,298)
Total current net assets	249,811	383,581
Non-current		
Assets	145,429	174,659
Liabilities	(86,462)	(95,954)
Total non-current net assets	58,967	78,705
Net assets	308,778	462,286

11. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Summarised statement of comprehensive income for the financial year ended 31 December

	2025	2024
	$'000	$'000
Revenue	1,523,785	1,592,861
Profit before income tax	35,938	64,213
Income tax expense	(9,904)	(18,609)
Net profit	26,034	45,604
Other comprehensive (loss)/income	(6,032)	10,440
Total comprehensive income	20,002	56,044
Total comprehensive income allocated to non-controlling interests	5,159	15,748
Dividends paid to non-controlling interests	(43,293)	–

Summarised cash flows for the financial year ended 31 December

	2025	2024
	$'000	$'000
Net cash provided by operating activities	56,571	46,946
Net cash used in investing activities	(5,042)	(3,750)
Net cash used in financing activities	(163,787)	(6,293)

Transaction with non-controlling interests

For the financial year ended 31 December 2025

Acquisition of additional interest in a subsidiary corporation

On 14 April 2025, the Company's wholly-owned subsidiary corporation, Avarga Canada Limited, acquired additional 2.2% of the issued shares of Taiga for a purchase consideration of C$10,068,000, approximately $9,390,000. The Group now holds 74.2% of the equity share capital of Taiga. The carrying amount of the non-controlling interests in Taiga on the date of acquisition was $9,040,000. The Group derecognised non-controlling interests of $9,040,000 and recorded a decrease in equity attributable to owners of the Company of $350,000. The effect of changes in the ownership interest of Taiga on the equity attributable to owners of the Company during the financial year ended 31 December 2025 is summarised as follows:

	2025
	$'000
Carrying amount of non-controlling interests acquired	9,040
Consideration paid to non-controlling interests	(9,390)
Excess of consideration paid recognised in parent's equity	(350)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

For the financial year ended 31 December 2024

Deemed acquisition of additional interest in a subsidiary corporation

For the financial year ended 31 December 2024, Taiga acquired 10,488 shares of its own in the open market for a cash consideration of C$32,405, approximately $32,000. This has resulted in a decrease in non-controlling interests of $48,000 and an increase in equity attributable to owners of the Company of $16,000. The effect of the Taiga shares buy-back transactions was summarised as follows:

	2024
	$'000
Carrying amount of non-controlling interests deemed acquired	48
Consideration transferred to non-controlling interests	(32)
Increase in equity attributable to owners of the Company	16

12. INTANGIBLE ASSETS

	Group	
	2025	2024
	$'000	$'000
Composition		
Goodwill (Note (a))	19,840	30,730
Customers relationships and brand name (Note (b))	–	10,730
Favourable lease terms (Note (c))	153	824
	19,993	42,284

12. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill

	Group	
	2025	2024
	$'000	$'000
Cost		
Beginning of financial year	30,730	31,380
Currency translation differences	(841)	(650)
End of financial year	29,889	30,730
Accumulated impairment		
Beginning of financial year	–	–
Currency translation differences	(5)	–
Impairment losses	10,054	–
End of financial year	10,049	–
Net book value		
End of financial year	19,840	30,730

Goodwill is allocated to the Group's cash-generating units ("**CGUs**") identified according to countries of operation and business segments as follows:

	Group	
	2025	2024
	$'000	$'000
Building products		
Canada	19,840	20,062
United States	–	10,668
	19,840	30,730

Goodwill and intangible assets for Canada arose from the Group's acquisition of Taiga Building Products Ltd ("**Taiga**") in 2017. The intangible assets of Canada consisted primarily of customer relationships and favourable lease terms. Goodwill and intangible assets for United States arose from the Group's acquisition of Exterior Wood, Inc. in 2018. The intangible assets of United States consisted primarily of customer relationships and a brand name. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, or more frequently when indicators of impairment exist, in accordance with SFRS(I) 1-36 *Impairment of Assets*.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12. **INTANGIBLE ASSETS** (CONTINUED)

(a) **Goodwill** (Continued)

Impairment assessment – Canada

The Group performed its impairment testing by comparing the carrying value of the CGU against its value-in-use. The calculation of value-in-use of Taiga CGU requires the use of assumptions. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 1% (2024: 1%). The value-in-use calculation includes cash flows relating to sustaining capital expenditure and working capital based on historical activity. Cash flows are discounted using a pre-tax discount rate of 8.9% (2024: 9.5%).

Based on the impairment test, the value-in-use of Taiga CGU exceeded its carrying amounts. As a result, no allowance for impairment of goodwill was provided. There is a material degree of uncertainty with respect to the estimates of the recoverable amount of the Taiga CGU's net assets.

Impairment assessment – United States

During the financial year ended 31 December 2025, management performed its annual impairment assessment of the Exterior Wood cash-generating unit (the "**EW CGU**") as at 31 October 2025.

The recoverable amount of the EW CGU was determined using a value-in-use methodology based on discounted cash flow projections. Key assumptions used in the impairment test included forecasted revenue growth of 1% to 3% (2024: 1% to 3%) and gross profit margins of 10.7% (2024: 11% to 13%) derived from management-approved budgets and forecasts, a terminal growth rate of 2% (2024: 3%) consistent with long-term market expectations, and a discount rate of 13.5% (2024: 11.3%) reflecting the risks specific to the EW CGU and the current market environment. The recoverable amount was compared to the carrying value of the EW CGU, including goodwill and intangible assets.

Impairment Recognised

As a result of this assessment, the carrying amount of the EW CGU exceeded its recoverable amount. Accordingly, during the financial year ended 31 December 2025, the Group recorded a full impairment of $19,053,000 (Note 25) of the goodwill and intangible assets related to the EW CGU. The impairment loss was allocated first to goodwill, amounted to $10,054,000, with the remaining amount of $8,999,000 allocated to intangible assets, resulting in a $Nil carrying value for both goodwill and intangible assets associated with EW CGU as at 31 December 2025.

The impairment loss was recognised in the "Other gains/(losses), net – Others" in the consolidated statement of comprehensive income. No impairment was recorded to the EW CGU's tangible assets, as their recoverable amounts were determined to at least their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill (Continued)

Sensitivity

Management believes that any reasonably possible change in key assumptions used in the impairment assessment would not result in a further impairment of the EW CGU and would not result in the carrying amount of Taiga CGU to exceed its recoverable amount.

(b) Customers relationships and brand name

	Group	
	2025	2024
	$'000	$'000
Cost		
Beginning of financial year	39,105	39,530
Currency translation differences	(1,293)	(425)
End of financial year	37,812	39,105
Accumulated amortisation		
Beginning of financial year	28,375	27,768
Currency translation differences	(692)	(807)
Amortisation charge	1,130	1,414
Impairment losses	8,999	–
End of financial year	37,812	28,375
Net book value		
End of financial year	–	10,730

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12. INTANGIBLE ASSETS (CONTINUED)

(c) Favourable lease terms

	Group	
	2025	2024
	$'000	$'000
Cost		
Beginning of financial year	7,145	7,507
Currency translation differences	(79)	(362)
End of financial year	7,066	7,145
Accumulated amortisation		
Beginning of financial year	6,321	5,937
Currency translation differences	(68)	(305)
Amortisation charge	660	689
End of financial year	6,913	6,321
Net book value		
End of financial year	153	824

(d) Amortisation expense included in the statement of comprehensive income is analysed as follows:

	Group	
	2025	2024
	$'000	$'000
Administrative expenses (Note 26)	1,790	2,103

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
		(Restated)		
Trade payables				
– Related parties	–	–	–	79
– Non-related parties	40,928	46,532	–	–
Accrued operating expenses	53,236	65,404	310	391
Other payables				
– Non-related parties	91	127	51	77
Provisions (Note 19)	5,542	5,904	–	–
	99,797	117,967	361	547

Trade and other payables denominated in currencies other than the functional currency of the Group's entities at the balance sheet date are as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
United States Dollar	3,083	3,287	–	79

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2025	2024
	$'000	$'000
Financial (liabilities)/assets at fair value through profit or loss which are held for trading		
– Lumber futures contract	(245)	111

The Group selectively utilises Chicago Mercantile Exchange Random Length lumber futures contracts. Each contract calls for mill delivery of 110,000 board feet (plus or minus 5,000 board feet) of random length 8-foot to 20-foot nominal 2-inch x 4-inch pieces. The contracts can be settled in cash or by delivery of a commodity.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15. REVOLVING CREDIT FACILITY

	Group	
	2025	2024
	$'000	$'000
Revolving credit facility	10,224	–
Financing costs, net of amortisation	402	–
	10,626	–

On 21 December 2022, the Group entered into a new C$250 million senior secured revolving credit facility (the "**Facility**") with a syndicate of lenders led by Bank of Montreal and including Scotiabank, Bank of America, TD Bank and CIBC. The Facility bears interest at variable rates plus variable margin, is secured by a first perfected security interest in all real and personal property of Taiga and certain of its subsidiary corporations, and matures on 20 December 2027. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at 31 December 2025.

16. BANK BORROWINGS

	Group	
	2025	2024
	$'000	$'000
Current		
Unsecured borrowings	–	10,108

The exposure of the bank borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date were as follows:

	Group	
	2025	2024
	$'000	$'000
6 months or less	–	10,108

Loan covenants

Some of the Group's loan arrangements were subject to covenant clauses, whereby the Group was required to meet certain key financial ratios.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. LEASE LIABILITIES

A summary of the right-of-use lease obligations is as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Minimum lease payments due over the lives of the right-of-use leases:				
– Not later than one year	10,778	10,755	175	88
– Between one and five years	35,668	37,317	287	7
– Later than five years	79,347	88,724	–	–
	125,793	136,796	462	95
Less: Future finance charges	(38,845)	(44,213)	(18)	(1)
Present value of lease liabilities	86,948	92,583	444	94

The present values of lease liabilities are analysed as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Current				
– Not later than one year	6,355	5,827	164	87
Non-current				
– Between one and five years	20,948	21,525	280	7
– Later than five years	59,645	65,231	–	–
	80,593	86,756	280	7
Total	86,948	92,583	444	94

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. LEASE LIABILITIES (CONTINUED)

As at 31 December 2025, the Group leases certain buildings and operating equipment from non-related parties which are classified as right-of-use assets under the adoption of SFRS(I) 16. Lease payments represent blended payments consisting of principal and interest based on interest rates ranging from 0.4% to 7.2% (2024: 3.9% to 6.2%).

Some of the Group's equipment leases include variable charges based on usage. These variable components are expensed as they are incurred and are not included in the lease obligations.

Some of the Group's land and building leases that were capitalised as right-of-use assets include incremental lease payment increases based on the Consumer Price Index.

18. DEFERRED GAIN

The deferred gain relates to proceeds in excess of the net book value of certain buildings sold in the sale and leaseback transactions completed by Taiga prior to the Group's acquisition on 31 January 2017. The deferred gain is amortised over the lease terms of the buildings, which are being accounted for as lease liability. Amortisation for the financial year ended 31 December 2025 amounted to $111,000 (2024: $116,000) is included in "Other gains/(losses), net – Others" (Note 25).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19. PROVISIONS

The following table summarises the movements in the provisions:

	Warranty	ARO	Lease	Total
	$'000	S'000	$'000	$'000
Group				
2025				
Beginning of financial year	332	5,476	128	5,936
Currency translation differences	(2)	(62)	(3)	(67)
Additions to provisions during the year	178	–	–	178
Reversal of provision	(134)	–	–	(134)
Provision utilised	–	–	(119)	(119)
Exchange on drip pad provision	–	(256)	–	(256)
Amortisation of discount	–	–	4	4
End of financial year	374	5,158	10	5,542
Included in trade and other payables (Note 13)	(374)	(5,158)	(10)	(5,542)
Non-current provisions	–	–	–	–
2024				
Beginning of financial year	608	5,288	252	6,148
Currency translation differences	(23)	(267)	(10)	(300)
Reversal of provision	(29)	–	–	(29)
Provision utilised	(224)	–	(124)	(348)
Exchange on drip pad provision	–	455	–	455
Amortisation of discount	–	–	10	10
End of financial year	332	5,476	128	5,936
Included in trade and other payables (Note 13)	(332)	(5,476)	(96)	(5,904)
Non-current provisions	–	–	32	32

Warranty Provision

Provision for warranty is recognised for future potential warranty claims on faulty products which is calculated using historical trends and future expectations of future claims. Adjustments to the warranty provision are included in cost of sales. Actual future warranty costs may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19. PROVISIONS (CONTINUED)

Lease Provision

In September 2009, Taiga consolidated its warehouse operations in the Greater Toronto Area by closing a warehouse in Brampton and migrating this operation into its warehouse in Milton. The Brampton warehouse was a leased property, and the land component was accounted for as an operating lease prior to 1 January 2019. Taiga recorded a provision relating to this property, being the present value of the unavoidable net costs of exiting the lease. The final transaction to exit the lease was completed on 31 May 2012; however, there is a requirement to make ongoing payments to the lessor relating to this transaction which is reflected in the provision. The present value was determined using a pre-tax discount rate of 5.14%.

20. DEFERRED INCOME TAXES

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

The amounts, determined after appropriate offsetting are shown on the balance sheets as follows:

	Group	
	2025	2024
	$'000	$'000
		(Restated)
Deferred income tax assets		
To be recovered after one year	1,758	1,892
Deferred income tax liabilities		
To be settled after one year	(4,417)	(7,344)
Net deferred income tax liabilities		
To be settled after one year	(2,659)	(5,452)

20. DEFERRED INCOME TAXES (CONTINUED)

The movement in the net deferred income tax account is as follows:

	Group	
	2025	2024
	$'000	$'000
		(Restated)
Beginning of financial year	(5,452)	(4,608)
Currency translation differences	(180)	55
Tax (charged)/credited to		
– Profit or loss (Note 29)	2,973	(376)
– Other comprehensive income	–	(523)
End of financial year	(2,659)	(5,452)

Deferred income tax resulted principally from temporary differences in the recognition of certain revenue and expenses items for financial and income tax reporting purposes and differences between the carrying amount and tax basis of assets recognised on the acquisition of Taiga and Exterior Wood, Inc.

The Group has unrecognised tax losses, capital allowances, reinvestment allowances and mergers and acquisition allowances of approximately $18,461,000 (2024: $25,078,000), $4,114,000 (2024: $5,464,000), $8,982,000 (2024: $8,628,000) and $5,319,000 (2024: $5,319,000) respectively and the Company has unrecognised tax losses and merger and acquisition allowances of approximately $9,494,000 (2024: $8,334,000) and $5,319,000 (2024: $5,319,000) respectively at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses, capital allowances, reinvestment allowance and merger and acquisition allowances in their respective countries of incorporation. The tax losses, except for the amount of $8,967,000 (2024: $16,744,000) related to Avarga (M) Sdn. Bhd. and UPP Pulp & Paper (M) Sdn. Bhd., do not have expiration date. The tax losses of $6,292,000 (2024: $6,043,000) of Avarga (M) Sdn Bhd will expire between 2029 to 2033 and the tax losses of $2,675,000 (2024: $10,701,000) relating to UPP Pulp & Paper (M) Sdn. Bhd. will expire in 2035. The reinvestment allowance of $8,982,000 (2024: $8,628,000) relating to UPP Pulp & Paper (M) Sdn. Bhd. will expire in 2026. The capital allowances and merger and acquisition allowances have no expiry date.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20. **DEFERRED INCOME TAXES** (CONTINUED)

Deferred tax liabilities amounting to approximately $30,300,000 (2024: $40,400,000) have not been recognised in respect of taxes that will be payable upon distribution of earnings of certain foreign subsidiaries. The Group controls the distribution of these earnings and has determined that such earnings will not be distributed in the foreseeable future.

Deferred income tax assets/(liabilities) arise from the following:

	Beginning of financial year	Recognised in profit or loss	Recognised in other comprehensive income	Currency translation differences	End of financial year
	$'000	$'000	$'000	$'000	$'000
Group					
2025					
Property, plant and equipment	(25,161)	1,690	–	290	(23,181)
Lease liabilities	23,214	(1,240)	–	(265)	21,709
Fair value adjustment on acquisition of subsidiary corporations	(3,880)	2,937	–	62	(881)
Deferred gain on sale and leaseback	491	(28)	–	(6)	457
Others	(116)	(386)	–	(261)	(763)
	(5,452)	2,973	–	(180)	(2,659)
2024 (Restated)					
Property, plant and equipment	(25,148)	(712)	(523)	1,222	(25,161)
Lease liabilities	23,971	400	–	(1,157)	23,214
Fair value adjustment on acquisition of subsidiary corporations	(4,516)	431	–	205	(3,880)
Deferred gain on sale and leaseback	546	(30)	–	(25)	491
Others	539	(465)	–	(190)	(116)
	(4,608)	(376)	(523)	55	(5,452)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

21. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	$'000	$'000
Group and Company				
2025				
Beginning of financial year	950,145	(41,832)	169,597	(12,130)
Share consolidation*	(855,131)	37,649	–	–
End of financial year	95,014	(4,183)	169,597	(12,130)
2024				
Beginning and end of financial year	950,145	(41,832)	169,597	(12,130)

* The number of ordinary shares were adjusted pursuant to the completion of the share consolidation of every ten (10) existing shares into one (1) consolidated share of the Company on 23 May 2025.

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 dividend as and when declared by the Company.

The newly issued shares rank *pari passu* in all respects with the previously issued shares.

Treasury shares

Treasury shares represent ordinary shares of the Company held by the Company.

Share options

The Avarga Group Employees' Share Option Scheme 2018 (the "**Option Scheme**") for executive directors and confirmed employees of the Group (the "**Participant**") was approved by members of the Company at an Extraordinary General Meeting on 27 April 2018. The Option Scheme is administered by the Remuneration Committee ("**RC**"), subject to a maximum period of ten years.

The purpose of the Option Scheme is to provide an opportunity for employees of the Group who have contributed significantly to the growth and performance of the Group, as well as executive directors who satisfy the eligibility criteria as set out in the rules of the Option Scheme ("**Option Scheme Rules**"), to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

21. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Share options (Continued)

Under the Option Scheme, any Executive Director or confirmed employee of the Group selected by the RC to participate in the Option Scheme in accordance with the Option Scheme Rules who have, among other things, been in the employment of the Group for a period of at least 12 months, or such shorter period as the RC may determine, shall be eligible to participate in the Option Scheme. Controlling shareholders and their associates are also eligible to participate in the Option Scheme. Under the Option Scheme, the number of shares comprised in options offered to a participant shall be determined at the absolute discretion of the RC, who shall take into account, where applicable, criteria such as the bonus earned by the participant in any particular year, rank, past performance, years of service and potential contribution of the participant.

The aggregate number of shares over which the RC may offer to grant options on any date, when added to:

(a) the aggregate number of new shares issued and issuable in respect of all other share-based incentive schemes of the Company (if any); and

(b) the number of treasury shares and subsidiary holdings delivered in respect of the options granted under all other share-based incentive schemes of the Company (if any),

shall not exceed 15% of the issued shares (excluding treasury shares and subsidiary holdings) of the Company on the date immediately preceding the date of grant.

The aggregate number of shares over which the RC may offer to grant options to the controlling shareholders and their associates under the Option Scheme, shall not exceed 25% of the shares available under the Option Scheme, provided always that the number of shares available to each controlling shareholder or each of his associates shall not exceed 10% of the shares available under the Option Scheme.

Subject to any adjustment pursuant to the Option Scheme Rules, the exercise price for each share in respect of which an option is exercisable shall be fixed by the RC at the market price as determined in accordance with the Option Scheme Rules.

21. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Share options (Continued)

The exercise price of the options is determined by the RC at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for five market days immediately preceding the date of the grant. For the avoidance of doubt, the exercise price shall not be at a discount to the market price. Options granted shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 shares or any multiple thereof), at any time, by an Option holder during the exercise period. Options granted shall be exercisable during a period commencing after the fourth anniversary of the date of grant of the option and expiring on the tenth anniversary of the date of grant of the option, subject to the following:

(a) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the fourth anniversary of the date of grant of that option and ending on the fifth anniversary of the date of grant of that option;

(b) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the fifth anniversary of the date of grant of that option and ending on the sixth anniversary of the date of grant of that option;

(c) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the sixth anniversary of the date of grant of that option and ending on the seventh anniversary of the date of grant of that option;

(d) Up to 25% only of the shares in respect of which that option is granted may be exercised during the period commencing from the date falling immediately after the seventh anniversary of the date of grant of that option and ending on the tenth anniversary of the date of grant of that option;

provided always that all options shall be exercised by the tenth anniversary of the relevant date of grant, failing which all unexercised options shall immediately lapse and become null and void and a grantee shall have no claim against the Company.

A feature of the Option Scheme is that Options may be exercised after a Participant ceases to be employed by the Group (other than arising from misconduct on the part of the Option holder (as determined by the Committee in its absolute discretion)). This is because it is the Company's intention to use Options to pay a portion of a Participant's earned bonus entitlement instead of making such payment in cash, and the Participant would in effect have paid for the Option upon its grant since such Option represents the consideration he receives for that part of his earned bonus entitlement.

There were no options granted during the financial year, including options to controlling shareholders of the Company or their associates (as defined in the Listing manual of SGX-ST), to subscribe for unissued shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22. OTHER RESERVES

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
		(Restated)		
Composition:				
Capital reserve	458	808	74	74
Currency translation reserve	(55,548)	(47,424)	–	–
Fair value reserve	(536)	–	–	–
	(55,626)	(46,616)	74	74

The capital reserve represents mainly the effects arising from changes in the Group' ownership interest in the subsidiary corporations that do not result in a loss of control over the subsidiary corporations, which relates to the difference between change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received.

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

The fair value reserve represents the cumulative gains and losses arising from changes in the fair value of financial assets classified as fair value through other comprehensive income ("**FVOCI**").

Other reserves are non-distributable.

23. DIVIDENDS

	Group and Company	
	2025	2024
	$'000	$'000
Ordinary dividends		
Interim dividend paid in respect of the current financial year of $1.20 (2024: $Nil) per share	108,998	–

At the forthcoming Annual General Meeting, no final dividend will be recommended.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24. REVENUE

	Group	
	2025	2024
	$'000	$'000
		(Restated)
Continuing operations		
Sales of goods – point in time		
– Building products	1,523,785	1,592,861

Information on revenue from continuing operations by geographical location of customers is disclosed in Note 35 to the financial statements.

25. OTHER GAINS/(LOSSES), NET – OTHERS

	Group	
	2025	2024
	$'000	$'000
		(Restated)
Continuing operations		
Gain on disposal of property, plant and equipment	139	105
Bad debts recovered	–	37
Currency exchange (loss)/gain, net	(1,991)	1,711
Amortisation of deferred gain (Note 18)	111	116
Fair value loss on financial assets, at FVPL (Note 9)	(210)	(9)
Withholding tax*	(18,652)	–
Impairment loss on goodwill and intangible assets (Note 12(a))	(19,053)	–
Others	(271)	(39)
	(39,927)	1,921

* Withholding tax of $18,652,000 arose from dividends paid by the Company's Canadian subsidiary corporation to the Company's Singapore subsidiary corporation and remitted to the Canadian tax authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

26. EXPENSES BY NATURE

	Group	
	2025	2024
	$'000	$'000
		(Restated)
Continuing operations		
Fees on audit services paid/payable to:		
Auditor of the Company	96	96
Other auditors – network firms	–	444
Other auditors – non-network firms	504	3
Fees on non-audit services paid/payable to:		
Auditor of the Company	21	–
Other auditors – network firms	–	128
Other auditors – non-network firms	118	10
Purchase of inventories	1,297,046	1,345,087
Depreciation of property, plant and equipment (Note 7)	11,973	11,991
Amortisation of intangible assets (Note 12(d))	1,790	2,103
Directors' fees	616	606
Employee compensation (Note 27)	77,719	80,237
General office expenses	14,863	16,623
General and professional fees	2,578	1,864
Treating costs	5,822	3,671
Freight/transportation expenses	34,537	35,492
Utilities	1,899	1,938
Inventories write-down (Note 6)	2,351	1,793
Warehouse costs	21,313	22,352
Other expenses	432	304
Changes in inventories	(7,896)	8,601
Total cost of sales, distribution and selling and administrative expenses	1,465,782	1,533,343

27. EMPLOYEE COMPENSATION

	Group	
	2025	2024
	$'000	$'000
		(Restated)
Continuing operations		
Salaries, bonuses and wages	77,532	80,140
Employer's contribution to defined contribution plans	133	85
Other short-term benefits	54	12
	77,719	80,237

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28. FINANCE EXPENSES

	Group	
	2025	2024
	$'000	$'000
		(Restated)
Continuing operations		
Interest expense		
– Revolving credit facility, bank borrowings and other short-term liabilities	664	551
– Lease liabilities	4,693	5,246
– Amortisation of financing costs	225	235
	5,582	6,032

29. INCOME TAX EXPENSE

	Group	
	2025	2024
	$'000	$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year		
From continuing operations		
Current income tax		
– Singapore	–	–
– Foreign	13,847	19,292
	13,847	19,292
Deferred income tax (Note 20)	(2,973)	376
	10,874	19,668
From discontinued operations		
Current income tax		
– Foreign (Note 31(i))	921	340
	11,795	20,008
Over-provision in prior financial year		
From continuing operations		
Current income tax	(970)	(1,048)
	10,825	18,960
Tax expense is attributable to:		
– Continuing operations	9,904	18,620
– Discontinued operations (Note 31(i))	921	340
	10,825	18,960

As at 31 December 2025, the Group recorded income tax recoverable which amounted to $3,043,000 (2024: $4,716,000) in accordance with the accounting policy as disclosed in Note 2.16 to the financial statements.

29. INCOME TAX EXPENSE (CONTINUED)

A reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2025 and 2024 is as follows:

	Group	
	2025	2024
	$'000	$'000
		(Restated)
Profit before income tax from continuing operations	13,426	60,636
Tax at the domestic rates applicable to profit in the countries where the Group operates	5,645	15,728
Effects of:		
– Expenses not deductible for tax purposes	4,032	4,662
– Income not subject to tax	(1,492)	(1,094)
– Over-provision of tax in prior financial years	(970)	(1,048)
– Other taxes – withholding tax	3,171	–
– Effect of change in tax rate	(6)	25
– Others	(476)	347
Tax charge	9,904	18,620

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

30. (LOSS)/EARNINGS PER SHARE

Basic and diluted (loss)/earnings per share

Basic and diluted (loss)/earnings per share are calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. There were no dilutive potential ordinary shares during the current and prior financial years.

	Group	
	2025	2024
		(Restated)
Net (loss)/profit attributable to equity holders of the Company ($'000)		
– Continuing operations	(3,192)	29,243
– Discontinued operations	16,246	(5,684)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	90,831	90,831*
Basic and diluted (loss)/earnings per share (cents per share)		
– Continuing operations	(3.51)	32.19*
– Discontinued operations	17.89	(6.26)*

* Prior financial year comparative for ordinary shares were restated per SFRS(I) 1-33 through retrospective application of the share consolidation of every ten (10) existing shares into one (1) consolidated share of the Company on 23 May 2025.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

31. DISCONTINUED OPERATIONS AND DISPOSAL GROUP

(a) Cessation of Paper Mill Business

On 29 November 2024, the Company announced that the paper manufacturing operations carried by its wholly-owned subsidiary corporation, UPP Pulp & Paper (M) Sdn. Bhd. ("**UPP Malaysia**"), will cease after 31 December 2024, after the gas supply contract for its plant in Ijok, Selangor expires on that date. Following the Company's decision to cease the paper mill business, the retrenchment of staff, sale of operational assets, and continuation of only residual selling activity during the financial period and in compliance with *SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations*, UPP Malaysia's financial results have been presented as "**Discontinued operations**" as of 31 December 2025 and its prior period's financial results have been restated to reflect this change in the Consolidated Statement of Comprehensive Income.

On 26 March 2025, UPP Malaysia entered into two (2) Sale and Purchase agreements with the purchaser for the sale of the land and building that UPP Malaysia used for the paper manufacturing business. The total sale price of the properties was RM91 million (approximately $27.7 million). The transactions were completed on 5 August 2025 and 19 November 2025 respectively with a total gain on disposals of properties of $16,154,000 recorded in the financial year ended 31 December 2025.

(b) Disposal of UPP Greentech Pte. Ltd. and its subsidiary corporation, UPP Power (Myanmar) Limited ("UPP Greentech Group")

On 21 June 2024, the Company entered into a Sale and Purchase agreement ("**SPA**") for the disposal of 100% equity interest in UPP Greentech Group for a sale consideration of US$10,010,000 (equivalent to $13,513,000). Under the terms and conditions of the SPA, the Company has also assigned and transferred the account receivables of $12,804,000 owing by UPP Greentech Pte. Ltd. to the Company to the purchaser. The financial results of UPP Greentech Group have been classified to "**Discontinued operations**" for the financial year ended 31 December 2024 in the Consolidated Statement of Comprehensive Income. The disposal was completed on 10 July 2024 with a gain on disposal subsidiary corporations of $2,383,000 recorded in the financial year ended 31 December 2024.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

31. DISCONTINUED OPERATIONS AND DISPOSAL GROUP (CONTINUED)

Below are the results and impact of discontinued operations of UPP Malaysia and UPP Greentech Group:

(i) The results of the discontinued operations for the financial years ended 31 December 2025 and 2024 were as follows:

	Group	
	2025	2024
	$'000	$'000
Revenue		
– Sale of paper product	3,400	26,759
– Operating and maintenance income	–	3,321
– Finance income	–	1,879
	3,400	31,959
Cost of sales	(3,550)	(32,271)
Gross loss	(150)	(312)
Other gains/(losses) - net	1,111	(4,378)
Distribution expenses	(80)	(682)
Selling and administrative expenses	(1,968)	(2,161)
Finance expenses	(12)	(194)
Loss before income tax	(1,099)	(7,727)
Income tax expense (Note 29)	(921)	(340)
Net loss for the financial year	**(2,020)**	**(8,067)**
Gain on disposal of property, plant and equipment	18,266	–
Gain on disposal of subsidiary operations	–	2,383
Profit/(loss) from discontinued operations, net of tax	**16,246**	**(5,684)**
Basic and diluted earnings/(loss) per share – cents	17.89	(6.26)

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

31. DISCONTINUED OPERATIONS AND DISPOSAL GROUP (CONTINUED)

(ii) The impact of the discontinued operations on the cash flow of the Group was as follows:

	Group	
	2025	**2024**
	$'000	**$'000**
Net cash (used in)/from operating activities	(16,400)	10,134
Net cash from investing activities	30,932	9,849
Net cash used in financing activities	(636)	(5,725)
Total cash flows provided by discontinued operations	13,896	14,258

(iii) The effect of the disposals of UPP Greentech Group on the financial position of the Group was as follows:

	Group
	2024
	$'000
Carrying amount of net assets disposed	9,448
Add: Cumulative exchange differences in respect of net assets of the subsidiary corporations reclassified from equity upon disposal	(292)
Add: Disposal costs	1,974
Add: Gain on disposal of subsidiary corporations	2,383
Total sales consideration	13,513
Less: Disposal costs paid	(1,974)
Less: Cash balances of discontinued operation	(1,387)
Net cash inflow on disposal of subsidiary corporations	10,152

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32. RELATED PARTY TRANSACTIONS

(a) No transaction took place between the Group and related parties other than those disclosed elsewhere in the financial statements. Outstanding balances at 31 December 2025 and 2024 are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 5 and 13 to the financial statements respectively.

(b) Key management personnel compensation is as follows:

	Group	
	2025	2024
	$'000	$'000
Salaries and bonuses	8,549	5,831
Directors' fees	616	606
Employer's contribution to defined contribution plans	138	200
Other short-term benefits	378	423
	9,681	7,060
Comprise amounts paid/payable to:		
Directors of the Company	4,931	2,421
Directors of the subsidiary corporations	620	687
Other key management personnel	4,130	3,952
	9,681	7,060

33. COMMITMENT AND CONTINGENT LIABILITIES

Financial support

The Company has given letters of financial support to certain subsidiary corporations in the Group with net current liabilities position at the balance sheet date to enable these subsidiary corporations to operate as going concern and to meet their liabilities as and when they fall due.

Other Outstanding Legal Matters

Certain subsidiary corporations in the Group are involved in various non-material legal actions and claims arising in the course of its business. The financial impact individually or in aggregate resulting from these actions and claims is not expected to be significant. The individual and aggregate outcomes cannot be determined at this time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk, capital risk and price risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's performance. It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors. The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) 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 adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk; and

- High credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Management based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Senior Management.

As at 31 December 2025, there are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Credit risk* (Continued)

For derivative financial instruments (lumber futures contracts), management evaluates potential counterparties in advance of entering into such agreements and deals only with parties it anticipates will satisfy their obligations under the contracts.

The credit ratings of the investments are monitored for credit deterioration.

For credit risk on the cash and cash equivalents, the Group mitigates this risk by using a highly credit worthy institution to hold cash.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet except as follows:

	Company	
	2025	2024
	$'000	$'000
Corporate guarantees provided to banks on subsidiary corporation's loans	–	9,924

(i) Trade receivables

Trade receivables are initially recognised at fair values and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses ("**ECL**").

The Group applies the simplified approach for determining the allowance for ECL for trade receivables, where lifetime ECL are recognised in the profit or loss at initial recognition of trade receivables and updated at each reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the receivable. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and ageing profiles.

For ECL assessment of customers without credit ratings (or equivalent), the Group categorises receivables for potential write-off when the counterparty fails to make contractual payments more than 180 days past due. Where receivables are written-off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Subsequent recoveries of amount previously written-off are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(i) Trade receivables (Continued)

For customers with credit ratings (or equivalent), the ECL rate is calculated based on probabilities of default assessed by management with reference to the information obtained from Standards and Poor's and Moody's. The Group monitors changes in credit risk by tracking published external credit ratings.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated cash flows of financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the customer and default or significant delay in payments.

When the Group determines whether the credit risk has increased significantly, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, taking into account forward-looking information. Customer collectability is assessed on an ongoing basis and any resulting impairment losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Credit risk* (Continued)

(i) Trade receivables (Continued)

The movements in credit loss allowance are as follows:

	Trade receivables	Service concession receivables	Total
	$'000	$'000	$'000
Group			
2025			
Balance at beginning of financial year	2,505	–	2,505
Currency translation differences	(170)	–	(170)
Loss allowance recognised in profit or loss during the financial year on:			
– Assets acquired/originated	1,248	–	1,248
– Reversal of loss allowance	(592)	–	(592)
Balance at end of financial year	2,991	–	2,991
2024			
Balance at beginning of financial year	984	13,707	14,691
Currency translation differences	(50)	–	(50)
Loss allowance recognised in profit or loss during the financial year on:			
– Assets acquired/originated	1,571	–	1,571
Disposal of subsidiary corporation	–	(13,707)	(13,707)
Balance at end of financial year	2,505	–	2,505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Credit risk* (Continued)

(ii) Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost are mainly comprised of cash and cash equivalents and other receivables, i.e. non-trade amounts due from subsidiary corporations and deposits. These other financial assets are subject to immaterial credit loss.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these other financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the Group or the Company, and a failure to make contractual payments.

No loss allowance against other financial assets, at amortised cost is recognised as the Group believes that the amounts are collectible, based on historical payment behaviour and credit-worthiness of these receivables. For the non-trade amount due from subsidiary corporations, the Company considered the risk that a credit loss may occur, and recognised a loss allowance of $30.3 million (2024: $34.1 million) as at 31 December 2025.

The movements in credit loss allowance are as follows:

	Company	
	2025	2024
	$'000	$'000
Balance at beginning of financial year	34,113	26,662
Loss allowance recognised in profit or loss	–	8,600
Reversal of allowance during the year	(3,817)	(1,149)
Balance at end of financial year	30,296	34,113

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and Company's ability to make scheduled payments or refinance its obligations depends on the Group's successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors.

The Group's and the Company's ability to maintain compliance with certain of its debt covenants under the banking facilities depends on meeting the required interest coverage ratio, which is subject to the Group's future financial and operating performance. The Group's and the Company's ability to repay or refinance its indebtedness will also depend on its future financial and operating performance. The Group's performance, in turn, will be subject to prevailing economic and competitive conditions, as well as financial, business, legislative, regulatory, industry and other factors, many of which are beyond our control. The Group's and the Company's ability to meet its debt service and other obligations may depend in significant part on the extent to which the Group can implement successfully its business growth and cost reduction strategies. The Group and the Company cannot provide any assurance that it will be able to implement its strategy fully or that the anticipated results of its strategy will be realised.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages its liquidity risk by maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of stand-by credit facilities from banks. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 4 to the financial statements.

The Group monitors working capital projections regularly, taking into account the available banking and other borrowing facilities to ensure that the Group has adequate working capital to meet current requirements.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

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 balance sheet 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.

	Less than 1 year	Between 1 to 5 years	Over 5 years
	$'000	$'000	$'000
Group			
At 31 December 2025			
Trade and other payables	94,255	–	–
Revolving credit facility	10,626	–	–
Lease liabilities	6,355	35,668	79,347
	111,236	35,668	79,347
At 31 December 2024, as restated			
Trade and other payables	112,063	–	–
Bank borrowings	10,108	–	–
Lease liabilities	5,827	37,317	88,724
	127,998	37,317	88,724
Company			
At 31 December 2025			
Trade and other payables	361	–	–
Lease liabilities	164	287	–
	525	287	–
At 31 December 2024			
Trade and other payables	547	–	–
Lease liabilities	87	7	–
Financial guarantees contracts	9,924	–	–
	10,558	7	–

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) ***Liquidity risk*** (Continued)

The table below analyses the Group's trading portfolio derivatives financial (liabilities)/assets for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the expected settlement date. The amounts disclosed in the table are the net fair values, as the amounts at which an orderly settlement of the transactions would take place between market participants at the balance sheet date.

	Group	
	2025	2024
	$'000	$'000
Less than 1 year		
Held for trading		
– Net-settled Lumber futures	(245)	111

(c) ***Market risk***

(i) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group utilise significant leverage to finance day-to-day operations and for acquisition purposes. The interest costs of the Group's revolving credit facility and other bank borrowings are predominately based on the prime rate. The Group monitors current interest rates and selectively utilises interest rate swap agreements to manage these cash flow interest rate risks, if needed.

At the balance sheet date, if interest rates had been 100 (2024: 100) basis points higher/lower with all other variables including tax rate being held constant, based on the Group's average borrowing level, the profit after tax would have been lower/higher by $78,000 (2024: $83,000) as a results of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) *Market risk* (Continued)

(ii) Currency risk

The Group operates in North America and Asia with dominant operations in Canada, United States, Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("**foreign currencies**").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies other than functional currency such as the Canadian Dollar ("**CAD**"), United States Dollar ("**USD**"), Singapore Dollar ("**SGD**") and Malaysian Ringgit ("**MYR**").

The Group's and the Company's currency exposure based on the information provided to key management is as disclosed in Notes 4, 5 and 13 to the financial statements. As at 31 December 2025 and 2024, the Group and the Company are not significantly exposed to SGD, MYR and USD.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Canada and United States are managed primarily through borrowings denominated in the relevant foreign currencies. There is no formal hedging policy with respect to foreign currency exposures. Exposures to currency risk are monitored on an ongoing basis and the Group endeavors to keep the net exposure at an acceptable level.

If the CAD change against the SGD by 2% (2024: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability (excluding equity instruments) that are exposed to currency risk will be as follows:

	Increase/(decrease) Profit after tax	
	2025	2024
	$'000	$'000
Group		
CAD against SGD		
– Strengthened	447	717
– Weakened	(447)	(717)
Company		
CAD against SGD		
– Strengthened	214	3,121
– Weakened	(214)	(3,121)

NOTES TO THE **FINANCIAL STATEMENTS**

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34. **FINANCIAL RISK MANAGEMENT** (CONTINUED)

(c) ***Market risk*** (Continued)

(iii) Price risk

Commodity price risk

The Group does not generally hedge its commodity price risk through the purchase of lumber futures contracts. Substantially all purchases are made based on current orders and anticipated sales, and most sales are made from inventory or against product on order. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and anticipated customer demand. Although the Group strives to reduce the risk associated with price changes by maximising inventory turnover, the Group maintains significant quantities of inventory, which is affected by fluctuating prices.

The Group selectively utilises Chicago Mercantile Exchange Random Length lumber futures contracts. Each contract calls for mill delivery of 110,000 board feet (plus or minus 5,000 board feet) of random length 8-foot to 20-foot nominal 2-inch x 4-inch pieces. The contracts can be settled in cash or by delivery of a commodity. These positions are immaterial relative to the Group's consolidated inventories.

(d) ***Capital risk***

The Group's objectives when managing capital are to safeguard the Group's ability to operate and grow its businesses, to provide a sufficient return to its shareholders, and to meet internal capital expenditure requirements and credit facility covenants. The revolving credit facilities and share capital are considered as the Group's capital.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2025 and 2024.

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34. **FINANCIAL RISK MANAGEMENT** (CONTINUED)

(d) ***Capital risk*** (Continued)

The Group manages its capital by monitoring the balance between working capital and the revolving credit facility's borrowing base, which is a combination of accounts receivables and inventories less certain provisions. If the Group's borrowing availability falls below a certain percentage of the borrowing base, the Group is then required to maintain a certain interest coverage ratio.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2025 and 2024. The Company is not subjected to capital requirements for the financial years ended 31 December 2025 and 2024.

(e) ***Fair value measurements***

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observables market data (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) *Fair value measurements* (Continued)

	Level 1	Level 2	Level 3
	$'000	$'000	$'000
Group			
31 December 2025			
Assets			
Financial assets, at FVPL	–	2,255	8,332
Financial assets, at FVOCI	7,595	–	–
Liabilities			
Derivative financial instruments	–	(245)	–
31 December 2024			
Assets			
Financial assets, at FVPL	–	2,280	9,094
Derivative financial instruments	–	111	–

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of the reporting period.

There were no transfers between Levels 1 and 2 during the financial years ended 31 December 2025 and 2024.

The fair value of equity instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by Group is the current bid price. These instruments are included in level 1.

The fair value of lumber futures contract is determined using market observable inputs at the balance sheet date. Derivative financial instruments are classified as Level 2.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) *Fair value measurements* (Continued)

Fair Value of Unlisted Securities

For investments that are not publicly traded, subsequent to initial recognition, the fair value of these investments is determined by the Group using the most appropriate valuation methodology in the light of the nature, facts and circumstances of the investment. Unlisted instruments are valued at cost for a limited period after the date of acquisition, if the purchase price remains representative of the fair value at the reporting date; otherwise, investments are valued using valuation techniques that are appropriate in the circumstance. The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 2 and Level 3 of financial assets, at FVPL as at 31 December 2025:

	Valuation method	Level	Inputs	Fair value change +/-10% ($'000)
Investment in a private Asian Real Estate Fund	Discounted cash flows	3	Fund specific information and discounted cash flow valuation, discount rate	833
Investment in a private guaranteed bond bearing interest at 8% per annum together with a share of revenues, maturing on 29 December 2026	Market-related discount rate for similar debt	2	Market-related interest rate	225

The process of valuing investments for which no active market exist is inevitably based on inherent uncertainties, and the resulting values may differ significantly from values that would have been used had a ready market existed for the investments. These differences could be material to the fair value of investments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts due to the short-term to maturity of these instruments. The carrying amounts of the long-term debts approximate to their fair values as these liabilities bear interest at variable market rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) *Financial instruments by category*

The carrying amount of the different categorises of financial instruments is as disclosed on the face of the balance sheet and in Notes 9, 10 and 14, except for the following:

	Group	Company
	$'000	$'000
31 December 2025		
Financial assets, at amortised cost	196,725	98,169
Financial liabilities, at amortised cost	(191,829)	(805)
31 December 2024 (Restated)		
Financial assets, at amortised cost	347,003	98,121
Financial liabilities, at amortised cost	(214,754)	(641)

(g) *Offsetting financial assets and financial liabilities*

The Company has the following financial instruments subject to enforceable master netting arrangements or other similar agreements as follows:

	Related amounts set off in the balance sheet		
	Gross amounts – financial assets	Gross amounts – financial liabilities	Net amounts – financial assets presented in the balance sheet
	(a)	(b)	(c)=(a)-(b)
	$'000	$'000	$'000
At 31 December 2025			
Due from subsidiary corporations	93,899	–	93,899
At 31 December 2024			
Due from subsidiary corporations	96,507	(88)	96,419

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Offsetting financial assets and financial liabilities (Continued)

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and their respective counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

35. SEGMENT INFORMATION

The Group's chief operating decision-maker ("**CODM**") comprises of the Executive Chairman, Chief Executive Officer, President, Investments and the heads of each business within each primary geographic segment. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources, and assess performance.

The CODM considers the business from a business segment perspective. From a business segment perspective, the Group is organised into business units based on their products and services, and has two reportable operating segments.

(a) Wholesale distribution of building products in Canada, United States and overseas.

(b) Others, which include the corporate and investments segment.

The paper mill division, which manufactures and sells industrial grade paper products, was classified as a discontinued operation in the current year, with comparative information of its performance re-presented accordingly. Details of the operations of the paper mill division are disclosed in Note 31 Discontinued Operations.

For the financial year ended 31 December 2024, the power plant division, which operates a 50 MW gas-fired generating plant in Yangon, Myanmar, was reclassified as discontinued operations upon the disposal of UPP Greentech Group. Details of the operations of the power plant division are disclosed in Note 31 Discontinued Operations.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

35. SEGMENT INFORMATION (CONTINUED)

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

Group

	Building Products		Others		Total for continuing operations	
	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000
						(Restated)
Revenue:						
External customers	1,523,785	1,592,861	–	–	1,523,785	1,592,861
Results:						
Cost of sales	(1,359,110)	(1,423,998)	–	–	(1,359,110)	(1,423,998)
Finance expenses	(5,324)	(5,477)	(258)	(555)	(5,582)	(6,032)
Interest income	1,679	5,720	501	212	2,180	5,932
Depreciation	(11,617)	(11,745)	(356)	(246)	(11,973)	(11,991)
Amortisation of intangible assets	(1,790)	(2,103)	–	–	(1,790)	(2,103)
Inventories written down	(2,351)	(1,793)	–	–	(2,351)	(1,793)
Withholding tax	–	–	(18,652)	–	(18,652)	–
Impairment losses on goodwill and intangible assets	(19,053)	–	–	–	(19,053)	–
Segment profit/(loss) before income tax	35,938	64,212	(22,512)	(3,576)	13,426	60,636

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

35. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments are as follows (continued):

Group

	Paper Mill		Building Products		Others		Total		Adjustments and elimination		Note	Per consolidated financial statements	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024		2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
				(Restated)				(Restated)		(Restated)			(Restated)
Assets:													
Additions to:													
– Property, plant and equipment	–	432	7,118	10,592	527	4	7,645	11,028	–	–		7,645	11,028
Segment assets	–	23,871	505,269	671,005	24,839	13,655	530,108	708,531	4,801	6,608	A	534,909	715,139
Segment liabilities	–	4,560	196,877	207,908	2,507	10,123	199,384	222,591	4,417	7,344	B	203,801	229,935

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

35. SEGMENT INFORMATION (CONTINUED)

Notes **Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements**

A The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2025	2024
	$'000	$'000
		(Restated)
Income tax recoverable	3,043	4,716
Deferred income tax assets	1,758	1,892
	4,801	6,608

B The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2025	2024
	$'000	$'000
Deferred income tax liabilities	4,417	7,344
	4,417	7,344

35. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

	Continuing operations Revenue		Non-current assets	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
		(Restated)		
Canada	1,285,635	1,312,536	96,012	100,202
United States	238,150	280,325	32,586	59,415
Malaysia	–	–	88	12,099
Singapore	–	–	763	527
	1,523,785	1,592,861	129,449	172,243

Non-current assets information presented above consist of property, plant and equipment and intangible assets presented in the consolidated balance sheet.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

36. PRIOR YEAR ADJUSTMENTS

During the preparation of consolidated financial statements for the financial year ended 31 December 2025, the Group determined that an amount of $12,656,000 accrued in prior financial years for risk management purposes did not meet the criteria for recognition as a liability. The effect of this restatement on the Group's balance sheet as at 1 January 2024 and 31 December 2024 is as follows:

	As previously reported	Adjustments	As restated
	$'000	$'000	$'000
Group			
Consolidated balance sheet			
1 January 2024			
Assets			
Deferred tax assets	5,409	(3,281)	2,128
Liabilities			
Trade and other payables	128,656	(12,656)	116,000
Equity			
Retained profits	219,332	7,391	226,723
Other reserves	(40,357)	(434)	(40,791)
Non-controlling interests	111,606	2,418	114,024
31 December 2024			
Assets			
Deferred tax assets	5,173	(3,281)	1,892
Liabilities			
Trade and other payables	130,623	(12,656)	117,967
Equity			
Retained profits	242,919	7,391	250,310
Other reserves	(46,182)	(434)	(46,616)
Non-controlling interests	121,625	2,418	124,043

The restatement had no impact on the net profits, comprehensive income, earnings per share or cash flows for the financial year ended 31 December 2024.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

37. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to the reporting date, the Company announced a proposed acquisition of shares by the TKO Pte. Ltd. by way of a scheme of arrangement (the "**Proposed Transaction**"). The Proposed Transaction, if completed, will result in the acquisition of all the issued and paid-up ordinary shares of the Company, other than treasury shares and shares owned or controlled by the excluded shareholders.

The Proposed Transaction is subject to, inter alia, the approval of shareholders and the sanction of the court, as well as other customary conditions.

This represents a non-adjusting event after the reporting period. Accordingly, no adjustments have been made to these financial statements. The financial impact of the Proposed Transaction cannot be reasonably estimated as at the date of these financial statements. Further details are set out in the Company's joint announcement dated 13 March 2026.

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

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 on or after 1 January 2026 which the Group has not early adopted.

Amendments to SFRS(I) 9 and SFRS(I) 7: Amendments to the Classification and Measurement of Financial Instruments
(effective for annual reporting periods beginning on or after 1 January 2026)

SFRS(I) 9 and SFRS(I) 7 were amended to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("**SPPI**") criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income.

The Group does not expect these amendments to have a material impact on its operations or financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

SFRS(I) 18: Presentation and Disclosure in Financial Statements
(effective for annual reporting periods beginning on or after 1 January 2027)

SFRS(I) 18 will replace SFRS(I) 1-1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though SFRS(I) 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance (comprising of the statement of profit or loss and other comprehensive income) and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with SFRS(I) 18.

SFRS(I) 19: Subsidiaries without Public Accountability: Disclosures
(effective for annual reporting periods beginning on or after 1 January 2027)

SFRS(I) 19 allows for certain eligible subsidiaries of parent entities that report under SFRS(I) Accounting Standards to apply reduced disclosure requirements. This new standard works alongside other SFRS(I). An eligible subsidiary applies the requirements in other SFRS(I) except for the disclosure requirements; and it applies instead the reduced disclosure requirements in SFRS(I) 19.

SFRS(I) 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with SFRS(I) Accounting Standards.

The Group does not expect this standard to have an impact on its operations or financial statements.

39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Avarga Limited on 30 March 2026.

ADDITIONAL SGX DISCLOSURES IN THE ANNUAL REPORT

MATERIAL CONTRACTS

Since the end of the financial year ended 31 December 2025, the Company and its subsidiary corporations did not enter into any material contracts involving interests of the Chief Executive Officer, Directors or controlling shareholders and no such material contract still subsist at the end of the financial year, save for Interested Person Transactions disclosed on page 44 of this Annual Report.

LIST OF MAJOR PROPERTIES

The following properties are owned/leased by the Group:

Location	Description	Land Area (sq.m)	Tenure
Taiga Building Products Ltd. 4385 Pacific Street Rocklin, CA 95677 California, Western USA	Distribution Centre	55,037	Freehold
1980 Industrial Way Sanger, California Western USA	Distribution Centre	50,990	Freehold

SHAREHOLDING STATISTICS

AS AT 11 MARCH 2026

ISSUED AND FULLY PAID UP CAPITAL	:	S$169,596,374.34
NO. OF SHARES ISSUED	:	95,014,505
NO. OF TREASURY SHARES HELD	:	4,183,170
NO. OF SUBSIDIARY HOLDINGS HELD	:	NIL
NO. OF ISSUED SHARES (EXCLUDING TREASURY SHARE)	:	90,831,335
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE/NO VOTE FOR TREASURY SHARES

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	94	5.84	806	0.00
100 – 1,000	892	55.44	400,809	0.44
1,001 – 10,000	536	33.31	1,943,697	2.14
10,001 – 1,000,000	84	5.22	7,107,269	7.83
1,000,001 & and above	3	0.19	81,378,754	89.59
	1,609	100.00	90,831,335	100.00

TOP 20 SHAREHOLDERS

S/No.	Name	Number of Shares Held	%
1	MAYBANK NOMINEES (SINGAPORE) PTE LTD	78,661,865	86.60
2	DBS NOMINEES PTE LTD	1,571,309	1.73
3	ABN AMRO CLEARING BANK N.V.	1,145,580	1.26
4	OCBC SECURITIES PRIVATE LTD	963,909	1.06
5	CGS INTERNATIONAL SECURITIES SINGAPORE PTE LTD	789,100	0.87
6	CITIBANK NOMINEES SINGAPORE PTE LTD	614,445	0.68
7	UOB KAY HIAN PTE LTD	579,800	0.64
8	KHOO POH KOON	574,800	0.63
9	PHILLIP SECURITIES PTE LTD	443,652	0.49
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	394,173	0.43
11	CHIA ENG KOON	172,340	0.19
12	OCBC NOMINEES SINGAPORE PTE LTD	162,415	0.18
13	EE YONG EN JOEL	143,000	0.16
14	LIM GEOK HENG	102,880	0.11
15	TIGER BROKERS (SINGAPORE) PTE. LTD.	101,420	0.11
16	HO WAI HOE THOMAS (HE WEIHAO)	100,000	0.11
17	CHIN SIEW ONN	89,400	0.10
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	89,200	0.10
19	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	84,369	0.09
20	CHUA HAI LEE	81,000	0.09
		86,864,657	95.63

Source: The Central Depository (Pte) Limited

SHAREHOLDING **STATISTICS**

AS AT 11 MARCH 2026

Substantial Shareholders	Number of Shares (Direct Interest)	Number of Shares (Deemed Interest)
TKO Pte. Ltd.[1]	48,837,165	–
Tong Kooi Ong	–	78,661,865[2]
ZICO Trust (S) Ltd.[3]	–	78,661,865[2]
3Cs Investments Limited[4]	–	7,343,900[5]
Phileo Capital Limited	22,480,800	–
Genghis S.á.r.l.	7,343,900	–

Notes:

(1) By virtue of Phileo Trust, a family trust constituted under a trust deed where Mr. Tong Kooi Ong is the sole beneficiary, and with ZICO Trust (S) Ltd. as its appointed trustee, Mr. Tong Kooi Ong has a deemed interest in the following Shares pursuant to Section 4 of the SFA: (a) the 48,837,165 Shares held by TKO Pte. Ltd., which is wholly-owned by ZICO Trust (S) Ltd.; (b) the 22,480,800 Shares held by Phileo Capital Limited, which is wholly-owned by ZICO Trust (S) Ltd.; and (c) the 7,343,900 Shares held by Genghis S.á.r.l., which is wholly-owned by 3Cs Investments Limited, which is in turn wholly-owned by ZICO Trust (S) Ltd..

(2) The Shares are beneficially owned by TKO Pte. Ltd., Phileo Capital Limited and Genghis S.á.r.l..

(3) Pursuant to Section 4 of the SFA, ZICO Trust (S) Ltd. is deemed interested in the following Shares: (a) the 48,837,165 Shares held by TKO Pte. Ltd., which is wholly-owned by ZICO Trust (S) Ltd.; (b) the 22,480,800 Shares held by Phileo Capital Limited, which is wholly-owned by ZICO Trust (S) Ltd.; and (c) the 7,343,900 Shares held by Genghis S.á.r.l., which is wholly-owned by 3Cs Investments Limited, which is in turn wholly-owned by ZICO Trust (S) Ltd..

(4) As Genghis S.á.r.l. is wholly-owned by 3Cs Investments Limited, pursuant to Section 4 of the SFA, 3Cs Investments Limited is deemed interested in the 7,343,900 Shares held by Genghis S.á.r.l..

(5) The Shares are beneficially owned by Genghis S.á.r.l..

Approximately 13.33% of the issued Ordinary Shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

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