HAFARY

Holdings Limited

Annual Report 2024

Contents

CORPORATE PROFILE

Hafary Holdings Limited and its subsidiaries ('**Hafary**') is a leading supplier of premium tiles, stone, mosaic, wood-flooring, countertops and sanitary ware and fittings in Singapore. Leveraging on our strong sourcing and procurement network, we carry a wide variety of surfacing materials from Europe (mainly Italy and Spain) and Asia and supply to our customers at competitive prices.

Established in 1980 by Executive Director and CEO, Mr Low Kok Ann, Hafary is organised into 3 core business segments: General, Project and Manufacturing. The General segment is spearheaded by the largest sales generator of the group, Hafary Pte Ltd, that supplies ceramics and stone tiles, countertops and sanitary ware and fittings. Surface Project Pte. Ltd., Surface Stone Pte. Ltd. and Gres Universal Pte. Ltd. cater to demand for surfacing materials for use in construction and development projects. To date, these subsidiaries have supplied tiles and stone for use in a considerable number of quality commercial and residential development projects in Singapore.

Wood Culture Pte. Ltd. complements Hafary's businesses by offering wood, vinyl flooring and wall solutions. Melmer Stoneworks Pte. Ltd., specializing in the fabrication, polishing and profiling of stone and marble slabs for household and commercial purposes.

Hafary's Vietnam associate, Viet Ceramics International Joint Stock Company, is its first foray into the overseas tile retailing market. Foshan Hafary Trading Co., Limited, Hafary's wholly owned export agent in China, provides opportunities for the Group to widen its procurement and business network. Hafary's China subsidiary, Guangdong ITA Element Building Materials Co., Limited, is principally involved in the designing and production of glazed porcelain tiles. Hafary's Myanmar joint venture, Hafary Myanmar Company Limited, marked the Group's foray into the developing market of Myanmar.

Hafary Trading Sdn. Bhd., a wholly-owned subsidiary to venture into Malaysia's market. Hafary's Malaysia subsidiary, International Ceramic Manufacturing Hub Sdn. Bhd., enable the Group to move upstream and overcome supply chain constraints as well as leverage on the Group's MML and ITAELEMENT brands and distribution networks to grow sales in Malaysia and the global export market.

Corporate headquarters and main showroom of Hafary is located at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836. The group's main warehouses are located at 3 Changi North Street 1 Singapore 498824, 18 Sungei Kadut Street 2, World Furnishing Hub, Singapore 729236, Batu 4, Jalan Batu Pahat, 86000 Kluang, Johor, Malaysia, No. PLO 1, Jalan Batu Pahat, Kawasan Perindustrian Mengkibol, 86000 Kluang, Johor, Malaysia and No. 1460, Jalan Mersing, Kawasan Jalan Mersing 86000 Kluang, Johor, Malaysia.

General

Retail customers may purchase our products directly from our showrooms located at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836, 18 Sungei Kadut Street 2, World Furnishing Hub, Level 7, Singapore 729236, 18 Boon Lay Way #01-132 Tradehub 21 Singapore 609966, 11 Changi North Way Singapore 498796 and 161 Lavender Street Singapore 338750. At our showrooms, customers can look forward to a wide variety of product displays, mock ups of living spaces and amicable service by our showroom sales team. Retail customers include architecture, interior design and renovation firms, who make ad-hoc purchases for small projects such as home renovation or small property development.

Project

We also supply surfacing materials to customers who are involved in public and private property development projects in Singapore. These public sector projects include HDB upgrading, construction or upgrading of public buildings such as schools, hospitals, sport complexes and military camps. Property development projects in the private sector include residential, commercial and industrial projects such as condominiums, shopping centres sand hotels. Our Project customers comprise architecture firms, property developers and construction companies.

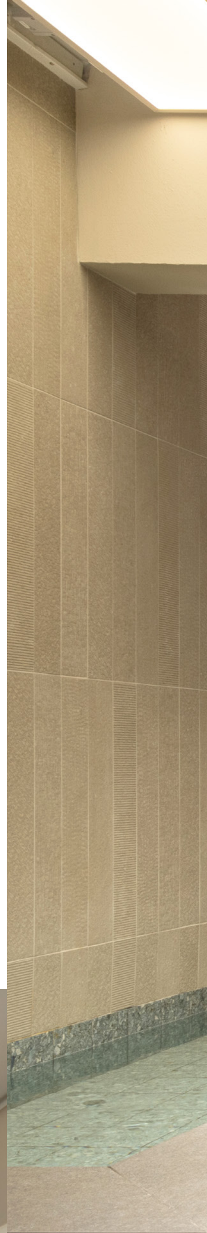
Manufacturing

The manufacturing segment includes two factories in Kluang, Johor that produce ceramic tiles for both Malaysia and overseas customers. These products are supplied through OEM customers as well as through our own distribution channels which service projects, retail and export distributors.

The two manufacturing plants located at No. PLO 1, Jalan Batu Pahat, Kawasan Perindustrian Mengkibol and Batu 4, Jalan Batu Pahat.

TILES

Dedicated to bringing design ideas to life, we market and distribute a comprehensive range of premium tiles for selection. Backed by our strong sourcing and procurement network, we are able to offer quality products at competitive prices.



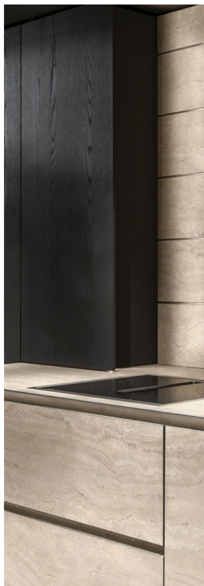

ENTRYWAYS OF MILAN INGRESSI DI MILANO

STONE

Luxury and innovation goes hand in hand with our selection of natural and exotic stone. Carefully sourced from around the world, we bring in new selections regularly to inspire and provide endless design possibilities.

COUNTER TOP

Committed to delivering innovative surfacing solutions, we provide premium countertop surfaces to meet our clients' preference and requirements. Each of our countertop selection meets the highest level of international standards, giving customers assurance of the highest quality.

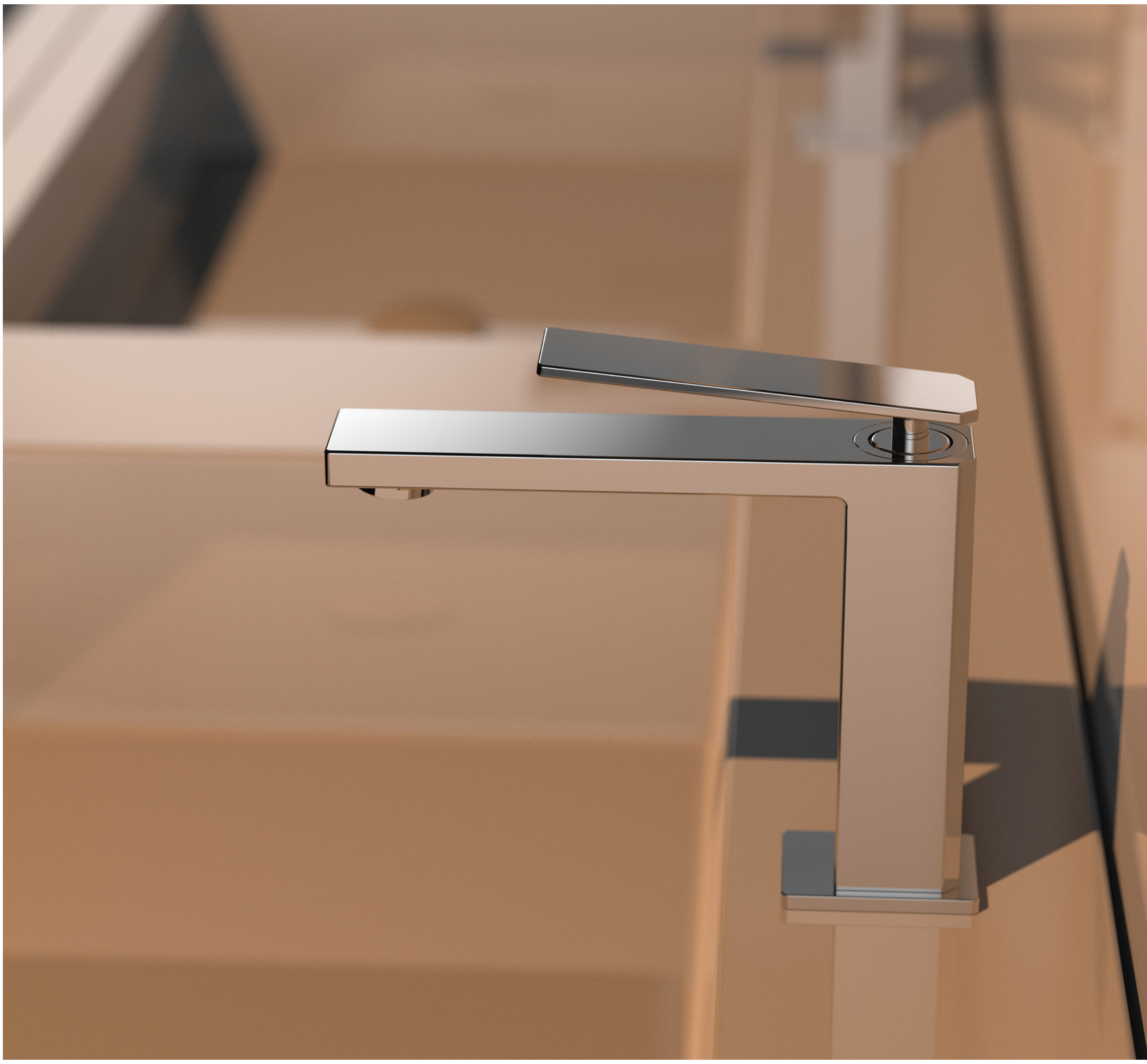


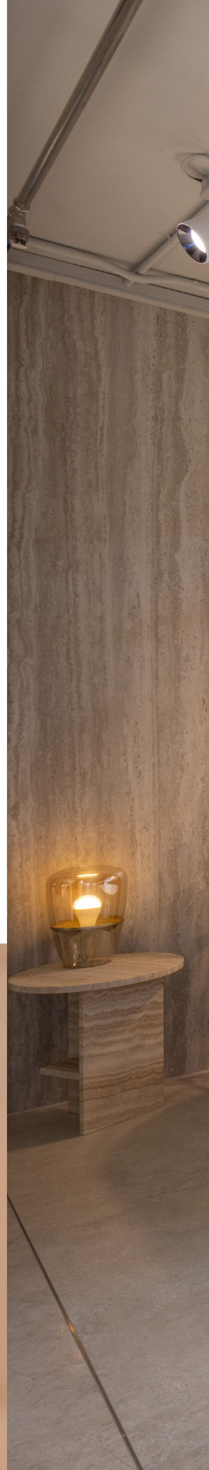
VINYL & WALL SOLUTIONS

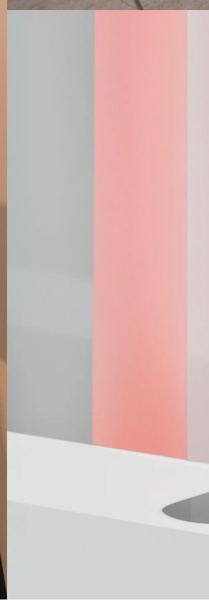
We offer a comprehensive range of surfacing solutions, including vinyl planks and tiles, engineered wood, solid timber, and innovative wall surfaces. Our large-format wall surfaces are designed for versatility, seamlessly cladding both flat and curved surfaces. This diverse selection meets both aesthetic and technical requirements, ensuring high-quality solutions that cater to the needs of every customer.

BATHROOM

We are a HDB-listed supplier of bathroom products, including water closets, basins, and taps. Our Grande range is approved for Singapore government housing projects, meeting all performance and statutory requirements. In addition, we offer our own in-house brand, Klopfen, which is designed to deliver quality, style, and innovation for modern bathroom spaces.







CEO'S STATEMENT

2024 marked a key milestone in our retail strategy with the launch of Hafary House at 161 Lavender Street. Meticulously designed by award-winning firm, FARM, this two-storey space spans 15,000 square feet and first opened its doors on 1st December 2024 and officially opened its doors on 11th January 2025.

LOW KOK ANN
Executive Director & CEO

Dear Shareholders,

On behalf of the Board of Directors of Hafary Holdings Limited ("**Hafary**", the "**Company**" or the "**Group**"), I am pleased to present to you our Annual Report for the financial year ended 31 December 2024 ("**FY2024**").

RESULTS REVIEW: SUSTAINED GROWTH IN 2024

The Group registered a revenue of $263.1 million in FY2024, marking a year-on-year ("YoY") increase of 16.2% from $226.4 million in FY2023. This growth was primarily driven by increased revenue contributions from the Manufacturing segment, which offset moderation in the General and Project segments.

The General segment recorded revenue of $137.1 million in FY2024, a slight decline of 1.9% from $139.7 million in FY2023, mainly attributable to the lesser orders from retail customers as compared to last year.

The Project segment posted revenue of $79.5 million in FY2024, a 2.2% decrease from $81.3 million in FY2023, mainly attributable to the lesser orders from project customers as compared to last year.

Our Manufacturing segment demonstrated significant improvement, with revenue surging to $46.5 million in FY2024—a remarkable 756.2% increase from $5.4 million in FY2023. This growth was driven by the successful ramp-up of the Kluang manufacturing plant, which started production in June 2023 and has steadily scaled to meet the increasing demand.

Although the top line experienced an expansion, shifting revenue contributors and an increase in manufacturing activity created pressure on gross margin. This coupled with the rise in overall expenses and financing costs led to a decline in profit after tax by 28.4% to $28.7 million in FY2024. However, we remain confident in our long-term growth trajectory, supported by strategic expansion and our resilience in the market.

CONSISTENT DIVIDEND PAY-OUT

In recognition of our shareholders' continued support, the Group has declared a total dividend of 2.75 Singapore cents per ordinary share for FY2024. This includes an interim dividend of 0.75 Singapore cents per share and a special interim dividend of 0.5 Singapore cents per share, declared on 12 August 2024 and paid on 26 August 2024. Following that, the Board declared a second interim dividend of 0.75 Singapore cents per ordinary share and a second special interim dividend of 0.75 Singapore cents per ordinary share on 21 February 2025, which was subsequently distributed on 07 March 2025.

CEO'S STATEMENT

SINGAPORE BUSINESS

Enhancing our Retail Presence

2024 marked a key milestone in our retail strategy with the launch of Hafary House at 161 Lavender Street. Meticulously designed by award-winning firm, FARM, this two-storey space spans 15,000 square feet and first opened its doors on 1st December 2024 and officially opened its doors on 11th January 2025. The showroom was launched to create an engaging and immersive retail environment, showcasing our widest product selection and bringing design visions to life for homeowners, interior designers, and architects.

Hafary House also marked the debut of Hafary Bathroom, our new premium offering in sanitary ware. This collection features leading European brands such as Zucchetti and Bernstein, bringing high-quality, design-forward solutions to our customers. Alongside these, we introduced Klopfen, our in-house brand of premium bathroom fittings, designed to merge style, functionality, and durability. The showroom also features our subsidiary brand Wood Culture, showcasing a curated range of premium wood flooring options. By bringing these offerings together under one roof, Hafary House has established itself as a one-stop shop for our customers.

The overwhelmingly positive response from our customers, designers, and industry partners has reaffirmed our approach. Hafary House has attracted steady footfalls, and its innovative offering has been well-received. Additionally, Hafary House presents investment opportunities, featuring short-term and long-term rental options for commercial and residential spaces.

Our subsidiary brand is also expanding its retail footprint. In March 2024, Wood Culture Pte. Ltd. opened its flagship showroom at 11 Changi North Way, featuring over 100 premium flooring options. Meanwhile, our Hafary Gallery at Eunos saw increased foot traffic, supported by targeted marketing efforts.

We also strengthened our position by acquiring the remaining 19% stake in World Furnishing Hub Pte. Ltd. ("**WFH**"), making it a wholly owned subsidiary. This move enhances our control over a key asset, reinforcing our long-term strategy and unlocking greater value for the Group.

CEO'S STATEMENT

OVERSEAS INVESTMENTS

Malaysia

Our Malaysian business has been a key driver for the overall business with growth across the Project and Manufacturing segment.

Through our subsidiary, Hafary Trading Sdn. Bhd. we have been driving strong growth in our Project segment. In 2024, revenue from this business grew by 30%, supported by a steady flow of projects and an expanding customer base.

Furthermore, we have significantly strengthened our manufacturing capabilities in Malaysia through the Group's manufacturing arm, International Ceramics Manufacturing Hub Sdn. Bhd. ("**ICMHSB**"), a collaboration between key strategic partners. This expansion allows us to gain greater control over our supply chain and address supply constraints.

Our move upstream has strengthened operational control and plant commencing operations in April 2024 and complementing our primary manufacturing plant, our production capacity has almost doubled to 42,000m² per day, to meet growing demand. Through this expanded capacity, we effectively cater to the domestic Malaysian market and the regional export market. We are achieving better operational efficiencies by leveraging the additional distribution networks of our partners. Furthermore, the establishment of our research and development (R&D) division ensures that we meet the highest quality standards while continuously enhancing production output.

In Malaysia, Hafary has achieved significant revenue growth, solidifying its position in our second-largest market. As we continue scaling our capabilities, we remain focused on sustaining this momentum and capturing further opportunities across the region.

China

In China, we continue to operate through our subsidiary, Guangdong ITA Element Building Materials Co., Limited ("**ITA Element**"). While the market faces ongoing uncertainties, particularly due to geopolitical tensions and economic volatility, we have increasingly focused on diversifying our operations within Southeast Asia, in markets like Malaysia and Vietnam.

Our subsidiary Hafary Shanghai Pte. Ltd. has completed the acquisition of MML (Shanghai) Trading Co., Ltd. ("**MML Shanghai**"), securing full ownership. This acquisition enables us to leverage revenue potential in both the domestic and export markets. As the Chinese economy stabilizes, we expect a more favourable environment in 2025, driven by government policies aimed at restoring market confidence. Although deflationary pressures and weak consumer demand persist, we are strategically positioned to capitalize on emerging opportunities as the market recovers. We remain confident that these efforts will support our growth trajectory in the region.

Indonesia

In FY2024, Hafary incorporated PT ICMH Ceramic Indonesia with a 66.5% majority stake. This strategic move is aimed at enhancing our presence within the Indonesian market. It allows Hafary to expand its manufacturing exports, supply capabilities and strengthen its foothold in one of Southeast Asia's fastest-growing economies.

CEO'S STATEMENT

Strong Growth Ahead for Singapore's Construction and Property Market

According to the Ministry of Trade and Industry ("MTI"), Singapore's economy is projected to grow between 1.0% and 3.0% in 2025, maintaining steady momentum despite global uncertainties[1]. In 2025, the Building and Construction Authority (BCA) expects total construction demand, i.e., the value of construction contracts to be awarded to range between $47 billion and $53 billion, exceeding pre-COVID levels. Major infrastructure projects like Changi Airport Terminal 5, the Marina Bay Sands expansion, and significant public housing initiatives will drive demand. Looking ahead, the construction sector is expected to remain robust, with mid-term demand projected at $39 billion to $46 billion annually from 2026 to 2029.[2]

Against this backdrop, Hafary remains focused on supporting Singapore's evolving property and construction landscape. With a comprehensive product portfolio and strong industry relationships, we are well-positioned to meet market needs across residential, commercial, and infrastructure projects.

Malaysia's Property Market Poised for Sustained Growth in 2025

The Malaysian economy is expected to maintain its growth, with DBS projecting a 4.8% expansion in 2025, following a robust 5.1% rise in 2024. Broad-based drivers, including resilient domestic expenditure, strong investment expansion, and favorable export conditions support this positive outlook[3].

Malaysia's real estate market is set to maintain its positive momentum in 2025, bolstered by strong transaction volumes across residential and industrial segments. The Johor–Singapore SEZ will drive rapid infrastructure development and focus on supporting manufacturing activities. It will also generate employment, increase foreign direct investment and stimulate GDP growth.[4] Additional infrastructure projects like the East Coast Rail Link (ECRL), Johor-Singapore Rapid Transit System (RTS Link), and Pan Borneo Highway will drive demand for commercial and residential properties.[5]

The positive market fundamentals coupled with Hafary's expansion upstream will prove to be valuable long-term tailwinds for the Group.

In Appreciation

I sincerely appreciate our fellow Directors for their invaluable guidance and contributions. I am also deeply grateful to our dedicated employees for their unwavering commitment. We thank our loyal customers and shareholders for your continued trust and support. It is through the collective dedication of all our stakeholders that Hafary has achieved these milestones.

The Board would like to express its sincere appreciation to Mr Tay Eng Kiat Jackson for his valuable contributions as the Group's Chief Operating Officer and Company Secretary until his resignation in September 2024. We also extend our gratitude to Mr Yong Teak Jan for his service as a Non-Independent Non-Executive Director until his resignation in December 2024.

We are pleased to welcome Mr Lim Wah Fong and Mr Darrell Lim as Independent Directors, as well as Ms Lee Yee Fei Mandy as our Chief Financial Officer and Company Secretary. We are confident that their expertise will be instrumental as we continue to strengthen the Group and pursue new opportunities.

Looking ahead, we remain confident in our ability to navigate evolving market dynamics and seize new opportunities. With a strong foundation, a dedicated team, and the continued support of our stakeholders, we are well-positioned for sustainable growth and long-term success.

LOW KOK ANN
Executive Director & CEO

[1] *https://www.mti.gov.sg/Newsroom/Press-Releases/2025/02/MTI-Maintains-2025-GDP-Growth-at-1-to-3-Per-Cent*
[2] *https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2025/01/23/construction-demand-to-remain-strong-for-2025*
[3] *https://www.dbs.com.sg/treasures/aics/templatedata/article/generic/data/en/GR/macro_strategy/012025/250123_malaysia.xml#*
[4] *https://www.straitstimes.com/singapore/spore-msia-sign-agreement-on-johor-singapore-special-economic-zone-20000-jobs-to-be-created*
[5] *https://www.edgeprop.sg/property-news/cbre-wtw-future-trends-shaping-malaysian-property-market-2025*

BOARD OF DIRECTORS

Foo Yong How
Independent Non-Executive Chairman

Other present directorship:
- NIL

Past directorship (Preceding three years):
- NIL

Mr Foo Yong How was appointed as an Independent Director of our Company on 9 July 2020 and was re-elected on 25 April 2024. Subsequently, he was redesignated as Independent Non-Executive Chairman and Lead Independent Director with effect from 12 July 2024. He graduated with a BSc in Electrical Engineering from the National University of Singapore in 2003, and is a CFA® Charterholder.

Mr Foo has more than 15 years of experience in investment banking, business development and wealth management. He was appointed as Chief Corporate Officer in Sapphire Corporation Limited (listed on SGX Mainboard), assisting the CEO of Sapphire in key functions which includes formulation of strategic planning in mergers and acquisition, new business opportunities and corporate finance related activities. He can contribute to the Group with his expertise in the strategic planning and corporate finance activities.

Mr Foo was formerly the General Manager of International Healthway Corporation Ltd (now known as OUE Healthcare Ltd), assisting the Board of Directors in the management and supervision of operations, financial management and marketing, as well as being part of the Interim Transition Committee, when the new Board of directors was appointed with the existing CEO being suspended of all executive functions and power.

Mr Foo has also worked in UOB Kay Hian where he was involved in structuring both public and private deals in the investment banking field and international capital markets. He has co-led numerous successful IPO deals in diverse sectors, such as real estate, medical and resources.

Mr Low Kok Ann was appointed as Executive Director of our Company on 6 October 2009 and was re-elected on 28 April 2023. He attained a Government Higher School Certificate (Chinese) in 1969.

Mr Low was one of the founders of the main subsidiary of our Company, Hafary Pte Ltd, and has been an Executive Director since its incorporation in 1980. His wealth of experience in the tile industry has been pivotal to our success and growth. He was appointed as Chief Executive Officer ("CEO") of our Company on 1 February 2014. On 6 March 2015, he relinquished his role of Executive Chairman of the Board to the Lead Independent Director for better corporate governance. As the CEO, his primary responsibility is to formulate and oversee the corporate and strategic development and overall management and operations of our Group.

Low Kok Ann
Executive Director and Chief Executive Officer

Other present directorship:
- NIL

Past directorship (Preceding three years):
- NIL

BOARD OF DIRECTORS

Datuk Edward Lee Ming Foo, JP
Non-Independent Non-Executive Director

Other present directorship:

- Hap Seng Consolidated Berhad
- Hap Seng Plantations Holdings Berhad

Past directorship (Preceding three years):

- NIL

Datuk Edward Lee Ming Foo, JP was appointed as a Non-Independent Non-Executive Director of our Company on 6 March 2015 and was re-elected on 25 April 2024. He graduated with a Degree in Bachelor of Arts from the McMaster University in Canada in 1977.

Datuk Edward Lee is presently the Managing Director of Hap Seng Consolidated Berhad ("HSCB") and Hap Seng Plantations Holdings Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. In addition, he is the Managing Director of Gek Poh (Holdings) Sdn. Bhd., the holding company of HSCB. HSCB is also the 50.82% major shareholder of the Company.

Mr Low See Ching was appointed as the Non-Independent Non-Executive Director on 31 January 2014 and was re-elected on 7 April 2022. He graduated with a Bachelor of Accountancy Degree from Nanyang Technological University, Singapore in 1999.

Prior to this appointment, Mr Low served in the Board as Executive Director and in the Company as CEO. He joined the main subsidiary of our Company, Hafary Pte Ltd, in 2000 and rose through the ranks from Sales Executive to CEO in 2005. As the CEO, he was responsible for the overall management, operations and charting our corporate and strategic direction, including our sales, marketing and procurement strategies.

Mr Low is presently the Executive Director and Deputy CEO of Oxley Holdings Limited, listed on the Mainboard of Singapore Exchange.

Mr Low is retiring at the forthcoming AGM and being eligible, has offered himself for re-election as Director.

Low See Ching
Non-Independent Non-Executive Director

Other present directorship:

- Oxley Holdings Limited

Past directorship (Preceding three years):

- Aspen (Group) Holdings Limited (Alternate Director)

BOARD OF DIRECTORS

Cheah Yee Leng
Non-Independent Non-Executive Director

Other present directorship:
- Hap Seng Consolidated Berhad
- Hap Seng Plantations Holdings Berhad
- Paos Holdings Berhad

Past directorship (Preceding three years):
- NIL

Ms Cheah Yee Leng was appointed as a Non-Independent Non-Executive Director of our Company on 6 March 2015 and was re-elected on 7 April 2022. She holds a Bachelor of Economics Degree and Bachelor of Laws Degree from Monash University in Australia.

Ms Cheah joined Hap Seng Consolidated Berhad ("HSCB") group of companies in 1997 and was appointed as Executive Director of HSCB on 1 June 2014. She is presently the Director of Corporate Affairs and the Legal Counsel of HSCB Group.

Ms Cheah is also an Executive Director of Hap Seng Plantations Holdings Berhad ("HSP") and a Non-Independent Non-Executive Director of Paos Holdings Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. In addition, she is the Group Company Secretary of HSP.

Ms Cheah is retiring at the forthcoming AGM and being eligible, has offered herself for re-election as Director.

Mr Darrell Lim was appointed as an Independent Director of our Company on 12 July 2024. Darrell has more than 20 years of capital markets experience, and is co-founder and managing director of iCapital Asia Partners, where he focuses primarily on helping companies, both publicly-listed and privately-held, scale for long term sustainable growth.

Certified by the Singapore Institute of Directors as a Senior Accredited Director, Mr Darrell currently serves as non-executive director on several SGX-listed, MAS-licensed, and privately-held companies.

Mr Darrell holds degrees from Oxford University (UK), Sydney University (Australia) and the National University of Singapore. Additionally, Mr Darrell has completed the SMU-SID Directors Program conducted by the Singapore Management University.

Mr Darrell is retiring at the forthcoming AGM and being eligible, has offered himself for re-election as Director.

Darrell Lim Chee Lek
Independent Director

Other present directorship:
- BRC Asia Limited
- Prospera Global Limited
- Coolan Group Limited

Past directorship (Preceding three years):
- NIL

Lim Wah Fong
Independent Director

Other present directorship:
- NIL

Past directorship (Preceding three years):
- NIL

Mr Lim Wah Fong was appointed as an Independent Director of our Company on 12 July 2024. Mr Lim holds a degree in Business Administration from National University of Singapore.

Mr Lim has more than 20 years of capital markets experience, rising through the ranks over the years from Research Analyst to Senior Portfolio Manager. He is well versed in different asset classes across global markets and has ample experience in broking firms, hedge funds and family office. His years of analysing company balance sheet, valuation skills and macro trend forecast is an asset to the Board.

Mr Lim is retiring at the forthcoming AGM and being eligible, has offered himself for re-election as Director.

KEY MANAGEMENT

Lee Yee Fei Mandy

Chief Financial Officer & Company Secretary

Ms Lee joined our Group in 2015. She is currently the Chief Financial Officer and Company Secretary of the Group. She oversees the Group's finance, corporate functions and corporate secretarial functions, including financial reporting, tax, treasury, internal controls, governance and regulatory compliance.

Ms Lee has more than 15 years of working experience in the area of audit, finance and accounting. She is a non-practising Chartered Accountant (Singapore).

Koh Yew Seng Mike

Director - Logistics

Mr Koh joined our Group in 2008. His responsibilities include overseeing our warehouse and logistics operations and also assisting the CEO with procurement administration. He also facilitates operational coordination between the Group's Singapore and overseas entities.

Mr Koh has more than 30 years of experience in the tile industry. He attained his General Certificate of Education 'O' Levels in 1977.

Goh Keng Boon Frank

Project Director

Mr Goh joined our Group in 2004. He heads the Project Sales and Marketing team of Surface Project Pte. Ltd., a key subsidiary involved in private sector project sales and leads the execution of its corporate sales strategies.

Mr Goh has more than 20 years of experience in the tile industry. He graduated with a Bachelor Degree in Building Management from RMIT University, Australia in 2001.

Tay Chye Heng Stephen

Public Project Director

Mr Tay joined our Group in 2011 to set up and lead the Public Project Department specialising in the supply of building materials for use in Housing Development Board ("HDB") flats and government buildings.

Mr Tay has more than 40 years of experience and held various key positions in his past employments in the tile industry. He attained his General Certificate of Education 'O' Levels in 1974.

GROUP STRUCTURE

As of Reporting Year

HAFARY HOLDINGS LIMITED

UEN: 200918637C

100%

HAFARY PTE LTD

UEN: 198001531R

Singapore

70%
Surface Project Pte. Ltd.
UEN: 200500263N

90%
Surface Stone Pte. Ltd.
UEN: 200906485D

100%
Wood Culture Pte. Ltd.
UEN: 201007442H

100%
Hafary Centre Pte. Ltd.
UEN: 201026113W

100%
Hafary Vietnam Pte. Ltd.
UEN: 201120831H

50%
Melmer Stoneworks Pte. Ltd.
UEN: 201216143E

100%
Hafary International Pte. Ltd.
UEN: 201305688M

100%
Marble Trends Pte. Ltd.
UEN: 201309646E

100%
World Furnishing Hub Pte. Ltd.
UEN: 201317854K

100%
Hafary Trademarks Pte. Ltd.
UEN: 201526416M

51%
Hafary Balestier Showroom Pte. Ltd.
UEN: 201603055M

56%
Gres Universal Pte. Ltd.
UEN: 201610591C

100%
Hafary Building Materials Pte. Ltd.
UEN: 201724020R

100%
Hafary W+S Pte. Ltd.
UEN: 201834344K

33.3%[1]
Hafary Myanmar Investment Pte. Ltd.
UEN: 201834571E (Joint Venture)

100%
Hafary Crescent Pte. Ltd.
UEN: 202126825D

95%[2]
Hafary Element Pte. Ltd.
UEN: 202221070W

66.5%[3]
International Ceramic Manufacturing Hub Pte. Ltd.
UEN: 202221067C

100%
Hafary Flagship Store Pte. Ltd.
UEN: 202223334G

82.5%[4]
MML x Element International Pte. Ltd.
UEN: 202320755R

100%
Hafary Bathroom Pte. Ltd.
UEN: 202435413D

100%
Hafary Shanghai Pte. Ltd.
UEN: 202436238k

Overseas

49%[5]
Viet Ceramics International Joint Stock Company
UEN: 0311028311
(Associate incorporated in Vietnam)

100%
Hafary Trading Sdn. Bhd.
UEN: 202001030234
(1386554-D)
(Subsidiary incorporated in Malaysia)

66.5%[6]
International Ceramic Manufacturing Hub Sdn. Bhd.
UEN: 202201021959(1467656-H)
(Subsidiary incorporated in Malaysia)

33.33%[7]
Hafary Myanmar Company Limited
UEN: 108551070
(Joint Venture incorporated in Myanmar)

100%
Foshan Hafary Trading Co., Limited
UEN: 440600400022964
(Subsidiary incorporated in China)

65%[8]
Guangdong ITA Element Building Materials Co., Limited
UEN: 91440604MA4WQTML60
(Subsidiary incorporated in China)

62.4%[9]
Foshan Element Building Material Co., Ltd.
UEN: 91440604MA4WQNH9X8
(Subsidiary incorporated in China)

65%[10]
Foshan Element Ceramic Co., Ltd.
UEN: 91440604MA51HKW081
(Subsidiary incorporated in China)

66.5%[11]
PT ICMH Ceramic Indonesia
UEN: 4024050331100777
(Subsidiary incorporated in Indonesia)

100%
Hafary Trading (Shanghai) Co. Ltd.
UEN: 91310000MAE4GFTJ4T
(Subsidiary incorporated in China)

[1] *Effective holding of 33.3%*
Held through Hafary Pte. Ltd. - 33.3%

[2] *Effective holding of 95%*
Held through Hafary Pte Ltd - 85.7%
Held through Guangdong ITA Element Building Materials Co., Limited - 9.3%

[3] *Effective holding of 66.5%*
Held through Hafary Element Pte. Ltd. - 66.5%

[4] *Effective holding of 82.5%*
Held through Hafary Trading Sdn. Bhd. - 50%
Held through Guangdong ITA Element Building Materials Co., Limited - 32.5%

[5] *Effective holding of 49%*
Held through Hafary Vietnam Pte. Ltd. - 49%

[6] *Effective holding of 66.5%*
Held through International Ceramic Manufacturing Hub Pte. Ltd. - 66.5%

[7] *Effective holding of 33.3%*
Held through Hafary Myanmar Investment Pte. Ltd. - 33.3%

[8] *Effective holding of 65%*
Held through Hafary Building Materials Pte. Ltd. - 65%

[9] *Effective holding of 62.4%*
Held through Guangdong ITA Element Building Materials Co., Limited - 62.4%

[10] *Effective holding of 65%*
Held through Guangdong ITA Element Building Materials Co., Limited - 65%

[11] *Effective holding of 66.5%*
Held through International Ceramic Manufacturing Hub Pte. Ltd. - 66.5%

FINANCIAL HIGHLIGHTS

For the Year	FY2024 $'000	FY2023 $'000	FY2022 $'000	FY2021 $'000	FY2020 $'000
Revenue - General	**137,157**	139,732	109,225	82,716	53,853
Revenue - Project	**79,492**	81,259	59,660	43,288	27,062
Revenue - Manufacturing	**46,487**	5,431	-	-	-
Total Revenue	**263,136**	226,422	168,885	126,004	80,915
Revenue - General (% of Total Revenue)	**52.1%**	61.7%	64.7%	65.6%	66.6%
Revenue - Project (% of Total Revenue)	**30.2%**	35.9%	35.3%	34.4%	33.4%
Revenue - Manufacturing (% of Total Revenue)	**17.7%**	2.4%	-	-	-
Earnings Before Interest, Income Taxes and Depreciation (EBITDA)	**65,390**	70,220	51,544	25,651	16,664
EBITDA Margin (%)	**24.9%**	31.0%	30.5%	20.4%	20.6%
Finance Cost (i.e. Interest Expense)	**12,176**	9,491	4,616	3,204	3,261
Profit before Income Tax	**36,909**	48,969	37,583	15,133	6,260
Profit before Income Tax Margin (%)	**14.0%**	21.6%	22.3%	12.0%	7.7%
Net Profit	**28,699**	40,096	30,638	12,312	5,535
Net Profit Margin (%)	**10.9%**	17.7%	18.1%	9.8%	6.8%
Profit After Income Taxes and Non-Controlling Interest (PATNCI)	**27,551**	39,066	29,372	11,580	5,260
PATNCI Margin (%)	**10.5%**	17.3%	17.4%	9.2%	6.5%

At Year End	FY2024 $'000	FY2023 $'000	FY2022 $'000	FY2021 $'000	FY2020 $'000
Non-Current Assets	**301,118**	299,874	276,206	191,187	133,375
Current Assets	**210,893**	171,727	127,322	94,836	91,490
Total Assets	**512,011**	471,601	403,528	286,023	224,865
Non-Current Liabilities	**171,784**	185,600	187,285	126,368	92,275
Current Liabilities	**204,467**	160,166	120,231	82,249	59,122
Total Liabilities	**376,251**	345,766	307,516	208,617	151,397
Total Debt	**298,103**	272,943	263,544	181,483	127,089
Cash and Cash Equivalents	**22,508**	17,897	11,504	6,070	5 ,211
Net Debt	**275,595**	255,046	252,040	175,413	121,878
Shareholders' Equity	**129,268**	118,148	92,571	75,475	71,309
Total Equity	**135,760**	125,835	96,012	77,406	73,468
Number of Ordinary Shares ('000)	**430,550**	430,550	430,550	430,550	430,550
Weighted Average Number of Ordinary Shares ('000)					
- Basic	**430,550**	430,550	430,550	430,550	430,550
- Diluted	**430,550**	430,550	430,550	430,550	430,550
Share Price at Year End (cents)	**30.5**	30.5	20.0	17.0	14.0
Market Capitalisation as at Year End Date	**131,318**	131,318	86,110	73,194	60,277

FINANCIAL HIGHLIGHTS

Financial Ratios	FY2024	FY2023	FY2022	FY2021	FY2020
Profitability					
Revenue Growth (%)	**16.2%**	34.1%	34.0%	55.7%	-23.0%
PATNCI Growth (%)	**-29.5%**	33.0%	153.6%	120.2%	-47.9%
Return on Assets (%) (PATNCI / Total Assets)	**5.4%**	8.3%	7.3%	4.0%	2.3%
Return on Equity (%) (PATNCI / Average Shareholders' Equity)	**22.3%**	37.1%	35.0%	15.8%	7.5%
Liquidity					
Current Ratio (times)	**1.0**	1.1	1.1	1.2	1.5
Cash as Per Share (cents)	**5.2**	4.2	2.7	1.4	1.2
Net Assets Per Share (cents)	**30.0**	27.4	21.5	17.5	16.6
Leverage					
Net Debt to Equity Ratio (times) (Net Debt / Shareholders' Equity)	**2.1**	2.2	2.7	2.3	1.7
Interest Cover (times) (EBITDA / Finance Cost)	**5.4**	7.4	11.2	8.0	5.1
Investors' Ratio					
Earnings Per Share (cents) (Basic and Fully Diluted)	**6.4**	9.1	6.8	2.7	1.2
Total Gross Dividend Per Share (cents) (DPS)	**2.75**	2.75	2.25	1.50	1.00
Gross Dividend Yield (%) Based on Year End Share Price	**9.0%**	9.0%	11.2%	8.8%	7.1%
Gross Dividend Payout (%) (Gross Dividend Paid / Profit After Tax Attributable to Shareholders)	**43.0%**	30.3%	33.0%	55.8%	61.4%

FINANCIAL REVIEW

Statement of Comprehensive Income	FY2024 $'000	FY2023 $'000	Change $'000	Change %
Revenue	**263,136**	226,422	36,714	16.2
Interest Income	**204**	180	24	13.3
Other Income and Gains	**11,312**	13,372	(2,060)	(15.4)
Changes in Inventories of Goods Held for Resale	**(3,168)**	(1,478)	(1,690)	114.3
Purchases and Related Expenses	**(153,823)**	(121,904)	(31,919)	26.2
Employee Benefits Expenses	**(36,316)**	(34,030)	(2,286)	6.7
Amortisation and Depreciation Expenses	**(12,633)**	(10,814)	(1,819)	16.8
Impairment Losses	**(704)**	(157)	(547)	348.4
Other Losses	**(680)**	(349)	(331)	94.8
Finance Costs	**(12,176)**	(9,491)	(2,685)	28.3
Other Expenses	**(20,558)**	(16,282)	(4,276)	26.3
Share of Profit from an Equity-Accounted Associate	**1,528**	3,220	(1,692)	(52.5)
Share of Profit from an Equity-Accounted Joint Venture	**787**	280	507	181.1
Profit Before Income Tax	**36,909**	**48,969**	**(12,060)**	**(24.6)**
Income Tax Expense	**(8,210)**	(8,873)	663	(7.5)
Profit, Net of tax	**28,699**	**40,096**	**(11,397)**	**(28.4)**
Other Comprehensive Income / (Loss):				
Items that may be Reclassified Subsequently to Profit or Loss:				
Exchange Differences on Translating Foreign Operations, Net of Tax	**224**	(1,649)	1,873	(113.6)
Total Comprehensive Income for the year, net of tax	**28,923**	**38,447**	**(9,524)**	**(24.8)**
Profit, Net of Tax Attributable to:				
- Owners of the Parent, Net of Tax	**27,551**	39,066	(11,515)	(29.5)
- Non-Controlling Interests, Net of Tax	**1,148**	1,030	118	11.5
	28,699	**40,096**	**(11,397)**	**(28.4)**
Total Comprehensive Income Attributable to:				
- Owners of the Parent	**27,786**	37,417	(9,631)	(25.7)
- Non-Controlling Interests	**1,137**	1,030	107	10.4
	28,923	**38,447**	**(9,524)**	**(24.8)**

FINANCIAL REVIEW

Revenue

For FY2024, the group registered a revenue of $263.1 million compared to $226.4 million during FY2023.

The revenue consists of below segments:

General segment

The revenue from the general segment decreased by $2.6 million or 1.9% from $139.7 million during FY2023 to $137.1 million during FY2024, mainly attributable to the lesser orders from retail customers as compared to last year.

Project segment

The revenue from the project segment decreased by $1.8 million or 2.2% from $81.3 million during FY2023 to $79.5 million during FY2024, mainly attributable to the lesser orders from project customers as compared to last year.

Manufacturing segment

The revenue from the manufacturing segment increased by $41.1 million or 756.2% from $5.4 million during FY2023 to $46.5 million during FY2024. The manufacturing plant located at Kluang, Malaysia started the production of the ceramic tiles products for distribution towards the end of June 2023 and picking up the production gradually over the period.

Interest Income

Interest income mainly derived from bank deposits.

For FY2023, interest income derived from the short-term deposits placed with the banks and a loan of US$1.2 million (equivalent to approximately $1.6 million) to a joint venture, Guangdong ITA Element Building Materials Co., Limited (''ITA Element''), to support their business expansion in China. On 26 October 2023, the Group has acquired additional 15% effective interest from the non-controlling interests in ITA Element and obtained the control over ITA Element, as such ITA Element is consolidated into the Group with effective from 26 October 2023. Accordingly, the interest income from ITA Element is eliminated the Group level from 26 October 2023 thereafter.

Other Income and Gains

For FY2024, other income and gains decreased by $2.1 million or 15.4% from $13.4 million during FY2023 to $11.3 million during FY2024.

For FY2024, other income and gains mainly comprised of rental income of $5.6 million, gain on disposal of an investment property of $3.7 million, sales of solar energy and renewable energy certificates of $0.6 million.

FINANCIAL REVIEW

For FY2023, other income and gains mainly comprised of fair value gain on remeasurement of the previously held interests in the investee of $7.5 million, rental income of $5.0 million, sales of solar energy of $0.3 million, government grants of $0.1 million and compensation received of $0.1 million.

The decrease in other income and gains mainly due to the fair value gain on remeasurement of the previously held interest in the investee in FY2023 is one-off exercise and non-recurring in FY2024. The decrease is partially offset by the gain on disposal of an investment property of $3.7 million.

Purchase of inventories are mainly denominated in United States Dollar (“USD”), Euro and Chinese Renminbi (“RMB”). The Group entered into foreign currency forward contracts to hedge against fluctuations of exchange rates in USD, Euro and RMB. These are binding contracts in the foreign exchange market that lock in the exchange rate for the purchase or sale of a currency on a future date. The difference between foreign currency forward contract rates and forward market rates as at period end date would then be recorded as fair value gain / (loss) on derivative financial instruments under ‘Other Gains’ or ‘Other Losses’.

Other Losses

Other losses mainly comprised of foreign exchange adjustment losses.

Cost of Sales

Cost of sales is computed based on purchases and related costs net of changes in inventories of goods held for resale for the respective financial period.

For FY2024, cost of sales increased by $33.6 million or 27.2% from $123.4 million during FY2023 to $157.1 million during FY2024. The increase in revenue led to a corresponding increase in the cost of sales.

The gross profit margin of 40.3% for FY2024 has decreased as compared to 45.5% for FY2023.

Employee Benefits Expenses

For FY2024, employee benefits expenses increased by $2.3 million or 6.7% from $34.0 million during FY2023 to $36.3 million during FY2024. The increase is mainly due to the increase in employees from 929 as at 31 December 2023 to 1,252 as at 31 December 2024 and higher staff commission due to higher sales collection as compared to FY2023. The increase is also due to the business expansion in Malaysia and led to increase in manpower to support the business operation in Malaysia.

Amortisation and Depreciation Expenses

For FY2024, amortisation and depreciation expenses increased by $1.8 million or 16.8% from $10.8 million during FY2023 to $12.6 million during FY2024. The increase is mainly due to the depreciation charge arising from the consolidation of ITA Element into the group with effective from 26 October 2023.

Impairment Losses

The impairment losses mainly comprised of allowance for impairment of inventories, allowance for impairment of trade receivables and allowance for impairment of intangible assets.

For FY2024, reversal of impairment losses mainly comprises the reversal of impairment of inventories of $0.7 million and additional allowance on trade receivables of $0.5 million and intangible assets of $0.9 million. The additional allowance for trade receivables is based on both individual account and the general allowance for the group's trade receivables, which are assessed as impaired at the end of the reporting year.

Finance Costs

For FY2024, finance costs increased by $2.7 million or 28.3% from $9.5 million during FY2023 to $12.2 million during FY2024. The increase is mainly due to term loan interest incurred on the property term loans and the term loans for working capital use.

FINANCIAL REVIEW

Other Expenses

For FY2024, other expenses increased by $4.3 million or 26.3% from $16.3 million during FY2023 to $20.6 million during FY2024. The increase is mainly due to the increase in:

- advertisement & promotion of $$0.6 million, commission payable to external parties of $0.3 million and customer sponsorship of $0.2 million in relation to the sales increased;
- repair & maintenance for $0.2 million, due to high sales volume and high demand of goods delivery to customer site which lead to high upkeep and hire of vehicle;
- travelling expenses of $0.2 million, due to consolidation of ITA Element into the group with effective from 26 October 2023; and
- consumables & sundry materials of $0.7 million, security charges of $0.1 million, insurance of $0.2 million and corporate management charges of $0.8 million mainly incurred for Malaysia operations.

Share of Profit from an Equity-Accounted Associate

For FY2024, share of profit from associate amounted to $1.5 million (FY2023: share of profit of $3.2 million). The decrease was mainly due to the weaker domestic demand in turn led to a slowdown in economic growth in the local market.

Share of Profits from Equity-Accounted Joint Venture

For FY2024, share of profit from joint venture amounted to $0.8 million (FY2023: share of profits of $0.3 million).

Profit Before Income Tax

For FY2024, the group has generated a profit before tax of $36.9 million as compared to a profit before tax of $49.0 million in FY2023.

For FY2024, excluding share of profit from associate and share of profit from joint venture amounting to $2.3 million for FY2024 (FY2023: $3.5 million), profit before income tax from recurring activities was $34.6 million for FY2024 (FY2023: $45.5 million).

Other Comprehensive Income (Loss)

This pertains to foreign exchange difference on translating foreign operations.

Income Tax Expense

The current tax expense is based on the statutory tax rates of the respective countries in which the group operates and takes into account non-deductible expenses and temporary differences. For FY2024, income tax expense amounted to $8.2 million (FY2023: $8.9 million).

Statement of Financial Position

	FY2024 $'000	FY2023 $'000	Change $'000	Change %
Non-Current Assets:				
Property, Plant and Equipment	110,853	115,128	(4,275)	(3.7)
Right-of-Use Assets	136,058	134,168	1,890	1.4
Investment Properties	24,836	21,184	3,652	17.2
Intangible Assets	7,827	8,476	(649)	(0.1)
Investment in an Associate	20,265	20,351	(86)	(0.4)
Investment in a Joint Venture	999	193	806	417.6
Other Financial Assets	280	374	(94)	(25.1)
Total Non-Current Assets	**301,118**	**299,874**	**1,244**	**0.4**
Current Assets:				
Inventories	116,389	90,258	26,131	29.0
Trade and Other Receivables	65,389	56,341	9,048	16.1
Other Non-Financial Assets	6,607	7,231	(624)	(8.6)
Cash and Cash Equivalents	22,508	17,897	4,611	25.8
Total Current Assets	**210,893**	**171,727**	**39,166**	**22.8**
Total Assets	**512,011**	**471,601**	**40,410**	**8.6**

FINANCIAL REVIEW

Statement of Financial Position	FY2024 $'000	FY2023 $'000	Change $'000	Change %
Equity:				
Equity, Attributable to Owners of the Company	129,268	118,148	11,120	9.4
Non-Controlling Interests	6,492	7,687	(1,195)	(15.5)
Total Equity	**135,760**	**125,835**	**9,925**	**7.9**
Non-Current Liabilities:				
Deferred Tax Liabilities	1,634	1,768	(134)	(7.6)
Loans and Borrowings, Non-Current	152,055	168,199	(16,144)	(9.6)
Lease Liabilities, Non-Current	18,095	15,633	2,462	15.7
Total Non-Current Liabilities	**171,784**	**185,600**	**(13,816)**	**(7.4)**
Current Liabilities:				
Income Tax Payable	8,339	8,803	(464)	(5.3)
Provision	1,070	980	90	9.2
Trade and Other Payables	57,263	53,407	3,856	7.2
Derivative Financial Liabilities	48	1	47	47.0
Loans and Borrowings, Current	123,851	86,302	37,549	43.5
Lease Liabilities, Current	4,102	2,809	1,293	46.0
Other Non-Financial Liabilities	9,794	7,864	1,930	24.5
Total Current Liabilities	**204,467**	**160,166**	**44,301**	**27.7**
Total Liabilities	**376,251**	**345,766**	**30,485**	**8.8**
Total Equity and Liabilities	**512,011**	**471,601**	**40,410**	**8.6**

Non-Current Assets

Non-current assets increased by $1.2 million or 0.4% from $299.9 million as at 31 December 2023 to $301.1 million as at 31 December 2024.

Property, plant and equipment decreased by $4.3 million or 3.7% from $115.1 million as at 31 December 2023 to $110.9 million as at 31 December 2024. The decrease was mainly due to transfer of construction in progress to investment property amounting to $7.9 million and depreciation expense amounting to $9.7 million during the year. The decrease is partially offset by the additions of plant and equipment amounting to $12.5 million and foreign exchange adjustments of $0.8 million during the year.

The addition of property, plant and equipment mainly consist of the following major works:

a) Renovation works for the new showroom at 161 Lavender Street amount to $2.6 million; and

b) The addition & alteration works ("A&A works") at 161 Lavender Street amounting to $4.9 million, the A&A works are construction in progress and transferred to investment property, as the A&A works have been obtained OTP during the year.

The right-of-use assets ("ROU assets") comprised of leasehold lands (land use rights relating to group's leasehold properties in Singapore, Malaysia and China) and leases of premises. ROU assets increased by $1.9 million or 1.4% from $134.2 million as at 31 December 2023 to $136.1 million as at 31 December 2024. The increase was mainly due to the capitalisation of ROU assets in relation to the leases of $8.9 million and foreign exchange adjustments of $1.1 million during the year and partially offset by depreciation of $5.8 million and modification of the leases of $2.3 million. The capitalisation of ROU assets mainly consists of the capitalisation of the leases of manufacturing plant and warehouses in Kluang, Malaysia amounting to $2.4 million and $3.1 million respectively.

FINANCIAL REVIEW

Investment properties increased by $3.6 million or 17.2% from $21.2 million as at 31 December 2023 to $24.8 million as at 31 December 2024. The increase was mainly due to transfer of construction in progress from property, plant and equipment amounting to $7.9 million, pertains to the A&A works at 161 Lavender Street. The increase is partially offset by the depreciation expense amounting to $0.2 million and the disposal of 532 Balestier Road amounting to $4.1 million.

Intangible assets comprise of goodwill, customer relationship and trademark which arising from consolidation of MSPL and ITA Element. The customer relationship and trademark which arising from consolidation of ITA Element were fully impaired at the end of the reporting year ended 31 December 2024.

Investment in associate decreased by $0.1 million or 0.4% from $20.4 million as at 31 December 2023 to $20.3 million as at 31 December 2024. The decrease was mainly due to share of profit amounting to $1.5 million from Viet Ceramics International Joint Stock Company and partially offset by distribution of dividend amounting to $1.3 million and exchange differences on translating associate with foreign operation amounting to $0.3 million.

Investment in joint venture increased by $0.8 million or 417.6% from $0.2 million as at 31 December 2023 to $1.0 million as at 31 December 2024. The increase was contributed by the share of profit amounting to $0.8 million. Other financial assets pertain to the group's investment in shares of Healthbank Holdings Limited (Listed on SGX Catalist).

FINANCIAL REVIEW

Current Assets

Current assets increased by $39.2 million or 22.8% from $171.7 million as at 31 December 2023 to $210.9 million as at 31 December 2024.

The increase was mainly attributable to the increase in inventories of $26.1 million, trade and other receivables of $9.0 million and cash and cash equivalents of $4.6 million. The increase is partially offset by the decrease in other non-financial assets of $0.5 million.

Inventories increased by $26.1 million or 29.0% from $90.3 million as at 31 December 2023 to $116.4 million as at 31 December 2024. The increase was mainly due to the business expansion in Malaysia and to cater the demand in the domestic market as well as overseas market.

Other non-financial assets pertain to advance payment to suppliers, deposits to secure services and prepayments.

Inventory turnover day as at 31 December 2024 is 271 days compared to 269 days as at 31 December 2023. Trade receivables turnover day as at 31 December 2024 is 80 days compared to 75 days as at 31 December 2023.

Non-Current Liabilities

Non-current liabilities decreased by $13.8 million or 7.4% from $185.6 million as at 31 December 2023 to $171.8 million as at 31 December 2024. The decrease was mainly due to decrease in bank loans of $16.1 million and deferred tax liabilities of $0.1 million. The decrease is partially offset by the increase in lease liabilities of $2.4 million. As of 31 December 2024, the group's property loans borrowing rates varies between 1.5% to 6.5% (2023: 1.3% to 6.0%).

Current Liabilities

Current liabilities increased by $44.3 million or 27.7% from $160.2 million as at 31 December 2023 to $204.5 million as at 31 December 2024.

The increase was mainly attributable to the increase in loans and borrowings of $37.6 million, trade and other payables of $3.9 million, other non-financial liabilities of $1.9 million, provision of $0.1 million and lease liabilities of $1.3 million. The increase is partially offset by the decrease in income tax payable of $0.5 million.

The provision is pertaining to provision of rebate to customers.

The increase in trade and other payables is in line with the increase in cost of sales, mainly contributed by the business expansion in Malaysia.

The increase in loans and borrowings was mainly due to increase in short-term loans by $9.9 million and trust receipts and bill payables by $27.7 million.

Total amounts of trade payables, trust receipts and bills payable to banks was $67.8 million (31 December 2023: $50.1 million). The turnover of the aforesaid items (based on cost of sales) is 160 days as at 31 December 2024 compared to 150 days as at 31 December 2023.

Other Reserves

This pertains to foreign exchange difference on translating foreign operations.

FINANCIAL REVIEW

Leasehold properties held by the Group	105 Eunos Avenue 3 Hafary Centre Singapore 409836	3 Changi North Street 1 Singapore 498824	54/56 Sungei Kadut Loop Singapore 729477	18C Sungei Kadut Street 4 Singapore 729066	18 Sungei Kadut Street 2 World Furnishing Hub Singapore 729236
Description	6-storey light industrial building	2-storey warehouse	1-storey warehouse	Warehousing/ Production premises/ 2-storey ancillary building	7-storey industrial building
Purpose	Headquarters and main showroom	Main warehouse	Warehouse	Marble processing facility	Commercial and warehousing
Tenure of lease	Expiring 14 September 2039	Expiring 28 February 2059	Expiring 15 December 2025	Expiring 15 September 2025	Expiring 3 September 2043
Area ('000 square feet)					
- Land	54	131	105	56	107
- Gross floor or net lettable area	130	151	69	46	296
Purchase price ($'000)	9,800	10,000	2,502	1,430	8,650
Development and directly attributable costs ($'000)	11,752	13,787	-	2,921	49,830
Carrying amount as at 31 December 2024 ($'000)	12,082	17,668	12	260	40,265

FINANCIAL REVIEW

North Fang Xun Road, Hecheng Street (Fuwan), Gaoming District, Foshan, Guangzhou, China	11 Changi North Way Singapore 498796	51 Middle Road Singapore 188959	28 Loyang Crescent Singapore 508990	161 Lavender Street Singapore 338750
Warehouse and 5-storey dormitory	4-storey warehouse	6-Storey corner commercial building	Warehousing/ Production premises/7-storey ancillary building	11 contiguous conservation shophouses with 6-storey rear extension
Warehouse	Warehouse	Commercial	Warehouse	Showroom, commercial and co-living
Expiring 30 December 2050	Expiring 15 November 2063	Expiring 29 January 2834	Expiring 30 June 2030	Expiring 1 December 2115
441	78	3	64	18
287	109	17	159	53
10,000	16,000	34,750	8,780	71,280
100	4,228	1,037	258	14,189
6,037	18,572	35,007	5,902	84,815

SUSTAINABILITY REPORT

Board Statement

Dear Stakeholders,

The Board of Directors ("**Board**" or "**Directors**") of Hafary Holdings Limited ("**Company**" or "**Hafary**" together with its subsidiaries, the "**Group**") is pleased to present the Group's annual Sustainability Report for the financial year ending 31 December 2024.

Hafary is a leading supplier of premium tiles, stone, mosaic, wood flooring, quartz tops, and sanitary ware and fittings in Singapore. As we continue to grow, we remain committed to conducting our operations in a way that benefits society, upholds human rights, minimises our environmental impact, and promotes sustainable business practices. In FY2024, our solar photovoltaic systems generated 2,527.8 megawatt hours (FY2023: 2,579.6 megawatt hours) of clean solar energy, eliminating approximately 1,053 tonnes (FY2023: 1,075 tonnes) of carbon emissions by producing energy without any associated carbon output.

The Group acknowledges the challenges that arise when integrating sustainability into our operations, particularly with respect to compliance with evolving regulations and the rising costs of raw materials. Nevertheless, we recognise the numerous opportunities for growth. For example, the Group employs water and energy-efficient fixtures, utilizes energy-saving LED lights, and champions recycling and digitalization initiatives across our office buildings, showrooms, warehouses, and factories. Additionally, the renewable energy generated by our photovoltaic system is eligible to be registered as Renewable Energy Certificates, reflecting our commitment to reducing greenhouse gas emissions and supporting clean energy production.

Our Sustainability Steering Committee plays a crucial role in overseeing and reporting on the Group's sustainability strategies, policies, and initiatives to the Board and Management. As part of our ongoing commitment, we continue to uphold the materiality matters and climate risks identified in previous year's report, ensuring a consistent approach. While these priorities remain unchanged, we actively track our targets to stay aligned with our sustainability objectives. As we advance on our sustainability journey, we will regularly evaluate our performance indicators and targets to ensure they align with our business goals. Moreover, we are dedicated to enhancing our engagement with stakeholders to further strengthen our sustainability practices and to build a resilient, long-term business.

We deeply value the ongoing support of our stakeholders and look forward to collaborating with all parties to create a sustainable future together.

Yours faithfully,

For and on behalf of the Board

Low Kok Ann
Chief Executive Officer

About this Report

Scope of Report

This Report highlights Hafary's enduring commitment to integrating Environmental, Social, and Governance ("**ESG**") factors into the Group's operations. The data and information presented in this report covers the period from 1 January 2024 to 31 December 2024 ("**FY2024**"), unless otherwise specified. It encompasses the activities of the Group's subsidiaries across Singapore, China, and Malaysia.

Reporting Framework

This Report has been reviewed by the Board and prepared in accordance with the sustainability reporting requirements of Rules 711A and 711B of the Listing Manual – Mainboard Rules of Singapore Exchange Securities Trading Limited ("**SGX-ST**"). This Report was prepared with reference to the Global Reporting Initiative ("**GRI**") Standards and the Task Force on Climate-Related Financial Disclosures ("**TCFD**") framework. The GRI Standards were selected as GRI is a globally recognised and widely adopted for sustainability reporting, which enables the Group's stakeholders to compare its sustainability performance against its industry peers.

Report Content and Quality

This Report captures Hafary's sustainability strategies, policies, and performances by providing more quantitative goals and targets to support its corporate values, as well as addressing the key concerns and issues that Hafary's stakeholders have frequently raised. To maintain consistency and content quality, Hafary has applied GRI's eight principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability.

Restatement

The Greenhouse Gas ("**GHG**") emissions for Scope 1 and Scope 2 for FY2022 and FY2023 have been restated to ensure consistency and accuracy. The restatement was made to standardize the emission factors used, aligning them with the methodology applied in the FY2024 calculations. This ensures consistency and accuracy in the reporting of GHG emissions across all periods, reflecting accurate comparison of Hafary's environmental impact.

Assurance

The Group has not sought external assurance for the information presented in this Report. Internal review on the Group's sustainability reporting policies, processes and internal controls has been conducted by the Internal Auditors, BDO Advisory Pte Ltd.

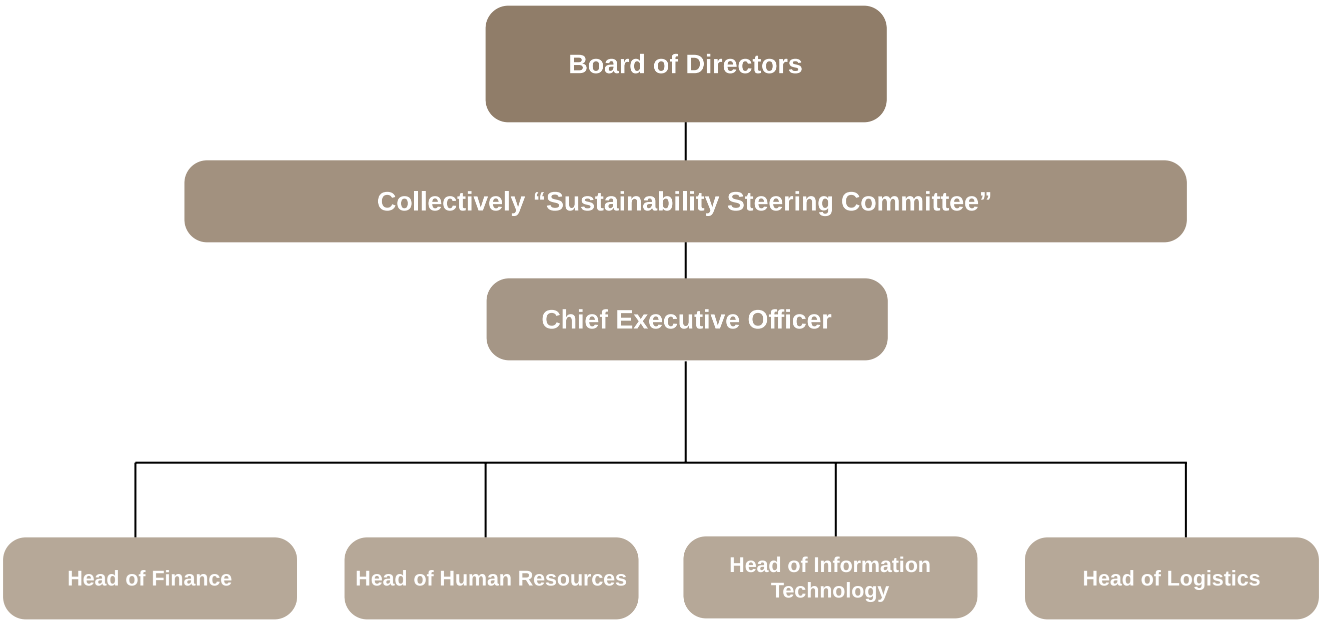
Feedback

As part of Hafary's ongoing commitment to strengthening our sustainability efforts and enhancing our policies and performance, we welcome any questions, comments, or feedback regarding any aspect of this Report. Please feel free to reach out to us at sustainability@hafary.com.sg.

Sustainability Governance

The Board is ultimately responsible for the strategic direction of Hafary's sustainability framework and approach. The Board reviews environmental trends, assesses potential climate-related risks and opportunities and ensures strategic risk management oversight.

The Board is supported by the Sustainability Steering Committee ("**SSC**"), chaired by Hafary's Chief Executive Officer and composed of the heads from various departments. The SSC is tasked to support the Board in formulating Hafary's sustainability framework and approach. The SSC is responsible for addressing climate-related challenges and identifying the key sustainability factors, including climate-related metrics and targets.



Stakeholder Engagement

Hafary maintains an active engagement with its stakeholders, ensuring their expectations are considered in alignment with its business objectives. Regular assessments of the distinct needs and expectations of various stakeholder groups ensure that their concerns play a pivotal role in shaping Hafary's business decisions. The summary table below presents the various engagement activities carried out and highlights the key concerns raised by stakeholders.

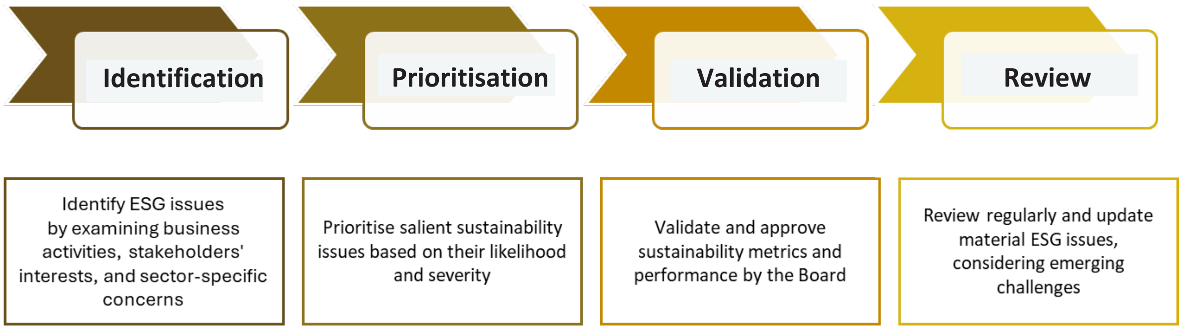
Stakeholders	Current Engagement Channels	Frequency	Key Concerns
Employees	Performance appraisals	Annual	• Remuneration and benefits • Employee safety and well-being • Training and development opportunities • Fair and competitive employment practices • Job security and workplace safety
	Internal and external training programs	Ad-hoc	
	Digital feedback and communication platforms	Ad-hoc	
	Regular meetings	Monthly	
Customers	Customers' service and feedback emails	Ad-hoc	• Compliance with environmental and safety standards • Good quality products and services • Efficient project management • Timely completion of projects • Legal and contractual compliance
	Customers' showroom visits	Ad-hoc	
	Verbal communications (e.g., social media and phone calls)	Perpetual	
Suppliers	Suppliers' feedback through emails, phone calls and fax	Ad-hoc	• Supplier policies and requirements • Fair and timely payment terms • Occupational health and safety practices • Strong and lasting cooperation
	Supplier on-site meetings	Ad-hoc	
Shareholders and Investors	Annual General Meetings	Annual	• Financial stability and long-term growth plans • Operational efficiency • Sustainability efforts • Compliance with regulations • Risk Management • Sound corporate governance • Business climate resilience
	Financial result announcements	Half-yearly	
	SGXNet announcements	Ad-hoc	
	Annual Report and Sustainability Report	Annual	
	Company website	Perpetual	
Regulators and Government	Direct engagement with authorities	Ad-hoc	• Compliance updates • Good corporate governance & ethics • Transparency and non-financial reporting • Anti-corruption and bribery • Sustainability reports
	Meetings, briefings, and reporting	Ad-hoc	
	Correspondence through emails and letters	Ad-hoc	
	Annual Report and Sustainability Report	Annual	
Local Communities	Charitable contribution	Ad-hoc	• Corporate Social Responsibility program • Community service events
	Volunteering activities	Ad-hoc	

Materiality Assessment

To remain updated on material and significant sustainability issues, the Group periodically evaluates and benchmarks its business operations. The assessment involves an examination of the dynamic business landscape, considering emerging global trends, stakeholders' opinions and latest regulatory developments. This approach ensures continuity in evaluating and addressing the sustainability factors most pertinent to our business.

Hafary's process for identifying material topics remains consistent with the previous year's assessment. It involved evaluating both actual and potential impacts arising from the Group's activities. Opinion and Feedback from stakeholders were gathered through a range of engagement channels. By incorporating stakeholder insights, Hafary has retained a comprehensive understanding of the critical issues that hold the most significance for the Group. The Group maintained the results of last year's materiality assessment, as there have been no significant changes in business operations and environment.

This materiality assessment enables the Group to continue prioritising and addressing issues that have a substantial impact on the business, economy, environment, and society. It serves as a strategic framework, guiding the Group to align its sustainability initiatives with the evolving expectations of its stakeholders. The materiality assessment is outlined below:



After the materiality assessment conducted by the SSC, Hafary has reaffirmed the relevance and significance of all 10 identified material topics. As the Group transitions into FY2024, no changes have been identified or deemed necessary regarding the material topics. The Group's material topics are as follows:

Environmental	Social	Governance	Economic
Critical			
• Greenhouse Gas Emissions • Energy Consumption	• Occupational Health and Safety • Training and Development	• Anti-corruption Practices • Legal & Regulatory Compliance • Business Conduct and Ethics	• Economic Performance
Moderate			
	• Employment Practices • Local Communities		

Environmental

Climate-related considerations remain a key priority for the Group, with Hafary continuously monitoring the impact of climate-related risks and opportunities. Building on the scenario analysis conducted in FY2023, the Group maintains its understanding of potential financial impacts across various future scenarios. Additionally, the Group continues to implement and monitor decarbonization measures, ensuring ongoing resilience against both physical and transition risks.

TCFD Climate Risk Analysis

Group Strategy

Based on the Group's materiality assessment, climate change and emissions are material ESG issues that are crucial and pertinent for Hafary. In addition, climate change is one of the key risks identified as part of the Group's Enterprise Risk Management ("**ERM**") Framework.

The Singapore Government has pledged its commitment to the Paris Agreement on climate change, striving to keep temperature increase to well below 2°C and making efforts to limit the temperature increase to 1.5°C. As part of the Group's commitment to achieving the goals established by the Paris Agreement, Hafary has initiated the first step to comprehend the impact of climate change on the Group's operations and explored potential risks and opportunities associated with climate-related factors.

With reference to the TCFD recommendations, the Group is steadfast in implementing an overarching group strategy to address financial aspects related to climate considerations. Hafary's approach focuses on regular risk assessment and management and establishing resilience against physical and transitional climate risks. The Group aims to progressively disclose the quantitative impact of its climate-related risks and opportunities and Scope 3 GHG emissions. Additionally, a more detailed scenario analysis will be conducted, aiming for quantitative results.

The Group is committed to transitioning to a low-carbon economy by setting emission reduction targets, investing in sustainable practices, and integrating innovative, environmentally friendly products. Moreover, the Group fosters collaboration with suppliers known for its sustainable supply chains and promote industry-wide cooperation. In addition, Hafary, in its efforts to integrate climate considerations into financial planning, maintains a continuous process of monitoring, reviewing and adapting to emerging climate science and regulatory changes to ensure the effectiveness of its strategy.

Scenario Analysis on Climate-Related Risk and Opportunities

The climate scenario analysis serves as a tool to understand how the identified climate-related risks and opportunities could impact future operations of the Group. Hafary's preliminary evaluation considers the following two scenarios based on the Intergovernmental Panel on Climate Change ("**IPCC**"): (1) a best-case scenario where the global average temperature increases by less than 2°C, and (2) a business as usual with no mitigation scenario where temperatures increase more than 4°C by the end of the century. The key characteristics of the selected scenarios are outlined below:

Scenario	Paris-aligned scenario (Below 2°C)	No mitigation scenario (4°C)
Rationale	In this scenario, the world manages to reduce CO_2e emissions through several measures, such as legislation, global carbon taxes, and major shifts in consumption patterns and lifestyles. This scenario is selected to assess the transition impacts in an economy shifting to a low carbon world. It reflects actions required to limit global warming to under 2°C.	In this scenario, the world fails to curb rising CO_2e emissions by Year 2100. Legislation and carbon taxes are expected to play a less significant role in this scenario, whereas impacts from extreme weather events are assumed to grow in magnitude. This scenario is selected to assess the physical risks under a high-emission scenario, consistent with a future with limited policy changes to reduce emissions.
Underlying model	This model considers factors such as greenhouse gas emissions, energy transition scenarios, technological advancements, and policy developments. It serves as a foundation for the Group to analyse how different climate scenarios may impact its business operations, and financial performance over the short-, medium-, and long-term time horizon.	IPCC Representative Concentration Pathway 8.5, mostly long term. This model considers factors such as increased frequency of extreme weather events, rising sea levels, impacts on ecosystems, and disruptions to global supply chains. Climate models and scientific assessments play a key role in shaping the narrative of such scenarios.
Assumption	Global adoption of renewable energy, advancements in technology, regulatory frameworks, and changes in consumer behavior. Additionally, assumptions related to the physical impacts of climate change, such as sea-level rise and extreme weather events, are considered. This scenario assumes a collective global effort to mitigate climate change and transition towards a low-carbon economy.	The continuation of high greenhouse gas emissions limited global efforts to reduce carbon emissions, and a lack of significant policy measures to address climate change. It may also assume limited technological advancements in clean energy and low levels of international cooperation to achieve climate goals.

Considering the two scenarios outlined, the Group has identified 9 climate-related risks and 2 opportunities relevant to its businesses, strategy, and financial planning where such information is material. Hafary incorporated insights from industry reports to assess how these factors might influence its business, strategy and financial planning. The use of scenario analysis allows the Group to proactively address factors that could impact its operations in the context of climate considerations.

The increasing global mean temperature poses a significant threat in Singapore, China and Malaysia, potentially leading to extreme weather events which can have direct and indirect effects on the safety of Hafary's office premises, showrooms, warehouses, and factory, as well as the overall well-being of its employees. In FY2024, the Group continues to adhere the approach to climate-related risk management established in FY2023. This includes ongoing monitoring and assessment of climate-related risks and opportunities. The Group maintains its understanding of the potential impacts of various climate scenarios and continues to evaluate the interplay between risks and opportunities. The climate-related risks and opportunities identified are assessed using the same impact/likelihood framework, and the Group continues to monitor these risks across the three-time frames: short-term (FY2025 to FY2026), medium-term (by 2030), and long-term (by 2050).

Transition risks and opportunities

Based on the Paris-aligned scenario, which involves the actions necessary to restrict global warming to less than 2°C, the Group has identified the following transition risks and opportunities associated with this goal.

Transition Risk #1

Risk	Energy costs may fluctuate, and a carbon tax is applied to the carbon emissions of the Group
Risk Driver	Carbon tax could flow through in the form of higher electricity tariffs as power companies pass on the carbon tax to end users
Company-Specific Description	Singapore has implemented a carbon tax in 2019 of S$5 per tonne and plans to raise its carbon tax to S$25 per tonne for greenhouse gas emissions in 2024 and 2025. The progressive increases will set Singapore on a trajectory to reach between S$50 and S$80 per tonne by 2030. In addition, Malaysia is considering implementing a carbon tax. As such, the Group is continuously monitoring and evaluating the impact of increased GHG pricing on the operations, making adjustments as needed to address any unforeseen challenges.
Potential Financial Impacts	Increased operating costs and production costs due to higher energy costs.

Transition Risk #2

Risk	Risk of regulatory changes towards enhanced emission-reporting obligations such as GRI, TCFD and etc.
Risk Driver	• Nationwide drive to decarbonisation; and • Increased focus on sustainability
Company-Specific Description	The evolving emission-reporting regulation and obligation will increase the indirect operating costs (e.g. professional and consultancy fee) of the Group to meet reporting requirements. Training programmes and resources were provided to employees to enhance the Group's capability to meet reporting requirements and improve the accuracy of emissions measurement, monitoring and reporting.
Potential Financial Impacts	Increased operating costs due to higher compliance costs to adopt/deploy new practices and processes.

Transition Risk #3

Risk	Exposure to risk of fines and penalties as a result of the Group failing to meet climate-related practices and disclosures
Risk Driver	• Changing investor expectation; and • Evolving and more stringent rules and regulations
Company-Specific Description	Hafary acknowledges this emerging risk and commits to disclosing potential financial impact figures if the risk materialises in future years.
Potential Financial Impacts	Increased operating costs due to higher compliance costs to adopt/deploy new practices and processes.

Transition Risk #4

Risk	Substitution of existing products and services with lower emissions options
Risk Driver	• Regulatory changes; • Change in market demand and consumer preferences; and • Technological advances
Company-Specific Description	Suppliers with strong environmental credentials are preferred by Hafary which creates a market demand for sustainable products. Moreover, Hafary aims to include Group-level long-term emission reduction goals and strategies to ensure a sustained commitment to transitioning to lower-emission alternatives.
Potential Financial Impacts	Reduced revenue from decreased demand for goods and services due to shift in consumer preferences.

Transition Risk #5

Risk	Costs of transitioning to lower emissions technology
Risk Driver	• Regulatory compliance costs; and • Research and development cost
Company-Specific Description	The Group harnesses solar energy to generate environmentally friendly electricity for the headquarters, main showroom and warehouses.
Potential Financial Impacts	Increased operating costs due to higher capital investments deployed in technology development.

Transition Risk #6

Risk	Changing customer behaviour
Risk Driver	Shifts in customer preferences and demand for low carbon products
Company-Specific Description	Hafary constantly encourages community events and activities that promote sustainability and fostering a sense of shared responsibility.
Potential Financial Impacts	Reduced revenue from decreased demand for goods and services due to shift in consumer preferences.

Transition Risk #7

Risk	Increased cost of raw materials
Risk Driver	• Market dynamics; and • Energy price volatility
Company-Specific Description	Hafary has been working with multiple suppliers to reduce dependency on a single source. Moreover, Hafary implements recycling programmes to recover and reuse materials within its production process which in turn reduces the reliance on new raw materials.
Potential Financial Impacts	Increased operating costs and production costs due to higher raw materials costs.

Opportunity #1

Opportunity	Resource Efficiency
Opportunity Driver	Initiatives and efforts in corporate events and business practices to support sustainability
Company-Specific Description	The Group has adopted one and two ticks of water and energy-efficient fixtures and fittings, LED lighting and solar power energy. Recycling of papers, digitalisation and use of glass cups at meeting rooms are practiced at the office premises. Hafary aims to capitalise on this opportunity by minimising paper usage in the office. These sustainable practices are also expected to lead to a reduction in operating costs within the Group.
Potential Financial Impacts	Reduced operating costs (e.g., through efficiency gains and cost reductions).

Opportunity #2

Opportunity	Energy Source - Participation in carbon market
Opportunity Driver	• Sustainability commitment; • Corporate Social Responsibility; and • Market differentiation
Company-Specific Description	Renewable energy produced by the photovoltaic system can be registered as Renewable Energy Certificate ("**REC**") and these RECs can be traded in the form of Tradable Instrument for Global Renewables. This represents the Group's environmental efforts to reduce its greenhouse gas emissions and the support of clean energy production. Based on the guidelines from the Inland Revenue Authority of Singapore, the Group may be eligible for a tax deduction on the expenditure incurred for purchasing carbon credits to meet regulatory obligations.
Potential Financial Impacts	Increased revenue through demand for lower emissions products and services and better competitive position to reflect shifting consumer preferences.

Physical risks

Whilst not assessed as significant, there is the potential for climate-related physical risk to significantly increase over time. Hafary recognises that the future is uncertain, and as such have incorporated physical risk assessment into its climate-related risk assessment to ensure that the Group is aware of how the future may impact upon its practices. The key risks and their related impacts are explained below.

Acute Physical Risk #1

Risk	Risk of extreme weather events such as flash flood, intense rainfall and heat waves impacting properties that Hafary leases and occupies
Risk Driver	Intense rainfall and flash flood leading to urban flooding which could potentially cause damage to buildings and transportation networks
Company-Specific Description	Increased frequency of extreme weather events could result in damages to Hafary's office building, showrooms and warehouses, as well as disrupt the transportation networks used by Hafary's employees commuting to their workplace. At the same time, extreme weather events could lead to an increase in various operating expenses within the Group. However, Hafary has provided educational programmes for its employees to raise awareness about heat-related health risks. The potential financial implications will be further analysed in future sustainability reports.
Potential Financial Impacts	Write-offs, asset impairment, and early retirement of existing assets due to policy changes.

Chronic Physical Risk #2

Risk	Risk of sea level rise, increase in temperature and precipitation impacting properties that Hafary leases and occupies
Risk Driver	Increased daily mean temperature and mean sea level rise leading to changes in weather patterns
Company-Specific Description	Rising global average temperatures could result in increased water and electricity costs in the Group's offices. However, Hafary has adopted water/energy-efficient fixtures and fittings to reduce overall water/energy consumption. Moreover, the Group capitalises on renewable solar energy to lower its GHG emissions. The potential financial implications will be further analysed in future sustainability reports.
Potential Financial Impacts	Write-offs, asset impairment, and early retirement of existing assets due to policy changes.

Greenhouse Gas Emissions ("GHG")

FY2024 Greenhouse Gas Emissions Targets and Performances

Targets for FY2024	Performances in FY2024
Use solar energy to generate green electricity and reduce purchased electricity consumption by 5%	Capitalised on solar energy to generate green electricity. However, the electricity consumption rose by 174%[1], due to the establishment of a manufacturing plant in Malaysia
Consider replacing more vehicles with green engines or switching to lower emissions vehicles	Incorporated energy-efficient electric forklifts that do not generate Scope 1 emissions, contributing to a work environment that is both cleaner and healthier

The majority of GHG emissions within Hafary's operations arise from its use of purchased electricity and fuel consumption from mobile sources. Therefore, Hafary discloses Scope 1 direct emissions, Scope 2 indirect emissions and Scope 3 with reference to the GHG Protocol Standard, GRI Standards and TCFD recommendations. Consequently, the Group contributes to air pollution mainly through three streams: (i) combustion of fossil fuels from the use of motor vehicles and forklift (Scope 1 Emissions); (ii) consumption of natural gas from manufacturing plant in Malaysia (Scope 1 Emissions); (iii) consumption of purchased electricity from Singapore, Malaysia and China (Scope 2 Emissions); and (iv) emission from Value Chain (Scope 3).

The emissions are calculated in alignment with GHG Protocol Corporate Accounting and Reporting Standard (revised edition). Hafary uses an 'Operational Control' boundary for the GHG and environmental reporting. An organisation has operational control if it has, or its subsidiaries have, the full authority to introduce and implement its operating policies. This approach accounts for 100% of emissions from facilities, operations, and vehicles (whether leased or owned) over which Hafary has operational control.

[1] *It was calculated by increase of electricity consumption in FY2024/ Electricity consumption in FY2023.*

Emission from Mobile and On-Site Combustion (Scope 1)

Scope 1 mobile emissions arise from a range of company-owned or operated vehicles, engines, and equipment that generate GHG emissions through fuel combustion while in motion. In contrast, Scope 1 on-site combustion emissions result from the direct burning of fuels within facilities owned or controlled by the Group. Monitoring and reporting these emissions are essential for companies committed to understanding and mitigating their environmental impact. The combustion of fossil fuels contributes to air pollution, leading to adverse effects such as global warming and acid rain formation.

To further reduce emissions, Hafary has implemented energy-efficient electric forklifts, which produce zero Scope 1 emissions during operation, fostering a cleaner and healthier work environment. Additionally, the company optimizes vehicle route planning and conducts regular maintenance to enhance engine performance and fuel efficiency, thereby lowering GHG emissions. The Group's Scope 1 emissions performance for FY2024 is detailed below:

Emission Factor	CO_2	CH_4	N_2O
Emission Factor for Diesel[2]	2.62818 kgCO_2e /litres	0.00029 kgCO_2e /litres	0.03308 kgCO_2e /litres
Emission Factor for Petrol[3]	2.33955 kgCO_2e /litres	0.0082 kgCO_2e /litres	0.00597 kgCO_2e /litres
Emission Factor for Natural Gas[4]	2.05916 kgCO_2e /m3	0.00307 kgCO_2e /m3	0.00095 kgCO_2e /m3
Global Warming Potential (GWP)	1	28	265

Financial Year	FY2022	FY2023	FY2024
Fuel Used	Diesel	Diesel	Diesel
Fuel Consumed (litre)	299,276.47	431,055.17	875,817.26
CO_2 Emissions (tCO_2e)	796.48	1,131.95	2,301.81
CH_4 Emissions (tCO_2e)	0.08	0.13	0.25
N_2O Emissions (tCO_2e)	11.13	14.26	28.97
Total Diesel Emissions (tCO_2e)	**807.69**	**1,146.34**	**2,331.03**

Financial Year	FY2022	FY2023	FY2024
Fuel Used	NA	Petrol	Petrol
Fuel Consumed (litre)		17,798.15	30,459.28
CO2 Emissions (tCO_2e)		41.48	71.26
CH4 Emissions (tCO_2e)		0.15	0.25
N2O Emissions (tCO_2e)		0.11	0.18
Total Petrol Emissions (tCO_2e)		**41.74**	**71.69**

[2,3,4] *Retrieved from: Guidance from DEFRA UK, BEIS and Intergovernmental Panel on Climate Change (IPCC).*

Financial Year	FY2022	FY2023	FY2024
Fuel Used	NA	Natural Gas	Natural Gas
Fuel Consumed (litre)		13,665,163.61	36,016,460.15
CO_2 Emissions (tCO_2e)		27.80	73.52
CH_4 Emissions (tCO_2e)		0.04	0.11
N_2O Emissions (tCO_2e)		0.01	0.03
Total Natural Gas Emissions (tCO_2e)		**27.85**	**73.66**

Financial Year	FY2022	FY2023	FY2024
Total Scope 1 Emissions (tCO_2e)	**807.69**	**1,215.93**	**2,476.38**
Number of employees	347	929	1,252
GHG Intensity (tCO_2e/employee)	**2.33**	**1.31**	**1.98**

Emission from Purchased Energy (Scope 2)

Scope 2 GHG emissions refer to indirect emissions resulting from the consumption of purchased electricity. These emissions are a key focus area as they reflect the organisation's reliance on external energy sources. The Group's Scope 2 emissions performance for FY2024 is detailed below:

Emission Factor	CO_2
Singapore	0.412 $kgCO_2e$/kWh[5]
Malaysia	0.774 $kgCO_2e$/kWh[6]
China	0.5703 $kgCO_2e$/kWh[7]
Global Warming Potential (GWP)	1

Financial Year	FY2022	FY2023	FY2024
Electricity Consumed (kWh)	2,592,712.56	19,068,014.96	52,312,056.17
Total Scope 2 Emissions (tCO_2e)	**1,080.64**	**13,779.24**	**39,514.17**
Number of Employees	347	929	1,252
GHG Intensity (tCO_2e/employee)	**3.11**	**14.83**	**31.56**

Emission from Value Chain (Scope 3)

Scope 3 emissions encompass indirect GHG emissions that occur throughout the Group's value chain but are not directly owned or controlled by the company. These emissions result from activities such as business travel, employee commuting, and waste generation, which contribute significantly to the Group's overall carbon footprint. Unlike Scope 1 emissions, which stem from the direct combustion of fuels, Scope 3 emissions arise from sources external to the organisation, yet they remain critical in understanding and mitigating environmental impact.

[5] *Electricity Supplied from Grid – Average Operating Margin – Energy Market Authority – Singapore*
[6] *Electricity Supplied from Grid – Average Operating Margin – Malaysia Energy Commission – Malaysia*
[7] *Electricity Supplied from Grid – Average Operating Margin – Ministry of Ecology and Environment of the People's Republic of China – China*

Transportation-related emissions, including air travel, ground travel, and employee commuting, contribute significantly to Scope 3 emissions due to fuel combustion in vehicles and aircraft. Additionally, emissions from general waste disposal further add to the Group's indirect carbon footprint, as waste decomposition releases GHG such as methane (CH_4) and carbon dioxide (CO_2).

To reduce its Scope 3 emissions, Hafary emphasises sustainable business practices, including encouraging virtual meetings to minimise business travel and promoting eco-friendly commuting options for employees. By adopting these measures, Hafary aims to lower its overall carbon footprint and contribute to global sustainability efforts.

The Group's environmental performance for Scope 3 emissions is presented below. The activity data related to the employee commuting involved certain assumptions with reference to the relevant external sources in reporting of Scope 3 emissions. As part of its commitment to sustainability and transparency, the Group will continue to enhance its data collection processes and methodologies to improve its emissions reporting over time.

Emission Factor	CO_2	CH_4	N_2O
Emission Factor for Air Flights[8]	0.13397 $kgCO_2e$/passenger-km	0.00001 $kgCO_2e$/passenger-km	0.00067 $kgCO_2e$/passenger-km
Emission Factor for Passenger Car[9]	0.16382 $kgCO_2e$/km	0.00036 $kgCO_2e$/km	0.00032 $kgCO_2e$/km
Emission Factor for General Waste[10]	520 $kgCO_2e$/sh.t		
Global Warming Potential (GWP)	1	28	265

Scope 3 Emissions	Item	Activity Data	Unit	Emission (tCO_2e)
Business Travel	Air Travel	938,093.15	passenger-km	126.31
	Ground Travel	16,104.00	km	2.65
Employee Commuting[11]	Car (Diesel)	111,102.60	km	18.87
	Car (Hybrid)	24,689.47	km	3.11
	Car (Petrol)	2,438,084.83	km	401.06
	Motorcycle	1,641,849.53	km	186.63
	Rail	876,476.07	km	31.08
Waste Generated	General Waste	207,320	kg	118.84
Total GHG Emissions (tCO_2e)				888.55
Number of Employees				1252
GHG Intensity (tCO_2e/employee)				**0.71**

8,9 *Retrieved from: Guidance from US EPA and Intergovernmental Panel on Climate Change (IPCC).*
10 *Retrieved from: Guidance from DEFRA UK, BEIS and Intergovernmental Panel on Climate Change (IPCC).*
11 *The average commuting distance of employees in each respective country was referenced from the following sources:*
Singapore - https://www.statista.com/statistics/1232857/singapore-average-distance-on-commute-trip/
China - https://www.statista.com/statistics/1333267/china-average-commute-distance-by-city/
Malaysia - https://www.numbeo.com/traffic/country_result.jsp?country=Malaysia

The Group's environmental performance of total GHG Emissions in FY2024 is as below:

Financial Year	FY2022	FY2023	FY2024
Scope 1 Emissions	807.69	1,215.93	2,476.38
Scope 2 Emissions	1,080.64	13,779.24	39,514.17
Scope 3 Emissions	-	-	888.55
Total GHG Emissions (tCO_2e)	1,888.33	14,995.17	42,879.10
Number of Employees	347	929	1,252
GHG Intensity (tCO_2e/ employee)	**5.44**	**16.14**	**34.25**

Overall, the establishment of the manufacturing plant in Malaysia resulted in a substantial increase in total energy consumption in FY2024, leading to a corresponding surge in carbon dioxide emissions. The expanded operations at the manufacturing facilities heightened the demand for energy resources, directly impacting the Group's carbon footprint.

Energy Consumption

FY2024 Energy Consumption Targets and Performances

Targets for FY2024	Performances in FY2024
Reduce energy intensities by 5%	Energy consumption intensity increased by 97%[12], mainly due to the establishment of manufacturing plant in Malaysia
Adopt use of higher energy efficient features and fittings	Incorporated higher energy efficient features and fittings in its office premises, such as LED lighting, office equipment with high Energy Star ratings and solar panels

Hafary is committed to fostering a sustainable work environment by integrating conservation efforts into its daily operations and business activities. The breakdown of energy consumption by type of operating site is presented in the table below:

Energy Sources	FY2022	FY2023		FY2024
Renewable Energy (Joules)	-	Solar Energy	3.55E+12	3.43E+12
Non-renewable Energy (Joules)	-	Natural Gas	4.67E+08	1.23E+09
Purchased Electricity Consumption (Joules)	9.33E+12[13]	6.86E+13		1.88E+14
Total Energy Consumption (Joules)	9.33E+12	7.22E+13		1.92E+14
Number of Employees	347	929		1252
Energy Consumption Intensities (Joules/ employee)	2.69E+10	7.77E+10		1.53E+11

[12] *It was calculated by increase of energy consumption intensity in FY2024/ Energy consumption intensity in FY2023.*
[13] *Conversion factor was adopted as 1 kWh equals to 3.6e+6 joules.*

The establishment of the manufacturing plant in Malaysia has led to a significant increase in total energy consumption and intensity over time. At the Group level, Hafary is planning to harness solar energy to generate sustainable electricity for its headquarters, offices, showrooms, and warehouses. This initiative aligns with the Group's commitment to reducing carbon emissions and fostering a more sustainable business.

Hafary remains dedicated to minimising energy consumption by fostering awareness among employees. Through the efforts of the SSC, a culture of environmental responsibility has been cultivated across business operations, with initiatives that include:

- Turning off lights, computers and any electrical appliance when not in use;
- Setting air-conditioning systems at an optimal temperature of 25˚C to conserve energy;
- Conducting regular equipment maintenance to optimise energy efficiency; and
- Incorporating energy-efficient fixtures and fittings, such as LED lights.

Water Consumption

Although water consumption was not classified as a material topic in FY2024, the Group recognises its importance, particularly as it is recommended by SGX as a core ESG metric. In FY2024, the Group's total water consumption reached 154.05 megalitres (FY2023: 126.27 megalitres).

To promote water conservation, Hafary has implemented water-efficient fixtures and fittings rated with one and two ticks, along with the adoption of dual-flush toilet systems. These measures reflect the Group's commitment to responsible resource management and sustainability.

Our Targets

Moving forward, as part of Hafary's ongoing commitment to sustainable business practices, Hafary aims to proactively implement climate actions that contribute positively to the environment. The following targets have been set to underscore our dedication to environmental value addition in the business practices:

Material Topics	Short-Term Target (2025)	Medium-Term Target (2030)	Long-Term Target (2050)
Greenhouse Gas Emissions	• Use solar energy to generate green electricity and reduce purchased electricity consumption by 5% • Consider replacing more vehicles with green engines or switching to lower emissions vehicles • Perform scenario analysis with quantitative outcomes • Disclose GHG scope 3 emissions	• Reduce CO_2e emission intensities from Scope 1 and 2 in absolute figures by 6% • Use more natural gas than electricity • Disclose more categories under Scope 3 emissions	• Reduce GHG emission intensities by 10% • Adopt usage of other type of renewable sources
Energy Consumption	• Reduce energy intensities by 5% • Adopt use of higher energy efficient features and fittings	• Reduce energy intensities by 10% • Adopt more usage of energy efficient features and fittings with two or more WELS ticks	• Reduce energy intensities by 15% • Achieve 50% of features and fitting that are energy efficient and environmentally friendly

Social

Hafary recognises that employees, customers, and communities are the foundation of a thriving and sustainable organisation. The Group is dedicated to empowering its workforce by fostering growth and development to help employees reach their full potential. As an equal-opportunity employer, Hafary upholds a fair and merit-based approach to employment, ensuring that hiring, promotions, remuneration, and disciplinary actions are determined by performance, competence, conduct, and business needs. This commitment underscores the Group's dedication to cultivating an inclusive and equitable workplace where individuals are valued, respected, and rewarded based on their contributions. By adhering to these principles, Hafary strives to create a supportive work environment that promotes personal and professional growth while driving the long-term success of the organisation.

Employment Practices

FY2024 Employment Practices Targets and Performances

Target for FY2024	Performance in FY2024
Maintain average monthly turnover rate below 3%	Average monthly turnover rate is at approximately 0.64%

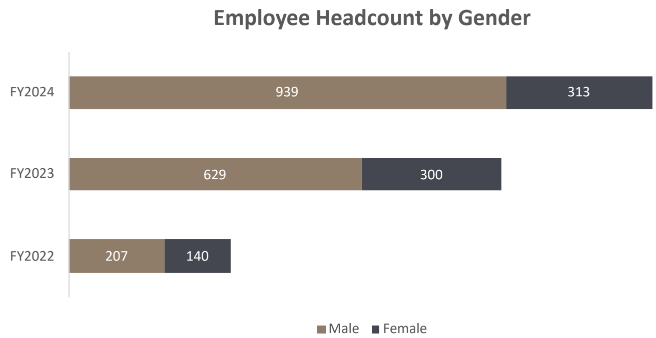
The Group is dedicated to cultivating a positive, collaborative, and inclusive corporate culture that supports the growth, development, and advancement of its employees to their fullest potential, irrespective of their backgrounds.

To establish an inclusive work environment centred on shared rights, fairness, and equality, Hafary has assembled an engaged, skilled, and diverse workforce. The data and statistics below provide a detailed breakdown of its workforce, clearly indicating its direction toward achieving a gender-diverse and age-diverse workforce across multiple regions. It is noteworthy that there have been no significant human rights issues raised, and its workforce composition aligns with its commitment to respecting and advocating for the human rights of its employees.

Employee Headcount by Gender

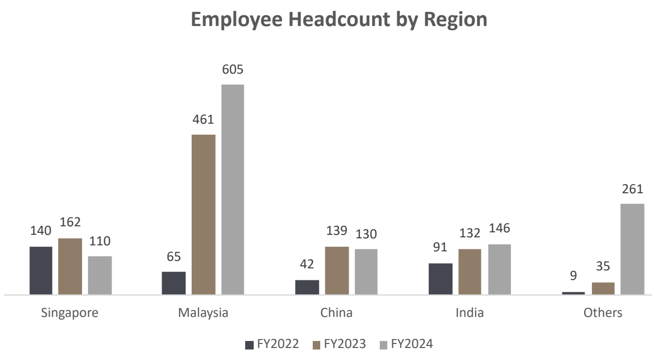
In FY2024, Hafary experienced a significant growth in its workforce, reaching a total of 1,252 full-time permanent employees, an increase of 323 employees from 929 employees in FY2023. This surge is primarily attributed to the establishment of the manufacturing plant in Malaysia.

As of 31 December 2024, Hafary's workforce consists of 939 male employees (75%) and 313 female employees (25%). The higher proportion of male employees reflects the nature of the business, as the tiles and building materials production typically demands a larger number of male workforces. Nonetheless, the Group remains dedicated to fostering workplace equity and ensuring equal opportunities for all its employees.



Employee Headcount by Region[14]

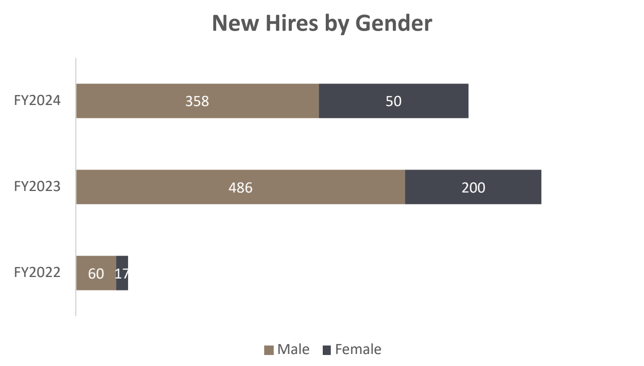
Hafary's workforce primarily comprises employees from five regions, namely Singapore, Malaysia, China, India, and Others[15]. In FY2024, among the five regions, Malaysia accounted for the largest share at 48%. The substantial increase in employees from Malaysia and Others category, from 461 in FY2023 to 605 in FY2024 and from 35 in FY2023 to 261 in FY2024, respectively, was driven by the establishment of the manufacturing plant in Malaysia. The expansion was necessary to support the tiles and building materials production, which demands for a larger male workforce.



[14] *Employee data by region refers to the countries of origin of the employees.*
[15] *The category labelled as "Others" encompasses employees originating from countries other than Singapore, Malaysia, China, and India.*

New Hires by Gender

In FY2024, Hafary welcomed 408 new hires to its family, comprising 358 males and 50 females. This represents the new hire rates of 39% and 5% by gender[16], respectively. The increase in the recruitment during FY2024 was largely driven by the establishment of the manufacturing plant in Malaysia.

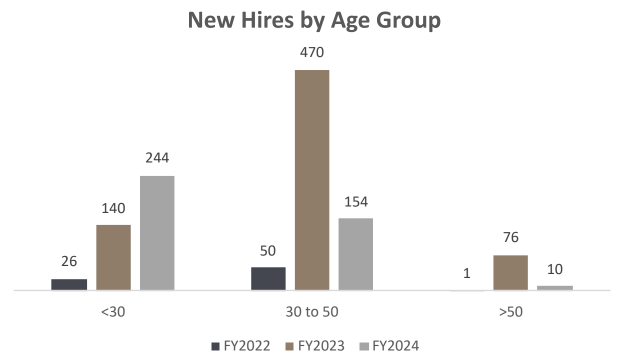


New Hires by Age Group

In FY2024, the hiring trend across all age groups showed notable shifts compared to FY2023. The number of new hires under 30 years old increased from 140 employees in FY2023 to 244 employees in FY2024, a rate of new employee hires by age group of 26%[17]and an increase by 0.7 times[18].

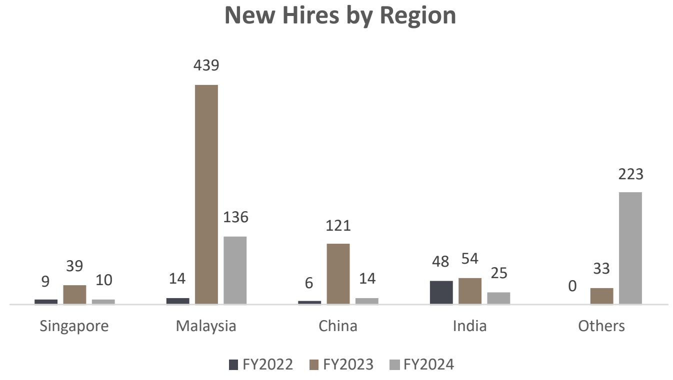
For the age group between 30 to 50 years old, there was a significant decline in new hires, dropping from 470 employees to 154 employees in FY2024, a rate of new employee hires by age group of 17%. Whereas the number of new hires over 50 years old declined sharply from 76 employees in FY2023 to 10 employees in FY2024, a rate of new employee hires by age group of 1%. The decrease suggests a stabilisation after the major hiring surge in FY2023, which was largely driven by the expansions in new subsidiary in China and the establishment of the manufacturing plant in Malaysia last year.

Overall, FY2024 saw continued growth in younger workforce recruitment, while hiring the mid-career and senior age groups adjusted following the peak levels of FY2023.



New Hires by Region

In FY2024, Hafary's recent hires are distributed among five regions, witnessing a notable growth rate of 25%[19] in others category. The number of new hires from others category surged significantly, escalating from 33 in FY2023 to 233 in FY2024. This surge was attributed to the establishment of the manufacturing plant in Malaysia. Furthermore, this underscores the Group's commitment to fostering equality and fairness, without any regional or nationality discrimination. It further validates the Group's strategic approach to attract and employ global talent.



Employee Turnover by Gender

In FY2024, Hafary experienced a decline in employee turnover, with the number of employees leaving decreasing from 104 in FY2023 to 84 in FY2024. This resulted in an annual turnover rate of 7.7%[20] for FY2024, an improvement in employee retention compared to the 16.3% turnover rate in FY2023.

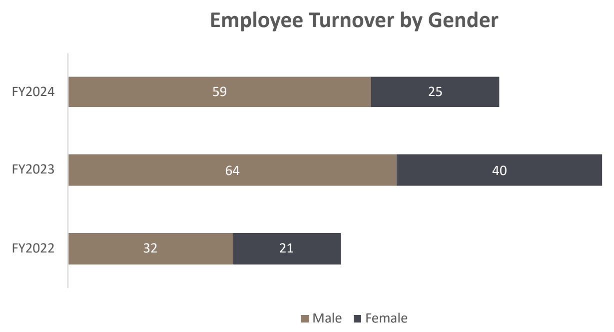
[16] The rate of new employee hires by gender during FY2024 was calculated by: Number of new hires by gender/ Total employees at the beginning of reporting period.

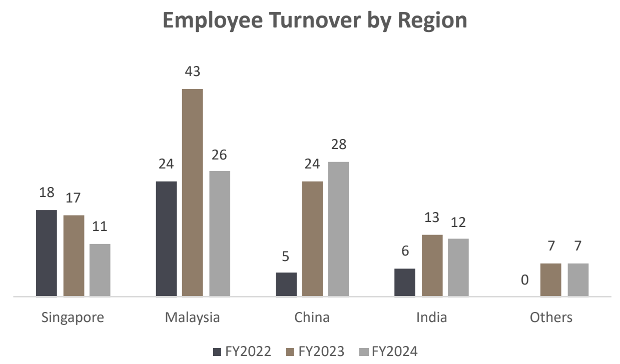
[17] The rate of new employee hires by age group during FY2024 was calculated by: Number of new hires by age group/ Total employees at the beginning of reporting period.

[18] It was calculated by the rise in the number of employees under 30 years old in FY24/ Number of employees aged under 30 years old in FY23.

[19] The rate of new employee hires by region during FY2024 was calculated by: Number of new hires by region/ Total employees at the beginning of reporting period.

[20] The annual turnover rate during FY2024 was calculated by: Total number of employee turnover/ Average number of employees during FY2024.

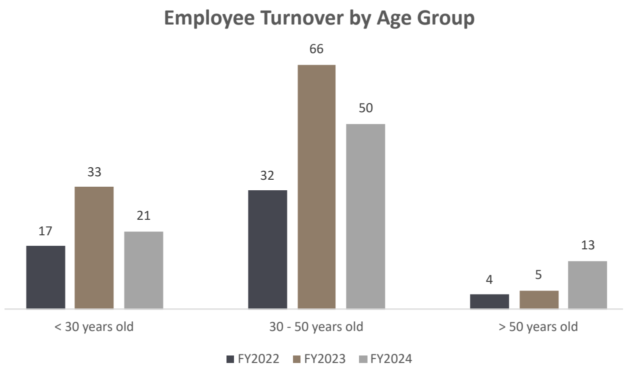




Employee Turnover by Age Group

The overall employee turnover has seen a decrease, declining from 104 in FY2023 to 84 in FY2024. Hafary is observing varying trends in employee turnover across different age groups. Notably, the age groups of below 30 years old and 30 to 50 years old have experienced lower turnover rates, standing at 2% and 5%[21] respectively, as compared to the turnover rates at 5% and 10% in FY2023 respectively. This showcases an improvement in employee retention during FY2024 as compared to FY2023.

Conversely, turnover among employees over 50 years old increased from 5 in FY2023 to 13 in FY2024. The rise in turnover for employees over 50 years old may indicate shifting dynamics in this age group, potentially due to retirement or other factors.



Employee Turnover by Region[22]

In FY2024, employee turnover across five regions has remained relatively stable, except for a notable decrease in employee turnovers in Malaysia, declining from 43 in FY2023 to 26 in FY2024. This suggesting the improvement in employee retention or other positive factors influencing the workforce stability in the region.

Hafary upholds fair employment practices to attract the right talents, retain its skilled workforce, and foster a positive and supportive corporate culture within Hafary. The Employee Handbook and various policies are in placed to promote and uphold fair employment practices. To further enhance employee retention, Hafary offers performance bonuses and incentives for high-performing employees, as well as Long Service Awards for employees who have dedicated ten years of service with Hafary. These awards recognise employees' contribution and loyalty, serving as a token of Hafary's deep appreciation for their commitment to the Group.

As an employee-focused company, Hafary prioritises the well-being of its workforce by offering a comprehensive range of benefits, including medical and dental coverage, internal product discounts, and professional membership subsidies. To promote a family-friendly work environment, Hafary provides not only annual leave but also marriage, paternal, maternal, and childcare leave. This benefits package underscores the Group's commitment to fostering a supportive and inclusive workplace while upholding principles of fairness, respect for human rights, and work-life balance.

Occupational Health and Safety

FY2024 Occupational Health and Safety Targets and Performances

Target for FY2024	Performance in FY2024
Maintain zero incidents of material non-compliance with applicable laws and regulations	Zero incidents of material non-compliance with applicable laws and regulations

[21] *The employee turnover rate by age group during FY2024 was calculated by: Total number of employee turnover by age group/ Average number of employees during FY2024.*
[22] *Employee data by region refers to the countries of origin of the employees.*

Hafary places great emphasis on upholding stringent standards for a safe and conducive workplace for employees as well as its customers. The Group has implemented robust occupational health and safety management systems, ensuring employees are well-informed about emergency procedures and adequately trained to handle unforeseen situations. Regular safety briefings and drills are conducted to reinforce preparedness.

A safety-first culture is deeply embedded in Hafary's business model, extending from senior management to executives across all business divisions. Both management and employees undergo training and qualification courses not only to understand all hazards within the business premises but also to equip them with the necessary skills to supervise safety, operate heavy machinery safely, respond effectively to fire incidents, and provide general first aid when necessary. The Group's Human Resources Department tracks and records any industrial incidents or injuries, and claims are filed with proper documentation. Hafary supports its employees with medical and healthcare services through provisions such as medical and hospitalisation leaves, benefits, as well as maternity, paternity, and childcare leave.

The Group has obtained certifications for occupational health and safety that remain valid throughout the reporting period. These certifications, widely acknowledged in the industry, establish a robust framework for risk management associated with occupational health and safety:

- ISO45001:2018;
- ISO9001:2015; and
- BizSafe Star, certified by Workplace Safety and Health Council Singapore.

Training and Development

FY2024 Training and Development Targets and Performances

Target for FY2024	Performance in FY2024
Offer internal and external trainings that are essential and beneficial to the development and career progression of its employees at all levels	Provided both internal and external training opportunities to enhance the development and career advancement of its employees across all levels
Continue annual sustainability training for the Group and its employees	Maintained annual sustainability training for both the Group and its employees

Hafary strongly values continuous learning as a cornerstone for personal and professional advancement, growth, and enrichment. Staff actively engages in a variety of internal and external training initiatives, aiming not only to meet mandatory compliance requirements but also to stay updated on emerging industry trends.

In FY2024, an inclusive range of training and development initiatives is available for employees at all levels, spanning from executives to top-tier senior management. To ensure awareness and education, workplace safety briefings and training sessions are provided, covering inherent safety and operational risks in all business activities. Training encompasses industry-specific and trade skills, as well as instruction in first aid and heavy equipment operation. This facilitates the acquisition of necessary credentials and licenses to ensure a smooth and safe engagement in client projects and business activities, including the proper operation of machinery and equipment.

The average training hours are outlined below, categorised by gender and employee level:

	FY2022	FY2023	FY2024
	Hours	Hours	Hours
Male	11	4	11
Female	1	3	10
Senior Management Level	3	1	24
Middle Management Level	3	10	9
Executive Level	10	1	13

SUSTAINABILITY REPORT

In FY2024, average training hours for male and female employees increased to 11 hours and 10 hours, up from 4 hours and 3 hours in FY2023, respectively. Senior management and executive levels saw notable increased, both levels with average training hours up from 1 hour in FY2023 to 24 hours and 13 hours in FY2024, respectively. Whereas the middle management level experienced a slight decline, with average training hours decreased from 10 hours in FY2023 to 9 hours in FY2024. The Group is remained committed to fostering continuous learning.

All employees, regardless of gender or employment category, participated in the annual performance and career development reviews with their department heads to evaluate their work performance and career progression. Additionally, communication about anti-corruption was conducted with all the employees by their department heads during the performance evaluation annually.

Local Communities

FY2024 Local Communities Targets and Performances

Target for FY2024	Performance in FY2024
Promote corporate social responsibility through charitable initiatives, supporting more social causes, and active social contributions	Actively participated in corporate social responsibility by providing financial assistance and supporting a variety of charities and organisations

Hafary is deeply committed to corporate social responsibility, striving to make meaningful contributions to society. In FY2024, the Group participated in charitable events, made donations, provided cash sponsorships, and supported various causes focused on financial assistance and charitable organisations. These corporate initiatives aimed to create a positive social impact and generate meaningful returns, encompass the following causes:

- Arts
- Children
- Community Service
- Education
- Elderly
- Enrichment
- Healthcare
- Low-income groups
- Persons living with medical illnesses
- Sports
- Youth

Our Targets

The Group's commitment to corporate social responsibility remains unwavering. Hafary will continue to take part in charity events, campaigns, and worthwhile causes. The aim is to generate positive social impact and returns through dedicated community service, while also advocating and supporting relevant benevolent initiatives. The following targets have been established:

<table>
<tr><th>Material Topics</th><th>Short-Term Target (2025)</th><th>Medium-Term Target (2030)</th><th>Long-Term Target (2050)</th></tr>
<tr><td>Employment Practices</td><td>• Improve talent acquisition and employee retention
• Increase diversity of employees
• Maintain average monthly turnover rate below 3%
• Engage more staff welfare campaigns to maintain employee well-being</td><td colspan="2">• Maintain gender, regional and age diversity of workforce
• Maintain average monthly turnover rate below 3%
• Engage more staff welfare campaigns to maintain employee well-being</td></tr>
<tr><td>Occupational Health and Safety</td><td>• Maintain zero incidents of material non-compliance with applicable laws and regulations</td><td colspan="2">• Maintain zero incidents of material non-compliance with all applicable health and safety laws, as well as regulations concerning the health and safety of the operations</td></tr>
<tr><td>Training and Development</td><td>• Offer internal and external trainings that are essential and beneficial to the development and career progression of its employees at all levels
• Offer annual sustainability training for the Group and its employees</td><td>• Continue providing internal and external training courses and programmes
• Increase the average training man-hours by 5%
• Continue annual sustainability training for the Group and its employees</td><td>• Continue providing internal and external training courses and programmes
• Increase the average training man-hours by 10%
• Continue annual sustainability training for the Group and its employees</td></tr>
<tr><td>Local Communities</td><td>Engage in charitable initiatives, supporting social causes, and active community contributions at least once a year</td><td colspan="2">Increase frequency of engagement in charitable initiatives, supporting social causes, and active community contributions</td></tr>
</table>

Governance

The Board and Management are both committed to upholding high ethical standards and adhering to effective corporate governance practices to foster the Group's enduring sustainability. Employing strong internal controls and a dedicated corporate governance approach, the Group strives to generate value for stakeholders within a principled and ethical corporate setting. Aligned with the guidelines outlined in the Singapore Code of Corporate Governance 2018, the Group implements various sustainability measures to integrate the principles of sound governance, ensuring the long-term sustainability of its operations across various jurisdictions and performance indicators.

Business Conduct and Ethics

FY2024 Business Conduct and Ethics Targets and Performances

Target for FY2024	Performance in FY2024
Maintain zero incidents of non-compliance and violations with the Singapore Code of Corporate Governance 2018	Zero incidents of non-compliance and violations with the Singapore Code of Corporate Governance 2018
Maintain zero incidents of non-compliance and violations with Code of Business Ethics and Conduct and non-discrimination	Zero incidents of non-compliance and violations with Code of Business Ethics and Conduct and non-discrimination
Maintain zero incidents of material non-compliance with all applicable law and regulations	Zero incidents of material non-compliance with all applicable law and regulations
Ensure all significant allegations received are promptly addressed, if any	Zero significant allegations reported and received
Ensure human rights concerns and directive are recognised at the Board level and adopted through the value chain through risks and impact identification, prevention, and mitigation	Human rights concerns and directives are recognised at the Board level and gradually integrated throughout the entire value chain

Hafary is committed to conducting its business with ethics and transparency. The Group strongly emphasises the significance of maintaining the highest standards of business conduct and ethics across all aspects of its operations to all its employees. The Group conducts all business transactions with the utmost integrity, professionalism, and transparency, demonstrating an unwavering dedication to respecting human rights. This commitment is further demonstrated through the effective management of conflicts of interest and the implementation of whistleblowing policies.

Management of Conflicts of Interest

Hafary has established a Code of Conduct for Ethics within the Group, designed to provide guidance to directors and employees regarding any ethical risks. This code creates a framework in which integrity and accountability are emphasised as fundamental principles of ethics and professionalism. It outlines the expected ethical and professional conduct for all directors and employees, emphasising the importance of performing fiduciary duties and job responsibilities objectively, always in the best interests of the Group.

Directors and employees are required to promptly disclose any potential or actual conflict of interest related to their responsibilities within the Group to the Human Resources Department. This disclosure is expected as soon as they become aware of any circumstances that might lead to an actual or perceived conflict. In cases of conflict of interest, individuals must recuse themselves from the entire process, refraining from participating in deliberations, decision-making, and voting matters.

To address potential conflicts of interest, the Audit Committee ("**AC**") is responsible for reviewing, preventing, and mitigating such situations whenever they arise. The proactive involvement of the AC ensures that conflicts are appropriately managed, aligning with the commitment to ethical conduct and professionalism within the Group.

Please refer to Pages 58 to 59 of the Annual Report for FY2024 for more information on Hafary's management of Conflicts of Interest.

Whistleblowing Policy

The Group has implemented a whistleblowing policy to enable all employees and external parties to express concerns regarding actual or perceived misconduct, financial or non-financial malpractice, or irregularities within the Group. This policy allows employees or any other individual to report suspicions of wrongdoing, violations of relevant laws, regulations, or policies, and/or failure in internal controls impacting the Group to the AC. The primary aim of this reporting mechanism is to facilitate impartial investigations into valid concerns and ensure timely and suitable follow-up actions.

Please refer to Page 84 of the Annual Report for FY2024 for more information on Hafary's whistleblowing policy.

Legal & Regulatory Compliance

Ensuring compliance with all relevant local and international laws and regulations across various jurisdictions is a top priority for Hafary. To keep abreast of any changes in existing laws and regulations and/or introduction of new ones, Hafary's legal advisors provide with their professional advice regarding these updates.

Furthermore, the Group's labour standards policy aligns with the regulations and guidelines set by the Ministry of Manpower. This policy prohibits discrimination, child labour, and forced labour across all aspects of its operations and business activities involving associates, contractors, and subcontractors. The implementation of structured labour standards underscores Hafary's commitment to socially responsible conduct, human rights protection, and the promotion of equality and fairness while prohibiting discriminatory practices, and any form of inhumane treatment. In FY2024, there were no incidents of material non-compliance and violations of any applicable laws and regulations for any instance where fines and/or non-monetary sanctions were incurred.

Anti-corruption Practices

FY2024 Anti-corruption Practices Targets and Performances

Target for FY2024	Performance in FY2024
Maintain zero public cases and confirmed incidents of corruption of any nature brought against the Group or its employees	Zero public cases and confirmed incidents of corruption of any nature brought against the Group or its employees
Ensure values of human rights aligns with good governance in related to anti-corruption	Ensure that the values of human rights align with good governance in related to anti-corruption

Hafary is committed to adhering to all pertinent local and international laws and regulations pertaining to any form of corruption. The Group is dedicated to upholding the highest ethical and legal standards in its business operations.

Hafary maintains a steadfast commitment against all forms of corruption, encompassing activities such as bribery, extortion, fraud, and money laundering. The AC conducts reviews and consultations with both the External Auditors and Internal Auditors, if applicable, regarding any suspected fraud, irregularities, or breaches of pertinent laws, rules, and regulations that could significantly impact the Group's operating results or financial position. Subsequently, the AC collaborates with the Management to ensure an appropriate response and action taken to address the report. Additionally, the establishment of anti-corruption practices introduces checks and balances, underscoring Hafary's dedication to enhancing accountability, promoting transparency, and fostering increased participation - three fundamental attributes of good governance in alignment with the commitment to advocate for human rights and equality.

The communication of the anti-corruption policy and procedures has been effectively conveyed, and relevant training has been provided to the Group's governing bodies, including the Board of Directors and Management Committee. This effort is aimed at enhancing awareness and equipping them with the essential skills to address and prevent corruption. In addition, an internal enterprise risk management team has been established to oversee anti-corruption measures and the associated risks. In the past, there have been no material public disclosed cases or confirmed incidents of corruption against the Group or its employees. Instances such as employee dismissals or disciplinary actions related to corruption, as well as contract terminations or non-renewals with business partners due to corruption violations, have not been reported.

Our Targets

Hafary's main focus lies in cultivating a strong corporate governance culture and ensuring rigorous adherence to all applicable laws, regulations, and rules in the regions of its operation. This commitment underscores its steadfast dedication to ethical business conduct, accountability and transparency. The objectives for governance-related material topics within the Group are enduring and are outlined as follows:

Material topics	Perpetual Target
Business Conduct and Ethics	• Maintain zero incidents of material non-compliance and violations with the Singapore Code of Corporate Governance 2018 • Maintain zero incidents of material non-compliance and violations with Code of Business Ethics and Conduct and non-discrimination • Maintain zero incidents of material non-compliance with all applicable law and regulations • Ensure all significant allegations received are promptly addressed, if any
Legal & Regulatory Compliance	• Maintain zero incidents of material non-compliance and violations of any applicable laws and regulations for any instance where fines and/or non-monetary sanctions were incurred
Anti-corruption Practices	• Maintain zero public cases and confirmed incidents of corruption of any nature brought against the Group or its employees

Economic

Hafary is committed to becoming the top provider of building materials, striving for sustainable and robust economic growth. Hafary seeks to exceed customer expectations by leveraging its extensive global network, strong corporate partnerships, efficient inventory management and deep industry expertise. Hafary aims to deliver competitive and innovative products, enhance operational efficiency and provide exceptional customer service. Ultimately, Hafary is dedicated to creating long-term value for stakeholders, driving growth and scalability and maximising profitability.

For the detailed financial results, please refer to the following sections of Hafary's Annual Report for FY2024:

- Financial Highlights, pages 21 to 22
- Financial Review, pages 23 to 31
- Financial Statements, pages 101 to 184

Hafary's goal is to consistently enhance shareholder value. Hafary will exercise caution in response to unpredictable and fluctuating market conditions, remaining vigilant in addressing increasing costs influenced by inflationary pressures. With the overarching objective of boosting profitability, Hafary will concurrently work on improving its operational efficiencies.

GRI Content Index

Hafary Holdings Limited has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.

GRI Standard	Disclosure Number & Title	Section Reference
GRI 1: Foundation 201		
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual Report: • Corporate Profile
	2-2 Entities included in the organisation's sustainability reporting	Annual Report: • Corporate Profile
	2-3 Reporting period, frequency and contact point	Sustainability Report: • About this report
	2-4 Restatements of information	Sustainability Report: • About this report
	2-5 External assurance	Hafary has not sought external assurance for this reporting period, and may consider it in the future
	2-6 Activities, value chain and other business relationships	Annual Report: • Corporate Profile • Corporate Governance Statement
	2-7 Employees	Sustainability Report: • Social – Employment Practices
	2-8 Workers who are not employees	Hafary does not have worker who are not employees and whose work is controlled by the Group
	2-9 Governance structure and composition	Annual Report: • Corporate Governance Statement Sustainability Report: • Sustainability Governance
	2-10 Nomination and selection of the highest governance body	Annual Report: • Corporate Governance Statement
	2-11 Chair of the highest governance body	Annual Report: • Corporate Governance Statement
	2-12 Role of the highest governance body in overseeing the management of impacts	Annual Report: • Corporate Governance Statement
	2-13 Delegation of responsibility for managing impacts	Annual Report: • Corporate Governance Statement Sustainability Report: • Sustainability Governance
	2-14 Role of the highest governance body in sustainability reporting	Annual Report: • Corporate Governance Statement Sustainability Report: • Sustainability Governance
	2-15 Conflicts of interest	Annual Report: • Corporate Governance Statement
	2-16 Communication of critical concerns	Annual Report: • Corporate Governance Statement
	2-17 Collective knowledge of the highest governance body	Annual Report: • Corporate Governance Statement
	2-18 Evaluation of the performance of the highest governance body	Annual Report: • Corporate Governance Statement
	2-19 Remuneration policies	Annual Report: • Corporate Governance Statement
	2-20 Process to determine remuneration	Annual Report: • Corporate Governance Statement
	2-21 Annual total compensation ratio	This covers confidential information and are not to be disclosed due to confidentiality reasons
	2-22 Statement on sustainable development strategy	Annual Report: • Corporate Governance Statement Sustainability Report: • Sustainability Governance

GRI Standard	Disclosure Number & Title	Section Reference
GRI 2: General Disclosures 2021	2-23 Policy commitments	Annual Report: • Corporate Governance Statement Sustainability Report: • Governance – Business Conduct and Ethics • Governance – Legal & Regulatory Compliance
	2-24 Embedding policy commitments	Annual Report: • Corporate Governance Statement Sustainability Report: • Governance – Business Conduct and Ethics • Governance – Legal & Regulatory Compliance
	2-25 Processes to remediate negative impacts	Annual Report: • Corporate Governance Statement
	2-26 Mechanisms for seeking advice and raising concerns	Annual Report: • Corporate Governance Statement
	2-27 Compliance with laws and regulations	Annual Report: • Corporate Governance Statement Sustainability Report: • Governance – Business Conduct and Ethics • Governance – Legal & Regulatory Compliance
	2-28 Membership associations	• Building and Construction Authority • Singapore Business Federation • Singapore Renovation Contractors and Material Suppliers Association
	2-29 Approach to stakeholder engagement	Sustainability Report: • Stakeholder Engagement
	2-30 Collective bargaining agreements	There are no collective bargaining agreements in place
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report: • Materiality Assessment
	3-2 List of material topics	
	3-3 Management of material topics	
Topic-specific disclosure		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainability Report: • Economic • Environmental – TCFD Climate Risk Analysis
	201-2 Financial implications and other risks and opportunities due to climate change	
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability Report: • Social – Training and Development • Governance – Anti-corruption Practices
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report: • Environmental – Greenhouse Gas Emissions • Environmental – Energy Consumption
	302-3 Energy intensity	
	302-5 Reductions in energy requirements of products and services	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report: • Environmental – Greenhouse Gas Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	

GRI Standard	Disclosure Number & Title	Section Reference
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: • Social – Employment Practices
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report: • Social – Occupational Health and Safety
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-9 Work-related injuries	
	403-10 Work-related ill health	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report: • Social – Training and Development
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report: • Social – Employment Practices • Governance – Business Conduct and Ethics
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Sustainability Report: • Governance – Legal & Regulatory Compliance
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Report: • Governance – Legal & Regulatory Compliance
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability Report: • Social – Local Communities

TCFD Disclosures

Disclosure Number	TCFD Disclosures	Section Reference
Governance		
TCDF 1(a)	Describe the board's oversight of climate-related risks and opportunities.	Sustainability Report: • Sustainability Governance
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Sustainability Report: • Environmental – TCFD Climate Risk Analysis
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	Sustainability Report: • Sustainability Governance • Environmental – TCFD Climate Risk Analysis
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and Targets		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability Report: • Environmental – TCFD Climate Risk Analysis • Environmental – Greenhouse Gas Emissions
TCFD 4(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	

CORPORATE INFORMATION

Board of Directors

Foo Yong How
Independent Non-Executive Chairman

Low Kok Ann
Executive Director and CEO

Datuk Edward Lee Ming Foo, JP
Non-Independent Non-Executive Director

Low See Ching
Non-Independent Non-Executive Director

Cheah Yee Leng
Non-Independent Non-Executive Director

Darrell Lim Chee Lek
Independent Director

Lim Wah Fong
Independent Director

Audit Committee

Lim Wah Fong I Chairman
Foo Yong How
Darrell Lim Chee Lek

Nominating Committee

Darrell Lim Chee Lek I Chairman
Foo Yong How
Lim Wah Fong

Remuneration Committee

Foo Yong How I Chairman
Lim Wah Fong
Darrell Lim Chee Lek

Company Secretary

Lee Yee Fei Mandy

Registered Office/Headquarters

105 Eunos Avenue 3 I Hafary Centre I
Singapore 409836
Tel: (65) 6383 2314
Fax: (65) 6253 4496

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue I #14-07
Keppel Bay Tower
Singapore 098632

Share Listing

HAFARY HOLDINGS LIMITED
was incorporated on 6 October 2009 and listed in Catalist on 7 December 2009. The Company's listing was upgraded to the SGX Mainboard with effect from 18 June 2013.

Stock code: 5VS (SGX)
HAFA.SP (Bloomberg)
HFRY.SI (Reuters)

Independent Auditor

RSM SG Assurance LLP
8 Wilkie Road I #03-08 Wilkie Edge I
Singapore 228095
Partner-in-charge: Tay Hui Jun, Sabrina
Effective from reporting year ended
31 December 2021

Internal Auditor

BDO Advisory Pte Ltd
600 North Bridge Road I #23-01
Parkview Square I
Singapore 188778

Legal Advisors

TSMP Law Corporation
6 Battery Road, Level 5 I
Singapore 049909

Principal Bankers

CIMB Bank Berhad
DBS Bank Limited
HL Bank
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
The Hongkong And Shanghai Banking Corporation Limited
United Overseas Bank Limited

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "Board") of Hafary Holdings Limited (the "Company") is committed to setting and maintaining high standards of corporate governance within the Company and its subsidiaries (the "Group").

This corporate governance statement describes the Group's corporate governance framework and practices of the Company with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "Code"). Where the Company's practices vary from any provisions of the Code, the Company has provided appropriate explanations for the departures and measures that the Company has taken or intends to take for the departed practices. The Board will continue to take measures to improve compliance with the principles and provisions of the Code in the ensuing years.

THE BOARD'S CONDUCT OF AFFAIRS

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

Provision 1.1 of the Code: Directors are fiduciaries who act objectively in the best interests of the company

As at the date of this Report, the Board comprises seven (7) Directors as follows:

Mr Foo Yong How	Independent Non-Executive Chairman and Lead Independent Director
Mr Low Kok Ann	Executive Director and Chief Executive Officer (the "Executive Director" and the "CEO")
Datuk Edward Lee Ming Foo, JP	Non-Independent Non-Executive Director
Mr Low See Ching	Non-Independent Non-Executive Director
Ms Cheah Yee Leng	Non-Independent Non-Executive Director
Mr Darrell Lim Chee Lek	Independent Director
Mr Lim Wah Fong	Independent Director

At least one-third of the Board is made up of Independent Directors who have the appropriate core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively to the Company. All Directors are expected, in the course of carrying out their duties, to act in good faith, provide insights and discharge their duties and responsibilities in the interests of the Group. The Board has adopted a Code of Conduct and Ethics for Directors ("Code of Conduct") which serves to guide the Directors on the areas of ethical risk and sets a framework where integrity and accountability are paramount as well as ethical conduct expected from the Directors in the performance of their duties. Directors should strive to adhere to the Code of Conduct. The Company has in place practices to address potential conflicts of interests. All Directors are required to notify the Company promptly of all conflicts of interest as soon as practicable as well as when required and refresh the required declarations annually. Where an actual, potential and perceived conflict of interest arises, the concerned Directors must recuse themselves from discussions and decisions involving the matter and abstain from voting on the resolution relating to the matter. The Board has established the Terms of Reference of the Board to promote high standards of corporate governance. The Terms of Reference of the Board outline high level duties and responsibilities of the Board and matters that are specifically reserved for the Board. It is a comprehensive reference document for Directors on matters relating to the Board and its processes, as well as role and responsibilities of the Board, its committees and management to ensuring effective communication and decisions.

The Board's role is to:

a) Oversee the management of the Group;

b) Set strategic objectives and ensure that the necessary financial, strategies and human resources are in place for the Group to meet its objectives;

c) Delegates the formulation of business policies and the day-to-day management of the Group to the Executive Director and CEO and management to ensure operations and performance of the Group are aligned with the strategies; and

d) Consider sustainability issues, e.g. environmental and social factors as part of its strategic formulation.

The Board provides shareholders with a balanced and clear assessment of the Group's performance, financial position and prospects on a half-yearly basis. While the Board remains responsible for providing oversight in the preparation and presentation of the financial statements, it has delegated to the management the task of ensuring that the financial statements are drawn up and presented in compliance with the relevant provisions of the Companies Act 1967 of Singapore and the Singapore Financial Reporting Standards (International).

Provision 1.2 of the Code: Directors' duties, induction, training and development

To help Directors understand the Company's business as well as their Directorship duties and roles, the Directors receive regular updates on relevant new laws and regulations from the Company's relevant advisors.

Newly-appointed Directors will be briefed on the business and organisation structure of the Group and its strategic plans and objectives. The orientation for new Directors includes visits to the Group's key premises to familiarise themselves with the Company's operations. Such visits also allow new Directors to get acquainted with senior management, thereby facilitating interaction with the Board and independent access to senior management. Appropriate training shall be arranged upon request by newly-appointed Directors to ensure that newly-appointed Directors are fully aware of their responsibilities and obligations as Directors. Rule 210(5)(a) of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires a Director who has no prior experience as a Director of a company listed on the SGX-ST, to attend the training programmes conducted by the Singapore Institute of Directors ("SID") as prescribed in Practice Note 2.3 of the Listing Manual of the SGX-ST. There are two new Independent Directors appointed during the financial year ended 31 December 2024 ("FY2024"). Both Mr Lim Wah Fong and Mr Darrell Lim Chee Lek have completed the training programmes conducted by SID.

The Executive Director is appointed to the Board by way of a service agreement setting out the scope of his duties and obligations. The Company provides formal letters setting out the duties and responsibilities of directors to newly-appointed Directors.

The Directors have attended appropriate training on governance practices, enterprise risk management and relevant statutory and regulatory compliance issues. The Company encourages all Directors to receive regular training, particularly on new laws, regulations and commercial risk from time to time. The Directors keep themselves abreast with the changes and developments. Furthermore, the Company Secretary and outsourced secretarial agent highlight any changes to laws and regulatory requirements from time to time to the Board. The External Auditors on the other hand, brief the Board on changes to the Singapore Financial Reporting Standards (International) that affect the Group's financial statements during the period. The Board also receive regular briefings and updates on the businesses, operations and activities at the Board and Board Committees' meetings. When necessary or appropriate, the Board convenes informal meetings for exchange of views while the Independent Directors conduct discussions amongst themselves from time to time without the presence of the management.

The Group keeps the Directors informed via electronic mail and briefing conducted during Board meetings on new laws, changes to the laws, regulatory compliance issues and financial reporting standards, changes to the financial reporting standards are monitored closely by the management.

Provision 1.3 of the Code: Matters requiring Board's approval

The Company has adopted internal guidelines which set forth matters that are reserved for the Board's decision. Matters which are specifically reserved for the Board's decision include:

a) The appointment of Directors to the Board and senior management staff;

b) Major investments decisions of the Group, including new investments and any increase in existing investments in businesses and the subsidiaries of the Group;

c) Any divestments to be undertaken by any of the Group's subsidiaries;

d) Major funding decisions, including share issuances;

e) Interim and final dividends and other returns to shareholders;

f) Commitments to borrowing facilities from banks and financial institutions by the Company;

g) Interested person transactions;

h) Acquisitions and disposal of assets exceeding the limits set by the Board;

i) Expenditures exceeding the limits set by the Board; and

j) The Group also has internal guidelines which set out, among others, the authorisation limits granted to the management for approval of capital and operating expenditures.

There is active interaction between Board members and Management outside of Board and Board Committee meetings. The Board has unfettered access to any Management staff for any information that it may require at all times. Likewise, Management has access to Directors outside of the formal environment of Board and Board Committee meetings for guidance. The Board and Management share a productive and harmonious relationship which facilitates separate and independent access by Directors to management executives, which is critical for good governance and organisational effectiveness.

Provision 1.4 of the Code: Board committees

Board Committees, namely Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Plan Committee have been constituted to assist the Board in the discharge of specific responsibilities (the "Board Committees"). The Board Committees review or make recommendations to the Board on matters within their specific Terms of Reference.

Board meetings are conducted on a half-yearly basis and ad-hoc meetings are held whenever the Board's guidance or approval is required.

Dates of Board, Board Committee and annual general meetings are scheduled in advance in consultation with the Directors to assist them in planning their attendance. Pursuant to the Company's Constitution, a Director who is unable to attend a Board meeting in person can still participate in the meeting via telephone conference, video conference or other similar communication. Technology is effectively used in the Board and Board Committees' meetings and in communication with the Board, where the Directors may receive agenda and meeting materials online such as email and participate in meetings via audio or video conferencing. Management is often invited to be present and provide detailed explanation on any agenda at Board meetings.

Provision 1.5 of the Code: Attendance and participant of the Directors and time commitment

Attendance of the Directors at scheduled meetings of the Board and Board Committees during FY2024 is as follows:

		Board Committees		
	Board	AC	NC	RC
Number of scheduled meetings held	2	2	1	1
Name of Directors				
Mr Ong Beng Chye	1#	1#	1	1
Mr Low Kok Ann	2	2*	1*	1*
Mr Low See Ching	2	2*	1*	1*
Datuk Edward Lee Ming Foo, JP	2	2*	1*	1*
Ms Cheah Yee Leng	2	2*	1*	1*
Mr Yong Teak Jan @ Yong Teck Jan^	2	2*	1*	1*
Mr Terrance Tan Kong Hwa	1#	1#	1	1
Mr Foo Yong How	2	2	1	1
Mr Darrell Lim Chee Lek	1##	1##	–##	–##
Mr Lim Wah Fong	1##	1##	–##	–##

Notes:

* Attended by invitation
\# Stepped down on 25 April 2024
\## Appointed on 12 July 2024
^ Ceased on 31 December 2024

Important matters concerning the Group can also be put to the Board and Board Committees for decision by way of written resolutions.

Provision 1.6 of the Code: Complete, adequate and timely information prior to make informed decisions

The management recognises that the flow of complete, adequate and timely information on an on-going basis to the Board is essential to the Board's effective and efficient discharge of its duties.

The management has provided the Board in advance with unaudited financial statements, before announcement of our Group's half yearly and full year results, its annual budget and relevant background information and materials relating to the matters that were discussed at Board meetings. This enables the discussion during the meetings to focus on questions that Directors may have. Any additional materials or information requested by the Directors is promptly furnished. During the Board meetings, management staff who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentations and answer any queries from the Directors.

Provision 1.7 of the Code: Separate and independent access to Management, Company Secretary and external advisers; Appointment and removal of the Company Secretary

The Directors have separate and independent access to the Management, the Company Secretary, and external advisers.

The Board takes independent professional advice as and when necessary concerning any aspect of the Group's operations or undertakings in order to discharge its responsibilities effectively. Any cost of obtaining professional advice will be borne by the Company.

The role of the Company Secretary is clearly defined and includes responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. The responsibilities of the Company Secretary include:

a) Administers, attends and prepares minutes of all Board and Board Committees meetings;

b) Assists the Board in ensuring that the Company complies with the relevant requirements of the Companies Act 1967 ("the Act") of Singapore and Listing Manual of the SGX-ST;

c) Advises the Board on all corporate governance matters;

d) Assists the Independent Non-Executive Chairman in ensuring good information flows within the Board, Board Committees and between the management and the Independent Directors; and

e) Communication channel between the Company and SGX-ST. The Company Secretary attends all Board and Board Committees meetings and is responsible to ensure that Board procedures are followed.

The appointment or removal of the Company Secretary is subject to the approval of the Board as a whole.

BOARD COMPOSITION AND GUIDANCE

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

Provision 2.1 of the Code: Director's Independence

Provision 2.2 of the Code: Independent Directors make up a majority of the Board

Provision 2.3 of the Code: Non-Executive Directors make up a majority of the Board

There is a strong independent element on the Board with Independent Directors constituting at least one-third of the Board. Currently, the Board consists of seven Directors of whom three are independent. Currently, the Board consists of seven Directors, of which six Directors are Non-Executive.

The Company is not required to have at least half the Board as Independent Directors as the Chairman is an Independent Director.

Mr Foo Yong How was appointed on 9 July 2020. Mr Darrell Lim Chee Lek and Mr Lim Wah Fong were first appointed on 12 July 2024. Each Independent Director was required to complete a confirmation of independence, drawn up according to the guidelines stated in the Code, to confirm his independence. The Independent Directors shall disclose to the Board any relationships or circumstances which are likely to affect, or could appear to affect, his judgement. The independence of each Director is reviewed annually by the NC. Based on the annual review of the independence of the Independent Directors according to the guidelines stated in the Code, the NC has ascertained that all Independent Directors are independent. Each member of the NC abstained from reviewing his own independence as an Independent Director.

Under Rule 210(5)(d)(iv) of the Listing Manual of SGX-ST, a director will no longer be considered independent if he has been a director of the company for an aggregate period of more than nine years. However, such director may continue to be considered independent until the conclusion of the next Annual General Meeting ("AGM") of the issuer. Rule 210(5)(d)(iv) of the Listing Manual of SGX-ST takes effect for an issuer's AGM for the financial year ending on or after 31 December 2023.

Mr Ong Beng Chye and Mr Terrance Tan Kong Hwa who have served on the Board beyond nine years from the date of their first appointments had stepped down as Independent Directors at the conclusion of the Company's AGM held on 25 April 2024.

Mr Ong Beng Chye had, upon cessation as Independent Director of the Company, relinquished to be the Lead Independent Director, Chairman of the Board, Chairman of the AC and a member of NC and RC at the conclusion of the AGM.

Mr Terrance Tan Kong Hwa had, upon cessation as Independent Director of the Company, relinquished as Chairman of the NC and a member of AC and RC at the conclusion of the AGM.

Mr Darrell Lim Chee Lek and Mr Lim Wah Fong were appointed as new Independent Directors of the Company on 12 July 2024. Mr Darrell Lim Chee Lek was appointed as Chairman of the NC and a member of AC and RC. Mr Lim Wah Fong was appointed as Chairman of the AC and a member of NC and RC. Mr Foo Yong How was re-designated as Independent Non-Executive Chairman and Lead Independent Director on 12 July 2024.

Provision 2.4 of the Code: Composition and size of the Board and Board Committees, Board diversity policy

The Company has in place the Board Diversity Policy with a view to achieving a sustainable and balanced development as the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

The Company's Board Diversity Policy endorses the principle that its Board should have the balance of skills, knowledge, experience and other aspects of diversity that supports the Company in the pursuit of its strategic and business objectives, and its sustainable development. The Policy seeks to promote the inclusion of different perspectives, ideas and insights and ensure that the Company can benefit from all available sources of talents.

In designing the Board's composition and selection of new Board members, the Board strives to ensure that:

a) All candidates are included for consideration during the search for new appointments to the Board regardless of gender, age, nationalities or ethnicity;

b) There is appropriate mix of gender representation on the Board, taking into account the skills and experience the candidates can contribute; and

c) External search consultants when looking for suitable candidates for appointment to the Board will be specifically directed to include diverse candidates and women candidates in particular.

The Board has examined its size and is of the view that it is an appropriate size for efficient and effective decision-making, taking into account the scope and nature of the operations of the Company. The Board currently comprises one female Director, namely, Ms Cheah Yee Leng. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making process.

The Company has a good balance of Directors with a wide range of skills, experience and qualities in the fields of operations, management, financial, legal and accounting.

Each Director has been appointed on the strength of his or her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. Each Director brings valuable insights from different perspectives, such as strategic planning, management, finance, accounting and legal, vital to the strategic interests of the Company. Profiles of the Directors are found in the "Board of Directors" section of the Annual Report. The Board considers that the current composition of the Board encompasses an appropriate balance and diversity of skills, experience, gender, knowledge and competencies to provide the management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

In recognition of the importance and value of gender diversity in the composition of the Board, the Company undertakes to have at least one representation of female director on the Board. The Board has one female director currently. Ms Cheah Yee Leng has been member of the Board since March 2015.

In addition, the Board consists of directors with ages ranging from mid-40s to mid-70s, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board.

If there is a need for Board renewal or adding in new member, the Board will abide by the Board Diversity Policy in its search of new or additional director candidate. The Board is of the view that gender and age are important aspects of diversity and will take into consideration when sourcing for suitable director, when appropriate. Moving forward, if required, the Company may engage external consultant to search for appropriate and suitable candidate to the Board.

The skills matrix which classifies into the following core competencies, skills, experiences and knowledge of Directors:

Balance and Diversity of the Board	Number of Directors	Proportion of the Board
Core Competencies		
Accounting or finance related	4	57.1%
Business and management experience	4	57.1%
Legal and regulatory	3	42.9%
Relevant industry knowledge	3	42.9%
Strategic planning experience	5	71.4%
Human resource management	2	28.6%
Gender		
Male	6	85.7%
Female	1	14.3%
Age Group		
41 - 50	4	57.1%
51 - 60	1	14.3%
61 - 70	1	14.3%
71 - 80	1	14.3%
Independence		
Independent Directors	3	42.9%
Non-Independent Directors	4	57.1%
Directors' Citizenship		
Singapore citizen	5	71.4%
Malaysia citizen	2	28.6%

Provision 2.5 of the Code: Independent Directors meet regularly without the presence of the Management

To facilitate a more effective check on the management, the Independent Directors meet at least once a year, each with the Group's Internal and External Auditor without the presence of the management. Where necessary, the Company co-ordinates informal meeting sessions for Non-Executive Directors and Independent Directors to meet without the presence of the management. The Independent Directors also communicate with each other from time to time without the presence of the management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board, as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Provision 3.1 of the Code: Chairman and CEO should be separate persons

The Chairman and CEO are separate persons and not related to each other.

Provision 3.2 of the Code: Division of responsibilities between the Chairman and the CEO

The roles of the Chairman and the CEO have been clearly separated, each having their own area of responsibilities. The Board establishes the division of responsibilities between the Chairman and the CEO.

The Independent Non-Executive Chairman, Mr Foo Yong How, ensures that corporate information is adequately disseminated to all Directors in a timely manner to facilitate the effective contribution of all Directors. He promotes a culture of openness and debate at the Board and ensures that adequate time is allocated for discussion of all strategic issues. The Independent Non-Executive Chairman is assisted by the Board Committees and the Internal Auditor who report to the AC in ensuring compliance with the Company's guidelines on corporate governance.

The CEO, Mr Low Kok Ann, is responsible for the overall management, operations and charting the corporate and strategic direction, including our sales, marketing and procurement strategies.

Provision 3.3 of the Code: Lead Independent Director

The Group's Independent Non-Executive Chairman, Mr Foo Yong How is also the Lead Independent Director. As Lead Independent Director, he coordinates sessions for the Independent Directors to meet without the presence of other Directors, if required. As both the Lead Independent Director and Non-Executive Chairman, he is available to shareholders through the normal channels when they have concerns.

Principle 4 of the Code: BOARD MEMBERSHIP

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

Provision 4.1 of the Code: NC to recommend to the Board on relevant matters

Provision 4.2 of the Code: Composition of the NC

The NC comprises Mr Darrell Lim Chee Lek, Mr Lim Wah Fong and Mr Foo Yong How, all of whom are Independent Directors. The Chairman of the NC is Mr Darrell Lim Chee Lek.

The key Terms of Reference of the NC are as follows:

a) Review the Board and Board Committees structure, size, and composition annually;

b) Identify suitable candidate and review all nominations on appointment and re-appointment of Directors;

c) Determine annually whether or not a Director is independent, guided by the independent guidelines contained in the code;

d) Develop a performance evaluation framework for the Board, the Committee and Individual Directors, and proposing objective performance criteria to assess the effectiveness of the Board, the Committee and Individual Directors;

e) Review and decide if a Director, who has multiple board representations on publicly listed companies, is able to and has been adequately carrying out his/her duties as a Director of the Company;

f) Review and recommend training and professional development programme for the Board;

g) Assess whether each director is able to and has been adequately carrying out his duties as Director of the Company;

h) Review of succession plans for Directors, CEO and key management personnel of the Company; and

i) Generally undertake such other functions and duties as may be required by the Board under the Code, statute or Listing Manual of the SGX-ST.

Pursuant to Regulation 104 of the Company's Constitution, at least one-third of the Company's Directors shall retire from office by rotation at every AGM of the Company. The retiring Directors shall be eligible for re-election pursuant to Rule 720(5) of the Listing Manual of the SGX-ST, every Director must submit themselves for re-nomination and re-appointment at least once every three years.

The NC has recommended to put forward the following at the forthcoming AGM:

Re-election of the following Directors pursuant to Regulation 104 of the Company's Constitution and/or Rule 720(5) of the Listing Manual of the SGX-ST:

a) Mr Low See Ching

b) Ms Cheah Yee Leng

Re-election of the following Directors pursuant to Regulation 108 of the Company's Constitution and/or Rule 720(5) of the Listing Manual of the SGX-ST:

c) Mr Darrell Lim Chee Lek

d) Mr Lim Wah Fong

The Board has accepted the NC's recommendations of the above re-elections of Directors. Mr Low See Ching, Ms Cheah Yee Leng, Mr Darrell Lim Chee Lek, and Mr Lim Wah Fong have offered themselves for re-election at the forthcoming AGM. Please refer to "Board of Directors" and "Additional Information on Directors Seeking Re-election" sections of the Annual Report for details and information of the above Directors.

On 11 January 2023, Singapore Exchange Regulation ("SGX RegCo") announced Listing Rule changes to limit to nine years the tenure of Independent Directors serving on the boards of listed companies and to remove the two-tier vote mechanism for listed companies to retain long-serving Independent Directors who have served for more than nine years. The two-tier vote was removed on 11 January 2023. To facilitate the transition, Independent Directors whose tenure exceeds the nine-year limit can continue to serve as independent directors until the listed companies' annual general meeting ("AGM") held for the financial year ending on or after 31 December 2023. On 12 July 2024, Mr Darrell Lim Chee Lek and Mr Lim Wah Fong were appointed as new Independent Directors in place of Mr Ong Beng Chye and Mr Terrance Tan Kong Hwa who had stepped down as Independent Directors of the Company on 25 April 2024.

Mr Low See Ching will, upon re-election as Director of the Company, remain as Non-Independent Non-Executive Director and will be considered non-independent.

Ms Cheah Yee Leng will, upon re-election as Director of the Company, remain as Non-Independent Non-Executive Director and will be considered non-independent.

Mr Darrell Lim Chee Lek will, upon re-election as Director of the Company, remain as Independent Director, Chairman of NC and Member of AC and RC and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Lim Wah Fong will, upon re-election as Director of the Company, remain as Independent Director, Chairman of AC and Member of NC and RC and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Provision 4.3 of the Code: Process for the selection, appointment and re-appointment of Directors

When the need for a new Director to replace a retiring Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria. Candidates would first be sourced through an extensive network of contacts and identified based on the needs of the Group and relevant expertise and experience required. The NC may engage recruitment consultants to undertake research on or assess candidates for new position on the Board, or to engage such other independent experts, if necessary. After the Board has interviewed the candidates, the NC would further shortlist and recommend the candidates for appointment to the Board. The Board has the final discretion in appointing new Directors.

The NC recommends the appointment and re-election of Directors to the Board for approval based on the following criteria:

a) Expertise and experience of the candidate and whether they have discharged their duties adequately as Directors of the Company, officers of other companies and/or professionals in the area of expertise;

b) Independence of the candidate (for Independent Directors);

c) Appointment or re-appointment will not result in non-compliance with any composition requirements for the Board and Board Committees; and

d) Whether the candidate is a fit and proper person in accordance with Monetary Authority of Singapore's ("MAS") Guidelines on Fit and Proper Criteria, which broadly take into account the candidate's honesty, integrity and reputation; his or her competence and capability; and financial soundness.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

The Board of the Company does not comprise any alternate Director. No alternate Director was appointed throughout during FY2024.

The Board has adopted the Directors' Fit and Proper Policy ("F&P Policy") which sets out the approach for the appointment and re-election of directors in which the Company and its subsidiaries adopt. The F&P Policy serves to guide the NC and the Board in their reviews and assessments of suitable candidates that are to be appointed to Board and its subsidiaries as well as Directors who are seeking for re-election. The F&P Policy is also to ensure that the directors possess the requisite character, integrity, experience, competence, time commitment and financial soundness and integrity to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

Provision 4.4 of the Code: Circumstances affecting Directors' Independence

Having regard to the circumstance sets set forth in Provision 2.1 of the Code, the Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board pursuant to section 156 of the Companies Act 1967.

The NC is responsible for determining annually whether or not a Director is independent for purpose of the Code. Each Independent Director is required to complete a confirmation of independence, drawn up according to the guidelines stated in the Code, to confirm his independence. He is required to disclose to the Board any relationships or circumstances which are likely to affect, or could appear to affect, his judgement. Based on the annual review of the independence of the Independent Directors according to the guidelines stated in the Code, the NC ascertained that all Independent Directors are independent for the purpose of the Code. Each member of the NC shall abstain from reviewing his own independence as an Independent Director.

Provisions 1.5 and 4.5 of the Code:
Multiple listed company directorship and other principal commitments

When a Director has multiple listed company directorships and other principal commitments, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company.

The NC believes that putting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

The NC is satisfied that sufficient time and attention were given by the Directors to the affairs of the Company during FY2024, notwithstanding that they hold directorships in other listed companies and have other principal commitments, and will continue to do so in FY2025.

The list of directorships held by Directors presently or in the preceding three years in other listed companies, and other principal commitments are set out in the "Board of Directors" section of the Annual Report.

BOARD PERFORMANCE

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

Provision 5.1 and 5.2 of the Code:
Assessment of effectiveness of the Board and Board committees and assessing the contribution by the Chairman and each Director

The NC is responsible in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Directors on a yearly basis. The performance evaluation framework is in the form of assessment questionnaires and the evaluation covers amongst others, Board and Board Committees' compositions, processes in managing the Group's performance, effectiveness of the Board, Board Committees as well as conduct, mix of skills, knowledge, competencies and contribution of each Director to the Company in discharging their function.

The questionnaires are completed by the members of the Board and Board Committees and each Director for self-assessment. The completed questionnaires are collated by the Company Secretary for deliberation by the NC. The NC led by its Chairman, reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement as well as for them to form the basis of recommending relevant Directors for re-election at the AGM. The Chairman will act on the results of the performance evaluation and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

During the FY2024, the NC met once and assessed the Board, Board Committees and individual Directors. The NC was satisfied with the outcome of the evaluations and both the NC and the Board are of the view that the Board has met its performance objectives for FY2024. No external facilitator was engaged in the performance assessment.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director should be involved in deciding his or her own remuneration.

Provision 6.2 of the Code: Composition of RC

The RC comprises Mr Foo Yong How, Mr Darrell Lim Chee Lek and Mr Lim Wah Fong, all of whom are Non-Executive and Independent Directors. The Chairman of the RC is Mr Foo Yong How.

Provision 6.1 of the Code: RC to recommend remuneration framework and packages

The key Terms of Reference of the RC are as follows:

a) Review and recommend to the Board a general framework of remuneration for the Board and key management personnel;

b) Review and recommend to the Board the specific remuneration packages for each Director and key management personnel;

c) Review and recommend to the Board the terms of renewal of the service agreements of Executive Directors;

d) Determine the appropriateness of the remuneration of Non-Executive Directors taking into consideration their effort, time spent, responsibilities and level of contribution;

e) Review the ongoing appropriateness and relevance of the Company's remuneration policy;

f) Administer the Hafary Performance Share Plan ("Hafary PSP") and any other share option scheme established from time to time for the Directors and the management;

g) Work and liaise, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and

h) Generally undertake such other functions and duties as may be required by the Board under the Code, statute or SGX Listing Rules (Mainboard).

The recommendations of the RC shall be submitted for endorsement by the Board. The RC covers all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, grant of shares and share options and benefits-in-kind. Each RC member shall abstain from voting on any resolutions in respect of his remuneration package.

Provision 6.3 of the Code: RC to consider and ensure are aspects of remuneration are fair.

The RC is responsible for all aspects of remuneration, including termination terms.

The Non-Executive Directors and Independent Directors do not have service agreements with the Company. The Non-Executive Directors and Independent Directors received Directors' fees which are recommended by the Board for approval at the Company's AGM.

The Executive Director and CEO does not receive Director's fees and is paid based on his Service Agreement with the Company. In setting the remuneration packages of the Executive Director and CEO, the Company takes into account the performance of the Group and that of the Executive Director and CEO which is aligned with long term interest of the Group. The RC has reviewed and approved the Service Agreement for the Executive Director and CEO, which initially has a three-year term and includes automatic one-year renewal periods thereafter, subject to mutually agreed terms and conditions. The agreement between the Executive Director and CEO and the Company was last renewed on February 22, 2022. The RC is of the view that the service tenure of the current Service Agreement is not excessively long and there are no onerous termination clauses.

The amount of variable bonus payment (i.e. performance bonus) for a particular financial period is dependent on the amount of the Group's profit before income tax achieved as set out below:

Profit before income tax ("PBT")	**CEO**
Up to S$3 million	1.5%
Above S$3 million and up to S$5 million	S$45,000 plus 3.0% of PBT in excess of S$3 million
Above S$5 million	S$105,000 plus 4.5% of PBT in excess of S$5 million

The Board is of the view that this quantitative criterion is able to align the Executive Director's interests with shareholders' interests.

Key management personnel's remuneration is set in accordance with a remuneration framework comprising basic salary (including a variable bonus and benefits-in-kind).

Provision 6.4 of the Code: Expert advice on remuneration

The RC members are familiar with management compensation matters as they manage their own businesses and/or are holding Directorships in other listed companies. If necessary, the RC may seek professional advice on remuneration of all Directors. During FY2024, no external remuneration consultants were engaged.

LEVEL AND MIX OF REMUNERATION

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

Provisions 7.1 and 7.3 of the Code:
Executive Directors and key management personnel's remuneration to be linked to corporate and individual performance and aligned with interests of shareholders; Remuneration is appropriate to provide good stewardship and promote long-term success of the Company

The Group's remuneration policy is to provide compensation packages at market rates to reward, retain and motivate high levels of performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual.

The RC determines and reviews the remuneration packages for all Directors based on their job functions, the performance of the Group and their individual performance. Non-Executive Directors are being paid by directors' fees, which are determined by the full Board based on their contributions and scope of responsibilities. The payment of Directors' fees is subject to the approval of shareholders at each AGM. No director is involved in deciding his own remuneration.

Remuneration of the Executive Director and CEO and Group's key management personnel comprise a fixed component and a variable component. The fixed component comprises basic salary plus other fixed allowances. The variable component which comprises bonuses is linked to the performance of the Company and the individual. In FY2024, variable or performance related income/bonus made up between 17% to 35% of the total remuneration of the each of the Group's key management personnel. The remuneration package is designed to enable the Company to stay competitive and allows the Company to better align executive compensation with shareholder value creation.

In setting remuneration packages, the RC ensures that the Directors are adequately but not excessively remunerated as compared to the market employment conditions. The RC also ascertained that Independent Directors are not overly-compensated to the extent that their independence may be compromised.

The Service Agreement of the Executive Director and CEO contains clauses to allow the Company to reclaim variable components of remuneration in exceptional circumstances.

Provision 7.2 of the Code:
Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities

None of the Non-Executive Directors and Independent Directors have service agreements with the Company or receive any remuneration from the Company. They are paid Directors' fees, which are determined by the Board based on their contribution, effort, time spent and responsibilities. The Directors' fees are subject to approval by the Shareholders at each AGM. Currently, the Company does not have any scheme to encourage Non-Executive Directors and Independent Directors to hold shares in the Company.

DISCLOSURE ON REMUNERATION

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

Provision 8.1 of the Code: Remuneration of Directors and key management personnel

The Board has not included a separate annual remuneration report to shareholders in the Annual Report on the remuneration of Directors and the key management personnel (who are not Directors or the CEO of the Company). The Board is of the view that matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Corporate Governance Statement and in the financial statements of the Company.

There are no termination, retirement and post-employment benefits granted to Directors, the Executive Director and CEO or the top five key management personnel. Short-term incentives granted to the Executive Director and CEO and key management personnel takes the form of an annual variable bonus payment and is linked to the performance of the Company and the individual.

Rule 710 of the Listing Manual of SGX-ST requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

Practice Guidance 8 of the Code states that appropriate remuneration disclosures for individual directors, the chief executive officer and key management personnel should be made to provide sufficient transparency and information to shareholders regarding remuneration matters. The remuneration disclosures for individual directors and the chief executive officer should specify the names, amounts and breakdown of remuneration.

This Annual Report discloses (i) the names, amounts and a breakdown of the remuneration of each director of the Company with breakdown of the variable and fixed remuneration received by our Executive Director and CEO; (ii) how the Executive Director and CEO's remuneration package is aligned with interests of shareholders, including the formula to determine the variable component of the Executive Director and CEO's remuneration which is in the form of a cash bonus linked solely to the Group's profit before income tax for a particular financial period; and (iii) the names, amount and breakdown of its top five key management personnel in percentage bands no wider than S$250,000, and the variable component of the remuneration and in aggregate the total remuneration paid to these key management personnel ("KMP").

The Board is of the view that it is not in the best interest of the Company to disclose the specific remuneration of the KMP as this disclosure may adversely affect the Company's talent retention. The Company believes that disclosure of the KMP's remuneration in bands of S$250,000 should be sufficient to provide an insight into the link between their compensation and performance.

In arriving at this decision, the Board had taken into consideration, *inter alia*:

(a) the commercial sensitivity and confidential nature of remuneration matters;

(b) the rationale for the existing disclosure of remuneration of the top five key management personnel (who are not Directors or CEO of the Company) of the Group in bands of S$250,000 – the Company does not disclose the aggregate remuneration paid to each of such individuals in view of the highly competitive industry conditions and in the interest of maintaining good morale and a strong spirit of teamwork within the Group; in addition, such disclosure of specific remuneration information may encourage inappropriate peer comparisons and discontent and may, in certain cases, give rise to recruitment and talent retention issues;

(c) the disclosure relating to how the Executive Director and CEO's remuneration package is aligned with the interests of shareholders, including the formula to determine the variable component of the Executive Director and CEO's remuneration; and

(d) the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact such disclosure may have on the Group in attracting and retaining talent at the key management personnel level on a long-term basis.

Additionally, based on a comparison against a peer group of listed companies in the same industry over a multi-year period, where the peer group remains constant from year to year, the Board believes that the remuneration of the Non-Executive Directors and the Executive Director, being the CEO, is in line with industry practice.

A breakdown showing each Director's remuneration for the FY2024 is as follows:

Remuneration and name of Director	Directors' fee (S$)	Salary, CPF and allowance (S$)	Variable or performance related bonus (S$)	Total (S$)
Mr Low Kok Ann	–	253,110	1,613,345*	1,866,455**
Datuk Edward Lee Ming Foo, JP	30,000	–	–	30,000
Mr Low See Ching	30,000	–	–	30,000
Ms Cheah Yee Leng	30,000	–	–	30,000
Mr Yong Teak Jan @ Yong Teck Jan	30,000	–	–	30,000
Mr Ong Beng Chye	14,375	–	–	14,375
Mr Terrance Tan Kong Hwa	10,541	–	–	10,541
Mr Foo Yong How	34,411	–	–	34,411
Mr Darrell Lim Chee Lek	15,524	–	–	15,524
Mr Lim Wah Fong	16,935	–	–	16,935

* To be paid in April 2025
** Mr Low Kok Ann's remuneration breakdown is 14% base salary and 86% variable

Notes:

The remuneration and fees are rounded to the nearest amount.
The Directors' fees are subject to shareholders' approval at the forthcoming AGM.

A breakdown showing the band and mix of remuneration of each top 5 key management personnel's (who are not Directors or CEO of the Company) for FY2024 is as follows:

Remuneration band and name of key management personnel	Fixed salary (%)	Variable or performance-related bonus (%)	Total (%)
S$250,000 to S$499,999			
Mr Goh Keng Boon Frank	65	35	100
Below S$250,000			
Mr Tay Chye Heng Stephen	83	17	100
Mr Koh Yew Seng Mike	76	24	100
Ms Lee Yee Fei	75	25	100
Mr Tay Eng Kiat Jackson*	100	0	100

* Resigned on 30 September 2024

The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund ("CPF") contributions.

The total remuneration paid to the top five key management personnel (who are not Directors or the CEO of the Company) for FY2024 was S$1,138,000.

The Company is of the view that its practices of disclosing the remuneration of key management personnel in bands of S$250,000 are consistent with the intent of provision 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 8 of the Code.

Provision 8.2 of the Code: Remuneration disclosure of related employees

During FY2024, except for Mr Low Kok Ann (Company's executive director, CEO and substantial shareholder) who is the father of both Mr Low See Ching (a director and substantial shareholder of the Company) and Ms Low Bee Lan Audrey (a substantial shareholder of the Company), the Group did not have any employees with remuneration exceeding S$100,000, who: (i) is a substantial shareholder of the Company; or (ii) is an immediate family member of a Director or the CEO, or a substantial shareholder of the Company.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Provision 9.1 of the Code: Board determines the nature and extent if the significant risks

The Board determines the nature and extend of the risks which the Company is willing to take in achieving its objectives and value creation. The Board is assisted by a separate Enterprise Risk Management Committee in carrying out its responsibility of overseeing the Company's risk management framework and policies.

The Company is committed to managing all risks in a proactive and effective manner. This requires high quality risk analysis to inform management decisions taken at all levels within the Group. Risk analysis and management is undertaken within the Group as a source of sustainable business benefits and competitive advantage. Managing threats and maximising opportunities will ensure that business objectives are met in the most effective way possible, leading to increased value for the business and its stakeholders.

The Company has internal processes to determine the level of risk tolerance and ensure the consistency and quality of risk analysis and management. The process includes six elements:

a) Establishing the context;

b) Risk identification;

c) Risk prioritisation;

d) Risk mitigation;

e) Risk reporting; and

f) Risk updates.

The purpose of engaging in such a process is to ensure that the goals and objectives of the corporate strategy of the Group are achieved.

The Group's Internal Auditor, BDO Advisory Pte Ltd, carry out internal audit on the system of internal controls and report the findings to the AC. The Group's External Auditor, RSM SG Assurance LLP, have also carried out, in the course of their statutory audit, an understanding of the key internal accounting controls assessed to be relevant to the statutory audit.

In this respect, the AC has reviewed the findings of both the Internal and External Auditor and will ensure that the Company follows up on the Auditors' recommendations raised during the audit process.

The financial statements for the year were audited by RSM SG Assurance LLP and the AC has recommended to the Board that RSM SG Assurance LLP be nominated for re-appointment as Independent Auditor of the Company at the forthcoming AGM.

The Board conducted a review and assessment of the adequacy and effectiveness of the Company's risk management and internal control systems including financial, operational, compliance and information technology controls. The assessment was made by discussions with the management of the Company.

Provision 9.2 of the Code:
Assurance from CEO, CFO and other key management personnel

The Board also received assurance from the Executive Director and CEO and the Group's Chief Financial Officer ("CFO") that:

a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

b) the Company's risk management and internal control systems are adequate and effective.

Based on the internal controls established and maintained by the Group, regular audits, monitoring and reviews performed by the Internal and External Auditors, review of the risk assessment reports, assurance from the Executive Director and CEO, and the Group's CFO and reviews performed by the management, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls (including financial, operational, compliance risks and information technology controls) and risk management systems in place are adequate and effective in addressing the financial, operational, compliance risks and information technology risks as at 31 December 2024 which the Group considers relevant and material to its current business scope and environment.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Company's internal controls system.

AUDIT COMMITTEE

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

Provision 10.1 and 10.2 of the Code:
Duties and composition of the AC

The AC comprises Mr Lim Wah Fong, Mr Darrell Lim Chee Lek and Mr Foo Yong How, all of whom are Independent Directors. The Chairman of the AC is Mr Lim Wah Fong.

The Board is of the opinion that at least 2 members of the AC, including the AC Chairman, possess the recent and related accounting or related financial management qualifications, expertise and experience in discharging their duties.

The key Terms of Reference of the AC are as follows:

a) Review the financial statements and the independent auditor's report on those financial statements before submission to the Board for approval, focusing in particular, on significant financial reporting issues and judgements, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

b) Review assurance from the Executive Director and CEO and the Group's CFO on the financial records and financial statement and assurance from Executive Director and CEO and other key management personnel who are responsible on the adequacy and effective of the risk management and internal control systems;

c) Review the adequacy and effective of the Company's risk management and internal control in relation to financial reporting other financial-related risk and controls and report to the Board;

d) Review with the Internal Auditor the internal audit plan and their evaluation of the adequacy and effectiveness of the internal controls and accounting system before submission of the results of such review to the Board;

e) Review with the External Auditor the audit plan, their evaluation of the Company's internal accounting controls that are relevant to their statutory audit and their audit report; Report to the Board at least annually on the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies;

f) Ensure co-ordination between the External Auditor and Internal Auditor and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

g) Review and discuss with External and Internal Auditor (if any), any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our operating results or financial position, and management's response;

h) Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditor;

i) Review any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

j) Review and ensure proper disclosure and reporting in the annual report on related party transactions as required by the accounting standards;

k) Oversee the establishment and operation of the whistle-blowing processing in the Company;

l) Review any potential conflicts of interest;

m) Undertake such other functions and duties as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of our AC; and

n) Generally undertake such other functions and duties as may be required by the Board under the Code of Corporate Governance 2018, statute or SGX Listing Rules (Mainboard) and Companies Act 1967 of Singapore.

The AC also has the power to conduct or authorise to investigate any matter within its Terms of Reference, and has full access to, and cooperation of, the management. The AC has full discretion to invite any Director or management staff to attend its meetings, as well as access to reasonable resources to enable it to discharge its function properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the Independent Auditor.

The AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular transaction.

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the established Board references and requirements. The AC also reviews the adequacy and effectiveness of the Company's internal controls and effectiveness of the Company's internal audit function as set out in the guidelines stated in the Code. The services of the Internal Auditor are utilised to assist the AC in the discharge of its duties and responsibilities.

The AC will review, at least annually, the Group's key financial risk areas (including but not limited to, the Group's cash management policies and cash position, collection of debts, hedging policies and foreign currency transactions (if any) and off-balance sheet items (if any) with a view to providing an independent oversight on the Group's financial reporting. Where the findings are material, the outcome of these reviews will immediately be announced via SGXNet and disclosed in the annual report of the Group.

The AC has reviewed all non-audit services provided by the External Auditor. The aggregate amount of fees paid/payable to the External Auditor for FY2024 audit and non-audit services are S$341,000 and S$53,000 respectively.

The AC, having considered the nature of services rendered and related charges by the External Auditor, is satisfied that the independence of the External Auditor is not impaired.

The Company has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its independent auditors.

Provision 10.3 of the Code: AC does not comprise former partner or Directors of the Company's auditing firm	None of the members of the AC was a former partner or director of RSM SG Assurance LLP, the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner or director of the auditing firm or auditing corporation and none of the AC members have any financial interest in the auditing firm or auditing corporation.
Provision 10.4 of the Code: Primary reporting line of the internal audit function is to AC; internal audit function has unfettered access to Company's documents, record, properties and personnel	The Group outsources its internal audit function to BDO Advisory Pte Ltd, an international auditing firm, to review key business processes of the Company and its key subsidiaries. The primary reporting line of the Internal Auditor function is to AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company. The Internal Auditor has also performed the internal review on the Sustainability Report for FY2024. The AC approves the hiring, removal, evaluation and compensation of the Internal Auditor. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the Internal Auditor is independent, adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced and has the appropriate standing in the Company to discharge its duties effectively.
Provision 10.5 of the Code: AC to meet auditors without the presence of management annually	The AC meets with the Group's Internal Auditor and External Auditor without the presence of the management at least once a year. Such meeting enables the Internal Auditor and External Auditor to raise any issue encountered in the course of their work directly to the AC. For FY2024, the AC met once with the Internal Auditor and External Auditor, each without presence of the management. **SIGNIFICANT ACCOUNTING MATTERS** In the review of the financial statements for FY2024, the AC has discussed with the management the significant accounting principles that were applied and their judgement of items that might affect the accuracy and completeness of the financial statements. The following significant matters impacting the financial statements were discussed with the management and the External Auditor and were reviewed by the AC. The External Auditor has included these 3 significant matters as their key audit matters in the Independent Auditor's report for the FY2024. Please refer to Independent Auditor's Report in Financial Statements FY2024.

Key audit matters	How the matters were addressed by the AC
Assessment of expected credit loss allowance on trade receivables	Net trade receivables amounted to S$57.2 million as at 31 December 2024. The AC considered management's approach, methodology and judgement pertaining to revenue recognition and the estimate of trade receivables impairment allowance. The AC also considered the observations and findings presented by the External Auditor with reference to the payment track records of trade debtors and adequacy of allowance for impairment of trade receivables. The above procedures provided the AC with the assurance and the AC concurred with the management's conclusion that allowance for impairment of trade receivables is adequately made as at 31 December 2024 and the relating disclosures in the financial statements are appropriate.
Assessment of impairment allowance on inventories	Net inventories amounted to S$116.4 million as at 31 December 2024. The AC considered management's approach, methodology and judgement applied to the estimate of impairment allowance for slow-moving and obsolete inventories. The AC also considered the observation and findings presented by the External Auditor with reference to the adequacy of allowance for impairment of inventories. The above procedures provided the AC with the assurance and the AC concurred with the management's conclusion that allowance for impairment of inventories is adequately made as at 31 December 2024.
Assessing the carrying value of intangible assets	Intangible assets (including goodwill) amounted to S$7.8 million arising from acquistion of subsidiaries, Melmer Stonework Pte. Ltd. and Guangdong ITA Element Building Materials Co., Limited. The AC considered management's approach, methodology and judgement applied to the estimates with regard to the valuation process and key assumptions on the forecasted revenue, profit margins, terminal growth rates and discount rates using presently available information. The AC also considered the observation and findings presented by the External Auditor with reference to the valuation process and key assumptions on revenue and terminal growth rates and discount rates used in the discounted cash flow forecasts. The above procedures provided the AC with the assurance and the AC concurred with the management's conclusion as at 31 December 2024.

WHISTLE-BLOWING POLICY

The Company has in place a whistle-blowing policy where staff of the Company and any other persons can have access to the AC Chairman and members. The Company is committed to a high standard of corporate governance. In line with this commitment, the Whistleblowing Policy aims to (a) provide a trusted avenue for employees, vendors, customers and other stakeholders to report serious wrongdoings or concerns, particularly in relation to fraud, governance or ethics, without fear of reprisals when whistleblowing in good faith; and (b) ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow up actions to be taken.

The policy which is accessible by the employees, aims to foster a workplace conducive to open communication regarding the Company's business practices and to protect the employees from unlawful retaliation and discrimination for the proper disclosing or reporting of illegal or unethical conduct in good faith.

All concerns about possible improprieties in financial reporting and other matters would be channelled to the AC Chairman and members. The Company will treat all information received confidentially and protect the identity and the interests of all whistle-blowers against detrimental or unfair treatment.

A whistle-blower email address is created for reporting suspected fraud, corruption, dishonest practices or other similar matters. Details of the whistle-blowing policy and arrangements have been made available to all employees of the Company and is published on the Company's website (http://www.hafary.com.sg/investor_relations/policies).

The AC shall commission and review the findings of internal investigations in matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Anonymous complaints may be looked into, taking into account factors such as seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources. All cases reported will be investigated objectively and thoroughly and appropriate action will be taken where warranted. The AC will inform the Board members after considering the circumstances with an update at Board meetings. The AC did not receive any complaint or whistleblowing report during the financial year and up to the date of the most recent AC meeting.

As at date of this report, there were no reports received through the whistle-blowing mechanism.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

Provision 11.1 of the Code: The Company provides shareholders with the opportunity to participate effectively and vote at general meetings

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. The financial results for the half-yearly and full year are released to shareholders via SGXNet within 45 and 60 days of the half-yearly date and full year-end date respectively.

Notices of general meetings and proxy forms are dispatched to shareholders, together with the annual report / circular request form within the time notice period as prescribed by the regulations. At general meetings, shareholders will be given opportunities to voice their views and direct their questions to the Board regarding the Company.

The timely release of financial information and general meeting notice and circulars enables shareholders to prepare and participate effectively and vote at general meetings.

The Company's AGM for financial year ended 31 December 2023 ("2024 AGM") was held physically on 25 April 2024.

The forthcoming AGM for the financial year ended 31 December 2024 will be held physically and shareholders are able to submit questions in advance of the AGM and will be given opportunities voice their views and direct their questions to the Board regarding the Company at the AGM.

The Annual Report for the year ended 31 December 2024 ("AR2024"), Notice of Annual General Meeting, Proxy Form, Appendix and Request Form (to request hardcopy of the AR2024 and the Appendix) will be made available to members by electronic means via publication on the Company's corporate website at https://www.hafary.com.sg and are also made available on the SGX website at URL https://www.sgx.com/securities/company-announcements.

Printed copies of the Notice of AGM, the Proxy Form and the Request Form will be sent to members via post. Members who wish to obtain a printed copy of the AR2024 and the Appendix should complete the Request Form and return it by post to the registered office address of the Company.

The AGM of the Company provides a principal forum for dialogue and interaction with shareholders. At each AGM, the Board encourages shareholders to participate in the question-and-answer session. Board Committees' Chairmen, Members of the Board and the external auditors of the Company are present to answer questions raised at the AGM. Members may also submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM.

Provision 11.2 of the Code: Separate resolutions on each substantially separate issue	The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and agrees to the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.
Provision 11.3 of the Code: All Directors attend general meetings of shareholders	All Directors, including the Independent Non-Executive Chairman of the Board, and various Board Committees, attend the general meetings to address shareholders' queries and receive feedback from shareholders. The External Auditor, RSM SG Assurance LLP, is also invited to attend AGMs and assist the Company in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.
Provision 11.4 of the Code: Company's Constitution allow for absentia voting of shareholders	The Company's Constitution allows a member entitled to attend and vote to appoint not more than 2 proxies to attend and vote instead of the member and also provides that the proxy need not be a member of the Company. Voting in absentia by mail, email or fax is currently not permitted to ensure proper authentication of the identity of the shareholders and their voting intentions.
Provision 11.5 of the Code: Minutes of general meetings are published on Company's corporate website as soon as practicable	Minutes of general meetings which include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board and the management were taken. Minutes of general meetings would be available to shareholders upon their written request. In regard to the 2024 AGM, the minutes were published on the SGXNet and the Company's website within the prescribed timeline set by the SGX-ST and all questions received from the shareholders and answer were also published on the SGXNet and the Company's website ahead of the 2024 AGM. Voting at the general meeting will be by way of poll pursuant to Rule 730A(2) of the Listing Manual of the SGX-ST. Announcement on the poll results (showing the number of votes cast for and against each resolution and the respective percentages) will be released after the meeting via SGXNet. All resolutions tabled at the 2024 AGM were conducted by poll pursuant to Listing Manual of the SGX-ST and counted by the Polling Agent as well as verified by the Scrutineer during the 2024 AGM. The poll results were announced by the Company via SGXNet on the same day for the benefit of all shareholders.
Provision 11.6 of the Code: Dividend policy	The Company does not have a formal dividend policy. The Company targets to provide sustainable dividend payout depending on the earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. The Company endeavours to pay dividends and where dividends are not paid, the Company will disclose the reason(s) accordingly.

Any dividend payments are clearly communicated to shareholders via announcements on SGXNet. During FY2024, the Company had declared and paid one interim dividends (tax exempt one-tier) totalling 0.75 Singapore cents per ordinary share and one special interim dividends (tax exempt one-tier) totalling 0.50 Singapore cent per ordinary share. In February 2025, the Company had declared and paid second interim dividend (tax exempt one-tier) totalling 0.75 Singapore cents per ordinary share and second special interim dividend (tax exempt one-tier) totalling 0.75 Singapore cents per ordinary share for FY2024.

ENGAGEMENT WITH SHAREHOLDERS

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

Provision 12.1 of the Code: Company provides avenues for communication between the Board and shareholders and disclose in its annual report to steps taken to solicit and understand the views of shareholders

Provision 13.3 of the Code: Corporate website to engage stakeholders

The Board is mindful of the obligation to provide shareholders with information on all major developments that affect the Group in accordance with the Listing Manual of SGX-ST and the Companies Act 1967 of Singapore. Information is communicated to shareholders on a timely basis through:

a) Announcements and press releases via SGXNet;

b) Company's website (https://www.hafary.com.sg); and

c) Annual reports

The Company recognises that open communication is essential and has established an investor relations policy for communicating with shareholders and other audiences in the finance and investment community. This policy aims to ensure that relevant information about the Group's activities is communicated to legitimately interested parties subject to any overriding considerations of business confidentiality and cost. The investor relations policy is available at the Company's website (http://www.hafary.com.sg/investor_relations/policies).

Provision 12.2 and 12.3 of the Code:
Board to maintain regular dialogue with shareholders; Board to disclose the steps taken to solicit and understand shareholders' views

The Group has in place an investor relations policy, which is overseen by the Group's Chief Financial Officer. The management regularly communicates with the analysts and shareholders through email, telephone or face-to-face dialogues to update them on the latest corporate development and address their queries throughout the year.

The Company provided opportunities for communication with the shareholders, investors and other stakeholders during FY2024 as follows:

a) AGM; and

b) Update on corporate developments via SGXNet.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

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

Provision 13.1 and 13.2 of Code:
Engagement with material stakeholder groups

The Company provides contact details on its website at https://www.hafary.com.sg as the Company recognises the importance of stakeholder engagement to the long-term sustainability of its business.

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. Details of how these groups are identified and engaged in key area focus are disclosed in "Sustainability Report" section of the Annual Report. The Company's sustainability team can be contacted via email at (sustainability@hafary.com.sg).

DEALINGS IN SECURITIES

In line with Rule 1207(19) of the Listing Manual of the SGX-ST on Dealing in Securities, the Company has adopted its own Internal Code of Conduct and issues circulars to its Directors and employees, to remind them that (1) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (2) they are required to report on their dealings in the shares of the Company. The Directors and employees are also reminded of the prohibition in dealing in shares of the Company one month before the release of the half-yearly financial results and year-end financial results and ending on the date of the announcement of the relevant results. The Company has complied with the said Rule 1207(19) of the Listing Manual of the SGX-ST during FY2024.

INTERESTED PERSON TRANSACTIONS

The Group first adopted an interested person transactions general mandate on 11 April 2016. This interested person transactions general mandate was replaced with the adoption of a new interested person transactions general mandate ("IPT General Mandate") on 26 October 2022. Renewal of this IPT General Mandate is sought at the 2024 AGM.

The Group has adopted this IPT General Mandate to deal with transactions with interested persons, and requiring all such transactions to be at arm's length and to be reviewed by the AC. Besides the information disclosed in Table 1 below, there were no other interested person transactions conducted during the year, which exceeds S$100,000 in value.

Table 1:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000)			
		Conducted under shareholders' mandate pursuant to Rule 920		Not conducted under shareholders' mandate pursuant to Rule 920	
		FY2024	FY2023	FY2024	FY2023
		S$'000	S$'000	S$'000	S$'000
Purchases from Malaysian Mosaic Sdn Bhd ("**MMSB**")	MMSB is a wholly-owned subsidiary of Hap Seng Consolidated Berhad ("**HSCB**").	12,321	31,794	–	–
Purchases of diesel from Hap Seng Trading (M) Sdn Bhd ("**HST(M)**")	HST(M) is a wholly-owned subsidiary of Hap Seng Trading Holdings Sdn. Bhd. ("**HSTH**") which is in turn a wholly-owned subsidiary of HSCB.	–	–	203	–
Corporate management charges by Hap Seng Management Services Sdn Bhd ("**HSMS**")	HSMS is a wholly-owned subsidiary of HSCB.	–	–	797	–
Purchase of plant and equipment from MMSB	MMSB is a wholly-owned subsidiary of HSCB.	–	–	714	–
Sales to MMSB	MMSB is a wholly-owned subsidiary of HSCB.	248	454	–	–
Sales to Hap Seng Trading (BM) Sdn Bhd ("**HST(BM)**")	HST(BM) is a wholly-owned subsidiary of Hap Seng Trading Holdings Sdn. Bhd. ("**HSTH**") which is in turn a wholly-owned subsidiary of HSCB.	–	1,773	–	–
Sales to Hap Seng Trading (M) Sdn Bhd ("**HST(M)**")	HST(M) is a wholly-owned subsidiary of Hap Seng Trading Holdings Sdn. Bhd. ("**HSTH**") which is in turn a wholly-owned subsidiary of HSCB.	–	–	1,183	–
Rental expense from MMSB	MMSB is a wholly-owned subsidiary of HSCB.	1,950	763	–	–
Recharge of employment cost from MMSB	MMSB is a wholly-owned subsidiary of HSCB.	2,313	2,623	–	–

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000)			
		Conducted under shareholders' mandate pursuant to Rule 920		Not conducted under shareholders' mandate pursuant to Rule 920	
		FY2024	FY2023	FY2024	FY2023
		S$'000	S$'000	S$'000	S$'000
Transfer of staff retirement benefits from MMSB	MMSB is a wholly-owned subsidiary of HSCB.	–	–	–	615
Provision of insurance services from Hap Seng Insurance Services Sdn Bhd ("**HSIS**")	HSIS is the wholly-owned subsidiary of Gek Poh (Holdings) Sdn. Bhd., the holding company of HSCB.	–	–	197	108
Payment on behalf of expenses from MMSB	MMSB is a wholly-owned subsidiary of HSCB.	–	–	188	784
Aggregate value of transactions under the Associate of the Group's Controlling Shareholder, HSCB.		**16,832**	**37,407**	**3,282**	**1,507**
Rental Income from The Assembly Place Pte. Ltd. ("**TAP**")	TAP is an associate of director, Low See Ching.	–	–	–	183
The Assembly Place Holdings Pte. Ltd. ("**TAPH**")	TAPH is an associate of director, Low See Ching.	–	–	200	–
TAP Co-livings Pte. Ltd. ("**TAPCL**")	TAPCL is an associate of director, Low See Ching.	–	–	234	–
Purchase of 19% shares in World Furnishing Hub Pte. Ltd. ("**WFH**") from Low See Ching	WFH is a subsidiary of Hafary Group	–	–	4,465	–
Aggregate value of transactions under the Associate of the Director, Low See Ching		**–**	**–**	**4,899**	**183**

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, except as disclosed in this Annual Report, there were no material contracts or loans entered into between the Company and any of its subsidiaries involving interests of any Director or controlling shareholder during FY2024.

ACQUISITONS

On 17 January 2024, Hafary Pte Ltd, a wholly-owned subsidiary of the Company ("HPL"), had entered into a sale and purchase agreement ("SPA") with the Company's Non-Independent Non-Executive Director and controlling shareholder, Mr Low See Ching ("LSC"), in relation to a proposed acquisition (the "Proposed Acquisition") by the Group of the LSC's 19.0% shareholding interest in World Furnishing Hub Pte. Ltd. ("WFH"). On 18 January 2024, the Proposed Acquisition had been completed. With the completion of the Proposed Acquisition, WFH becomes a wholly owned subsidiary of HPL and the Company, through its wholly owned subsidiary, HPL, has an indirect 100.0% shareholding in the issued share capital of WFH.

On 3 January 2025, the Company's subsidiary, Hafary Shanghai Pte. Ltd. ("HSPL"), had completed the acquisition of MML (Shanghai) Trading Co., Ltd. ("MML Shanghai"). With the completion of the acquisition, HSPL now holds an 100.0% shareholding in the issued share capital of MML Shanghai.

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2024.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

Cheah Yee Leng
Datuk Edward Lee Ming Foo, JP
Foo Yong How
Low Kok Ann
Low See Ching
Lim Wah Fong (appointed on 12 July 2024)
Darrell Lim Chee Lek (appointed on 12 July 2024)

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interests in shares in or debentures of the company or other related body corporate as recorded in the register of directors' interests in shares in or debentures kept by the company under section 164 of the Companies Act 1967 (the "Act") except as follows:

	Direct interests		
Name of directors	**At beginning of the reporting year**	**At end of the reporting year**	**At 21 January 2025**
The company	**Number of shares of no par value**		
Low Kok Ann	36,847,403	36,847,403	36,847,403
Low See Ching	109,547,280	109,547,280	109,547,280

By virtue of section 7 of the Act, Low See Ching is deemed to have an interest in the company and its subsidiaries.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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 except as mentioned below.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted. During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment.

7. Report of Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Lim Wah Fong	(Chairman of Audit Committee and Independent Director)
Foo Yong How	(Independent Director)
Darrell Lim Chee Lek	(Independent Director)

The Audit Committee performs the functions specified by section 201B (5) of the Act. Among other functions, it renewed the following, where relevant, with management, the external auditors and the internal auditors:

- The audit plan of the independent external auditor;
- The independent external auditor's evaluation of the company's internal accounting controls relevant to the statutory audit, the audit report on the financial statements and the assistance given by management to the auditor;
- The scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- The financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- The interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

STATEMENT BY DIRECTORS

7. Report of Audit Committee (cont'd)

Other functions performed by the Audit Committee are described in the Corporate Governance Statement included in the annual report of the company. It also includes an explanation of how independent external auditor's objectivity and independence are safeguarded where the independent external auditor provides non-audit services.

The Audit Committee has recommended to the board of directors that the independent auditor, RSM SG Assurance LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the board with the concurrence of the Audit Committee, is of the opinion that the company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 31 December 2024 to address the risks that the company considers relevant and material to its operations.

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 21 February 2025, which would materially affect the group's and company's operating and financial performance as of the date of this report.

On behalf of the directors

Low Kok Ann Director	Low See Ching Director

3 April 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of Hafary Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Hafary Holdings Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting 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 company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore. We have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters ("KAMs") are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting 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 matters (cont'd)

(1) Assessment of expected credit loss allowance on trade receivables

Refer to Notes 2A, 2B, 24 and 38D for the relevant accounting policy, discussion of accounting estimate, the breakdown in trade receivables and the credit risk of the group. Also refer to the Audit Committee section in the Corporate Governance Statement of the annual report for responses of the Audit Committee to the reported KAMs.

Key Audit Matter

The group's trade receivables totalled $57,165,000, representing 11% of the group's total assets as at the end of the reporting year. Any impairment of significant receivables could have material impact to the group's profit or loss.

The estimate of impairment allowance is based on the historical trend of these receivables, which includes analysis of the age of these receivables, credit worthiness of the profile of the customers and future collectability. Specific impairment allowance is provided accordingly. In addition, management applies the expected credit losses ("ECL") model to determine the loss allowance for trade receivables based on historical observed default rates adjusted for forward-looking estimates.

How we addressed the matter in our audit

Our audit procedures included (a) assessing the recoverability of the significant aged debts, by discussing with management, checking subsequent collections and corroborating to the historical payment records; and (b) assessing whether disclosures in respect of the credit risk of trade receivables is appropriate.

For ECL, our audit procedures included (a) reviewing management's assessment of ECL; and (b) assessing the measurement of the ECL allowance.

We also evaluated the qualitative adjustment to the allowance and challenged the reasonableness of the key assumptions in determining the allowance.

We assessed the adequacy of the disclosures in the financial statements.

Key audit matters (cont'd)

(2) Assessment of impairment allowance on inventories

Refer to Notes 2A, 2B and 23 for the relevant accounting policy, discussion of accounting estimate, and the breakdown in inventories at the reporting year end. Also refer to the Audit Committee section in the Corporate Governance Statement of the annual report for responses of the Audit Committee to the reported KAMs.

Key Audit Matter

The group held inventories of $116,389,000, representing 23% of the group's total assets as at end of the reporting year. The carrying amount of inventories may not be recoverable in full if those inventories become slow moving, or if their selling prices have declined below carrying amounts.

The estimate of allowance for slow moving inventories takes into consideration of various factors, including macroeconomics, general market conditions, future market demand, historical industry experience and aging of the inventories. This estimate involves a significant degree of judgement. Management applies particular judgement in the areas relating to inventory allowance based on inventory aging. This methodology relies upon assumptions made in determining appropriate allowance of inventories. Management is of the opinion that the methodology is reasonable in determining the impairment allowance required.

How we addressed the matter in our audit

We selected samples for testing. Our audit procedures included (a) checking of the net realisable value of the inventories by considering post year-end sales to identify any further sales made at a loss; and (b) reviewing the inventory turnover days and aging of the inventories to assess if there were any significant built up of aged inventories and assessing the reasonableness of the allowance for slow moving inventories. We also assessed the management's judgement and assumptions applied to comply with the group's inventory allowance policy by analysing the historical inventory movements as well as performing analytical procedures on the inventory aging profile.

Key audit matters (cont'd)

(3) Assessing the carrying value of intangible assets

Refer to Notes 2A, 2B and 18 for the relevant accounting policy, discussion of accounting estimate, and the breakdown in intangible assets at the reporting year end. Also refer to the Audit Committee section in the Corporate Governance Statement of the annual report for responses of the Audit Committees to the reported KAMs.

Key Audit Matter

The group's intangible assets (including goodwill) amounted to $7,827,000 arising from the acquisition of subsidiaries, Melmer Stonework Pte. Ltd. and Guangdong ITA Element Building Materials Co., Limited.

Goodwill is assessed for impairment annually. The amount is allocated to cash generating units ("CGUs"). Management applies the value in use method to determine the recoverable amount of intangible assets. The value in use calculation requires the group to estimate the future cash flows arising from the CGUs and an appropriate discount rate in order to calculate the recoverable amount of each CGUs. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses in profit or loss. Management determined the recoverable amounts based on the forecasted revenue, profit margins, terminal growth rates and discount rates using presently available information. These estimates require judgement and the determination of the recoverable amounts is a key focus area for our audit.

How we addressed the matter in our audit

We have discussed with management the processes over the determination of the forecasted revenue growth, profit margins, terminal growth rates and discount rates of the related CGU. As the assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions, our audit procedures included, among others, using our internal valuation specialists to assist us in evaluating the assumptions and methodologies used by management.

We assessed management's estimates applied in the value in use models based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance and industry benchmarks. Our internal valuation specialists also performed a review of the management's methodology, expectations and the discount rates used in the impairment assessment and tested the accuracy of the computations.

We also assessed the adequacy of the group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of intangible assets.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and 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.

Other information (cont'd)

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 the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

To the Members of Hafary Holdings Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

(d) 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.

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Tay Hui Jun, Sabrina.

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

3 April 2025

Engagement partner - effective from year ended 31 December 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 $'000	2023 $'000
Revenue	5	**263,136**	226,422
Interest income	6	**204**	180
Other income and gains	7	**11,312**	13,372
Changes in inventories of goods held for resale		**(3,168)**	(1,478)
Purchases and related costs		**(153,823)**	(121,904)
Employee benefits expenses	8	**(36,316)**	(34,030)
Amortisation and depreciation expenses	15, 16, 17, 18	**(12,633)**	(10,814)
Impairment losses	9	**(704)**	(157)
Other losses	7	**(680)**	(349)
Finance costs	10	**(12,176)**	(9,491)
Other expenses	11	**(20,558)**	(16,282)
Share of profit from an equity-accounted associate	20	**1,528**	3,220
Share of profit from an equity-accounted joint venture	21	**787**	280
Profit before income tax		**36,909**	48,969
Income tax expense	12	**(8,210)**	(8,873)
Profit, net of tax		**28,699**	40,096
<u>Other comprehensive income / (loss)</u>			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax	28	**224**	(1,649)
Total comprehensive income for the year, net of tax		**28,923**	38,447
Profit attributable to:			
- Owners of the parent, net of tax		**27,551**	39,066
- Non-controlling interests, net of tax		**1,148**	1,030
		28,699	40,096
Total comprehensive income attributable to:			
- Owners of the parent		**27,786**	37,417
- Non-controlling interests		**1,137**	1,030
		28,923	38,447
		Cents	**Cents**
Earnings per share			
Basic and diluted	13	**6.40**	9.07

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Notes	Group		Company	
		2024	2023	2024	2023
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	**110,853**	115,128	**270**	371
Right-of-use assets	16	**136,058**	134,168	**–**	–
Investment properties	17	**24,836**	21,184	**–**	–
Intangible assets	18	**7,827**	8,476	**–**	–
Investments in subsidiaries	19	**–**	–	**9,239**	9,239
Investment in an associate	20	**20,265**	20,351	**–**	–
Investment in a joint venture	21	**999**	193	**–**	–
Other financial assets	22	**280**	374	**244**	338
Total non-current assets		**301,118**	299,874	**9,753**	9,948
Current assets					
Inventories	23	**116,389**	90,258	**–**	–
Trade and other receivables	24	**65,389**	56,341	**36,429**	30,309
Other non-financial assets	25	**6,607**	7,231	**9**	2
Cash and cash equivalents	26	**22,508**	17,897	**51**	39
Total current assets		**210,893**	171,727	**36,489**	30,350
Total assets		**512,011**	471,601	**46,242**	40,298
EQUITY AND LIABILITIES					
Equity					
Share capital	27	**26,930**	26,930	**26,930**	26,930
Retained earnings		**105,461**	94,576	**7,696**	1,253
Foreign currency translation reserve	28	**(3,123)**	(3,358)	**–**	–
Equity, attributable to owners of the company		**129,268**	118,148	**34,626**	28,183
Non-controlling interests		**6,492**	7,687	**–**	–
Total equity		**135,760**	125,835	**34,626**	28,183
Non-current liabilities					
Deferred tax liabilities	12	**1,634**	1,768	**–**	–
Loans and borrowings, non-current	29	**152,055**	168,199	**–**	–
Lease liabilities, non-current	30	**18,095**	15,633	**–**	–
Total non-current liabilities		**171,784**	185,600	**–**	–
Current liabilities					
Income tax payable		**8,339**	8,803	**7**	16
Provision	31	**1,070**	980	**–**	–
Trade and other payables	32	**57,263**	53,407	**11,609**	12,099
Derivative financial liabilities	33	**48**	1	**–**	–
Loans and borrowings, current	29	**123,851**	86,302	**–**	–
Lease liabilities, current	30	**4,102**	2,809	**–**	–
Other non-financial liabilities	34	**9,794**	7,864	**–**	–
Total current liabilities		**204,467**	160,166	**11,616**	12,115
Total liabilities		**376,251**	345,766	**11,616**	12,115
Total equity and liabilities		**512,011**	471,601	**46,242**	40,298

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

Group:	Total equity $'000	Attributable to parent subtotal $'000	Share capital $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000
Current year:						
Opening balance at 1 January 2024	**125,835**	**118,148**	**26,930**	**94,576**	**(3,358)**	**7,687**
Changes in equity:						
Total comprehensive income for the year	**28,923**	**27,786**	**–**	**27,551**	**235**	**1,137**
Dividends paid (Note 14)	**(11,840)**	**(11,840)**	**–**	**(11,840)**	**–**	**–**
Dividends paid to non-controlling interests in subsidiaries	**(3,013)**	**–**	**–**	**–**	**–**	**(3,013)**
Fair value gain on remeasurement of the previously held interests in the investee	**320**	**–**	**–**	**–**	**–**	**320**
Acquisition of a non-controlling interest without a change in control (Note 19)	**(4,465)**	**(4,826)**	**–**	**(4,826)**	**–**	**361**
Closing balance at 31 December 2024	**135,760**	**129,268**	**26,930**	**105,461**	**(3,123)**	**6,492**
Previous year:						
Opening balance at 1 January 2023	96,012	92,571	26,930	67,350	(1,709)	3,441
Changes in equity:						
Total comprehensive income / (loss) for the year	38,447	37,417	–	39,066	(1,649)	1,030
Dividends paid (Note 14)	(11,840)	(11,840)	–	(11,840)	–	–
Dividends paid to non-controlling interests in subsidiaries	(1,141)	–	–	–	–	(1,141)
Acquisition of subsidiaries (Note 37)	4,357	–	–	–	–	4,357
Closing balance at 31 December 2023	125,835	118,148	26,930	94,576	(3,358)	7,687

Company:	Total equity $'000	Share capital $'000	Retained earnings $'000
Current year:			
Opening balance at 1 January 2024	**28,183**	**26,930**	**1,253**
Changes in equity:			
Total comprehensive income for the year	**18,283**	**–**	**18,283**
Dividends paid (Note 14)	**(11,840)**	**–**	**(11,840)**
Closing balance at 31 December 2024	**34,626**	**26,930**	**7,696**
Previous year:			
Opening balance at 1 January 2023	34,216	26,930	7,286
Changes in equity:			
Total comprehensive income for the year	5,807	–	5,807
Dividends paid (Note 14)	(11,840)	–	(11,840)
Closing balance at 31 December 2023	28,183	26,930	1,253

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	2024 $'000	2023 $'000
Cash flows from operating activities		
Profit before income tax	**36,909**	48,969
Adjustments for:		
Interest expense on borrowings	**11,337**	8,991
Interest expense on lease liabilities	**839**	500
Interest income	**(204)**	(180)
Depreciation of property, plant and equipment	**9,717**	7,969
Depreciation of right-of-use assets	**5,757**	3,023
Depreciation of investment properties	**202**	299
Amortisation of intangible assets	**833**	649
Loss (Gain) on disposal of plant and equipment	**51**	(1)
Gain on disposal of investment property	**(3,759)**	–
Negative goodwill arising from bargain purchase	**(529)**	–
Allowance for impairment of intangible assets	**898**	–
Fair value gain on remeasurement of the previously held interests in the investee	**(446)**	(7,507)
Fair value losses on other financial assets, net	**94**	(3)
Share of profit from an equity-accounted associate	**(1,528)**	(3,220)
Share of profit from an equity-accounted joint venture	**(787)**	(280)
Net effect of exchange rate changes in consolidating subsidiaries	**(193)**	724
Operating cash flows before changes in working capital	**59,191**	59,933
Inventories	**(26,131)**	(26,321)
Trade and other receivables	**(10,249)**	5,034
Other non-financial assets	**624**	(59)
Provision	**90**	(139)
Trade and other payables	**5,888**	21,894
Derivative financial assets	**47**	82
Other non-financial liabilities	**1,930**	(2,055)
Net cash flows from operations	**31,390**	58,369
Income taxes paid	**(8,808)**	(7,951)
Net cash flows from operating activities	**22,582**	50,418

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	2024 $'000	2023 $'000
Cash flows used in investing activities		
Purchase of property, plant and equipment (Notes 15 and 26B)	**(12,106)**	(18,949)
Purchase of investment property (Note 17)	**–**	(4,093)
Proceeds from disposal of plant and equipment	**14**	1
Proceeds from disposal of an investment property	**7,866**	–
Acquisition of subsidiaries (net of cash acquired) (Note 37)	**–**	619
Net movements in amount due from joint ventures	**(264)**	14
Net movements in amount due from other related parties	**290**	(2,462)
Dividend income from an associate (Note 20)	**1,250**	1,312
Interest income received	**204**	85
Acquisition of a non-controlling interest without a change in control	**(4,465)**	–
Net cash flows used in investing activities	**(7,211)**	(23,473)
Cash flows used in financing activities		
Dividends paid to equity owners	**(11,840)**	(11,840)
Dividends paid to non-controlling interests	**(3,013)**	(1,141)
Net movements in amounts due to other related parties	**(889)**	–
Lease liabilities – principal portion paid	**(5,039)**	(1,595)
Increase (Decrease) in trust receipts and bills payable	**27,643**	(5,057)
Increase in new loans and borrowings	**27,050**	33,705
Loans and borrowings paid	**(33,287)**	(25,034)
Interest expense paid	**(11,327)**	(9,520)
Net cash flows used in financing activities	**(10,702)**	(20,482)
Net increase in cash and cash equivalents	**4,669**	6,463
Net effect of exchange rate changes on cash and cash equivalents	**(58)**	(70)
Cash and cash equivalents, beginning balance	**17,382**	10,989
Cash and cash equivalents, ending balance (Note 26A)	**21,993**	17,382

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

1. General information

Hafary Holdings Limited (the “company”) (Registered No. 200918637C) is incorporated in Singapore with limited liability. It is listed on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”).

The financial statements are presented in Singapore Dollar and they cover the company and its subsidiaries (the “group”). All financial information have been rounded to the nearest thousand (“$’000”), except when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The company is an investment holding company. The principal activities of the subsidiaries are disclosed in the notes to the financial statements below.

The registered office and principal place of business of the company is located at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Committee under ACRA (“ASC”). They comply with the provisions of the Companies Act 1967 and with the IFRS Accounting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of presentation and principles of consolidated financial statements

The consolidated financial statements of the group include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries, presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the group obtains control of the investee. They are de-consolidated from the date that control ceases.

1. General information (cont'd)

Basis of presentation and principles of consolidated financial statements (cont'd)

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. Material accounting policy information and other explanatory information

Disclosures are made on the accounting policy and other explanatory information relating to material transactions, other events or conditions if that information is material to the financial statements or is required by a financial reporting standard. Entity-specific information that relates to more than one account balance or a class of material transactions is described in Note 2A below. An account balance entity-specific information is disclosed in the relevant respective account balances in the financial statements.

2A. Material accounting policy information

Revenue and income recognition

General - Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods - Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

For the subsidiaries in Malaysia, as required by law, the group make contributions to the independently administered fund (Employees' Provident Fund). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the group has no further payment obligations.

Pursuant to relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute to a certain percentage to the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the group. Contribution to the Scheme are recorded as an expense as they fall due.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred.

Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statements of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets (or, for certain leased assets, the shorter lease term). An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Investment properties

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee as a right-of-use asset under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes, the fair values are measured periodically on a systematic basis at least once in three years by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period in exchange for consideration. Lease payments are apportioned between finance costs and reduction of the lease liability to reflect the interest on the remaining balance of the liability. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group and the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the group controls another entity.

In the company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the group has a significant influence and that is neither a subsidiary nor a joint arrangement of the group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Associates (cont'd)

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the group.

Joint ventures

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which group is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with the financial reporting standard on investments in associates and joint ventures (as described above for associates).

Business combination

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities that are recognised in accordance with the financial reporting standard on financial instruments. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Business combination (cont'd)

The purchase accounting method is used for a business combination. It results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. The results of acquiree in a business combination are included in the consolidated financial statements from the date of the acquisition. Any excess consideration over the fair value of identified assets acquired and liabilities assumed is recognised as goodwill. Acquisition-related costs incurred are recognised as an expense in profit or loss. The management uses best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. The estimates are inherently uncertain and subject to refinement.

Non-controlling interest

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests reflect the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the group. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if these losses cause the non-controlling interest to have a debit balance. Remeasurements of non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on goodwill. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Goodwill (cont'd)

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash generating unit ("CGU"), or groups of CGU that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Intangible assets other than goodwill

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less accumulated amortisation and any accumulated impairment losses.

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first in first out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Carrying amounts of non-financial assets

The carrying amount of non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is expensed.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Categories of financial assets and financial liabilities:

The financial reporting standard on financial instruments requires the certain classification of financial assets and financial liabilities. At the end of the reporting year, the group had the following classes:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

- Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

- Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Cash and cash equivalents

For the consolidated statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, and items of income or expense associated with investing or financing cash flows.

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from 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 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Fair value measurement (cont'd)

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are material differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements. The recurring measurements are made at each reporting year end date.

In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

Other specific material accounting policy and other explanatory information

These are disclosed at the relevant notes to the financial statements.

2B. Critical judgements, assumptions and estimation uncertainties

Disclosures on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the corresponding Notes to these financial statements. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessing expected credit loss allowance on trade receivables:

The assessment of the expected credit losses ("ECL") requires a degree of estimation and judgement. In measuring the ECL, management considers all reasonable and supportable information such as the group's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount of trade and other receivables is disclosed in the Note 24.

Assessing loss allowance on inventories:

The assessment of the allowance for impairment loss on inventories requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amounts of inventories at the end of the reporting year is disclosed in the Note 23.

2. Material accounting policy information and other explanatory information (cont'd)

2B. Critical judgements, assumptions and estimation uncertainties (cont'd)

Assessing the terms of lease term or lease with extension or renewal options:

The lease liabilities are initially measured by discounting the lease payments over the lease terms. For leases with extension or renewal options, management applied judgement in determining whether such extension or renewal options should be reflected in measuring the lease liabilities. This requires the consideration of whether the facts and circumstances created an economic incentive for the exercise of the lease extension or renewal option. The amount of the lease liabilities at the end of the reporting year is disclosed in the Note 30.

Assessing the impairment of goodwill:

The amount of goodwill is tested annually for impairment. This annual impairment test is material and the process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about goodwill are included in the Note 18. Small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates.

Accounting for the acquisition of Guangdong ITA Element Building Materials Co., Limited ("ITA Element"):

In 2023, management completed the initial acquisition accounting of ITA Element on a provisional basis. This requires judgement given the nature of the subsidiary. Consideration has to be given in determining the assumptions that underlie the initial acquisition accounting such as the fair value of assets acquired, liabilities and contingent liabilities assumed. These are initially estimated by management by taking into consideration the available information at the reporting date. The group has since finalised the purchase price allocation exercise. The fair value of the specific assets or liability (or class of assets or liabilities at the end of the reporting year is disclosed in the Note 37.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the group to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, the controlling shareholder of the group.

3A. Members of a group

Name	Relationship	Country of incorporation
Gek Poh (Holdings) Sdn. Bhd.	Ultimate parent company	Malaysia
Hap Seng Consolidated Berhad	Intermediate parent company	Malaysia
Hap Seng Investment Holdings Pte. Ltd.	Immediate parent company	Singapore

3. Related party relationships and transactions (cont'd)

3A. Members of a group (cont'd)

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

Related parties in these financial statements refer to the entities which the controlling shareholders and directors of the company as well as their family members, have a controlling interest in.

3B. Related party transactions

There are transactions and arrangements between the group and its related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations, if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group	
	2024	**2023**
	$'000	**$'000**
Joint ventures:		
Sale of goods	**(504)**	(18)
Interest income (Note 6)	**–**	(67)
Purchases of goods	**–**	4,989
Other related parties:		
Sale of goods	**(1,580)**	(2,535)
Rental income	**(246)**	(245)
Secondment fee income	**(733)**	–
Secondment fee expense	**1,605**	3,322
Reimbursement of expenses payment on behalf of other related parties	**(188)**	–
Corporate management fee expense	**797**	–
Purchases of goods	**12,548**	31,821
Rental expenses	**2,029**	857
Property management fee	**234**	90
Reimbursement of expenses	**3,301**	814
Purchase of motor vehicles	**714**	30
Receiving of services	**197**	108

3. Related party relationships and transactions (cont'd)

3C. Key management compensation

	Group	
	2024	**2023**
	$'000	**$'000**
Salaries and other short-term employee benefits	**3,474**	4,046

The above amount is included under employee benefits expense. Included in the above amount are the following items:

	Group	
	2024	**2023**
	$'000	**$'000**
Remuneration of director of the company	**1,984**	2,435
Fees to directors of the company	**212**	231
Fee to a director of a subsidiary of the company	**140**	120

Further information about the remuneration of individual directors is provided in the Corporate Governance Statement included in the annual report of the company.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Key management compensation comprised those of directors and other key management personnel totalling 13 (2023: 13) persons. The above amounts do not include compensation if any of certain key management personnel and directors of the company who received compensation from related companies in their capacity as directors and or executives of those companies.

3. Related party relationships and transactions (cont'd)

3D. Other receivables from and other payables to related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Group	
	2024	**2023**
	$'000	**$'000**
Joint ventures:		
Balance at beginning of the year	**1,575**	3,342
Interest income (Note 6)	**–**	67
Transfer to subsidiaries	**–**	(1,835)
Amounts paid out and settlement of liabilities on behalf of the joint ventures	**18**	1,246
Amounts paid in and settlement of liabilities on behalf of the group	**(11)**	(1,260)
Foreign exchange adjustments	**42**	15
Balance at end of the year (Note 24)	**1,624**	1,575
Other related parties:		
Balance at beginning of the year	**2,217**	(284)
Amounts paid out and settlement of liabilities on behalf of the other related parties	**16,220**	7,963
Amounts paid in and settlement of liabilities on behalf of the group	**(16,624)**	(5,466)
Foreign exchange adjustments	**23**	4
Balance at end of the year	**1,836**	2,217
Presented in the statement of financial position as follows:		
Other receivables (Note 24)	**2,000**	3,465
Other payables (Note 32)	**(164)**	(1,248)
	1,836	2,217
A director cum a shareholder:		
Balance at beginning of the year	**(889)**	(889)
Amounts paid out and settlement of liabilities on behalf of the director	**889**	–
Amount paid in and settlement of liabilities on behalf of the group	**7**	–
Balance at end of the year	**7**	(889)
Presented in the statement of financial position as follows:		
Other receivables (Note 24)	**7**	–
Other payables (Note 32)	**–**	(889)
	7	(889)

3. Related party relationships and transactions (cont'd)

3D. Other receivables from and other payables to related parties (cont'd)

	Company	
	2024	**2023**
	$'000	**$'000**
Subsidiaries:		
Balance at beginning of the year	**17,595**	23,253
Transfer from joint ventures	**–**	1,835
Amounts paid in and settlement of liabilities on behalf of the company	**(10,894)**	(12,875)
Dividend income	**17,416**	5,382
Balance at end of the year	**24,117**	17,595
Presented in the statement of financial position as follows:		
Other receivables (Note 24)	**33,517**	26,995
Other payables (Note 32)	**(9,400)**	(9,400)
	24,117	17,595

4. Financial information by operating segments

The group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker to allocate resources and in assessing performance. Generally, financial information on segments is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the group.

4A. Information about reportable segment profit or loss, assets and liabilities

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

The goods in the General and Project segments comprise ceramic tiles, stone and wood furnishing for residential and commercial properties.

4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

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

- General segment includes retail "walk-in" customers who purchase their requirements from the showrooms or customers (such as architecture, interior design and renovation firms) who make ad-hoc purchases for home renovation or small property development. The quantities purchased are typically small.

- Project segment includes customers who are usually involved in major property development projects, in residential, commercial, public and industrial sectors. Project customers include architecture firms, property developers and construction companies.

- Manufacturing segment includes manufacturing of ceramic tiles that cater to the customers' requirements and specifications. The quantities are generally large orders. The customers include property developers, wholesalers and distributors.

- Others segment relates to investing activities including net rental collected from properties.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those used by the group.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation and amortisation, finance cost, income taxes and share of profit from investee companies ("Recurring EBITDA"); and (2) operating results before income taxes and other unallocated items ("ORBIT").

4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations

The tables below illustrated the information about the reportable segment profit or loss, assets and liabilities.

	General $'000	Project $'000	Manufacturing $'000	Others $'000	Unallocated $'000	Group $'000
2024:						
Total revenue by segment	161,164	96,957	64,253	–	–	322,374
Inter-segment sales	(24,007)	(17,465)	(17,766)	–	–	(59,238)
Total revenue	137,157	79,492	46,487	–	–	263,136
Recurring EBITDA	37,308	21,969	(5,022)	428	884	55,567
Amortisation and depreciation expense	(8,408)	(1,971)	(672)	(1,582)	–	(12,633)
Finance costs	(6,141)	(461)	(1,719)	(3,855)	–	(12,176)
Negative goodwill arising from bargain purchase	–	–	–	529	–	529
Fair value gain on remeasurement of the previously held interests in the investee	–	–	–	446	–	446
Allowance for impairment of intangible assets	–	–	–	(898)	–	(898)
Gain on disposal of an investment property	–	–	–	3,759	–	3,759
Share of profit from an equity-accounted associate	–	–	–	1,528	–	1,528
Share of profit from a equity-accounted joint venture	–	–	–	787	–	787
ORBIT	22,759	19,537	(7,413)	1,142	884	36,909
Income tax expense						(8,210)
Profit, net of tax						28,699

4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations (cont'd)

The tables below illustrated the information about the reportable segment profit or loss, assets and liabilities. (cont'd)

	General $'000	Project $'000	Manufacturing $'000	Others $'000	Unallocated $'000	Group $'000
2023:						
Total revenue by segment	164,304	102,439	6,923	–	–	273,666
Inter-segment sales	(24,572)	(21,180)	(1,492)	–	–	(47,244)
Total revenue	139,732	81,259	5,431	–	–	226,422
Recurring EBITDA	39,896	16,410	(2,775)	4,182	554	58,267
Amortisation and depreciation expense	(7,660)	(1,540)	(80)	(1,534)	–	(10,814)
Finance costs	(5,030)	(200)	(462)	(3,799)	–	(9,491)
Fair value gain on remeasurement of the previously held interests in the investee	–	–	–	7,507	–	7,507
Share of profit from an equity-accounted associate	–	–	–	3,220	–	3,220
Share of profit from equity-accounted joint ventures	–	–	–	280	–	280
ORBIT	27,206	14,670	(3,317)	9,856	554	48,969
Income tax expense						(8,873)
Profit, net of tax						40,096

4. Financial information by operating segments (cont'd)

4C. Assets, liabilities and reconciliations

	General $'000	Project $'000	Manufacturing $'000	Others $'000	Group $'000
2024:					
Segment assets	**302,035**	**57,493**	**98,546**	**53,937**	**512,011**
Segment liabilities	**234,725**	**38,393**	**76,507**	**16,653**	**366,278**
Deferred tax liabilities					**1,634**
Income tax payable					**8,339**
Total liabilities					**376,251**
2023:					
Segment assets	299,167	66,376	55,854	50,204	471,601
Segment liabilities	236,330	41,913	41,757	15,195	335,195
Deferred tax liabilities					1,768
Income tax payable					8,803
Total liabilities					345,766

4D. Other material items and reconciliations

	General $'000	Project $'000	Manufacturing $'000	Others $'000	Group $'000
Impairment of assets:					
2024	**(927)**	**733**	**–**	**898**	**704**
2023	(577)	734	–	–	157
Expenditure for non-current assets:					
2024	**5,509**	**173**	**1,970**	**4,877**	**12,529**
2023	5,363	173	13,738	4,093	23,367

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4. Financial information by operating segments (cont'd)

4E. Geographical information

	Revenue		Non-current assets	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**167,049**	176,681	**245,511**	251,280
Malaysia	**53,879**	33,020	**26,745**	19,485
Socialist Republic of Vietnam	**673**	322	**20,265**	20,351
People's Republic of China	**4,959**	1,066	**7,318**	8,174
Republic of the Union of Myanmar	**488**	150	**999**	210
United States of America	**28,953**	7,812	**–**	–
Taiwan	**3,099**	2,429	**–**	–
Thailand	**1,231**	378	**–**	–
Australia	**512**	519	**–**	–
Philippines	**470**	221	**–**	–
Republic of Indonesia	**368**	181	**–**	–
Japan	**294**	687	**–**	–
Hong Kong	**255**	492	**–**	–
Cambodia	**201**	1,510	**–**	–
United Arab Emirates	**–**	218	**–**	–
Others	**705**	736	**–**	–
	263,136	226,422	**300,838**	299,500

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments.

4F. Information about major customers measured by revenue transactions

There was no customer with sale transactions over 10% of the group's revenue during the current and previous reporting years.

5. Revenue

5A. Revenue classified by type of good or service

	Group	
	2024	2023
	$'000	$'000
Sale of goods	**257,105**	218,940
Revenue from installation services	**6,031**	7,482
Total revenue	**263,136**	226,422

5B. Revenue classified by duration of contract

	Group	
	2024	2023
	$'000	$'000
Short-term contracts	**257,105**	218,940
Long-term contracts	**6,031**	7,482
Total revenue	**263,136**	226,422

5C. Revenue classified by timing of revenue recognition

	Group	
	2024	2023
	$'000	$'000
Point in time	**257,105**	218,940
Over time	**6,031**	7,482
Total revenue	**263,136**	226,422

6. Interest income

	Group	
	2024	2023
	$'000	$'000
Interest income from a joint venture (Note 3B)	**–**	67
Interest income from financial institutions	**204**	113
Total interest income	**204**	180

7. Other income and gains and (other losses)

	Group	
	2024	2023
	$'000	$'000
Rental income	**5,575**	4,983
Sales of solar energy	**193**	349
Sales of renewable energy certificates	**371**	–
Fair value losses on derivative financial instruments, net (Note 33)	**(47)**	(82)
Fair value (losses) gains on other financial assets, net (Note 22)	**(94)**	3
Foreign exchange adjustment losses, net	**(535)**	(267)
(Loss) Gain on disposal of plant and equipment	**(51)**	1
Gain on disposal of investment property	**3,759**	–
Fair value gain on remeasurement of the previously held interests in the investee (Note 37)	**446**	7,507
Foreign worker levy rebates	**15**	–
Insurance compensation	**10**	67
Negative goodwill arising from acquisition of subsidiary (Note 37)	**529**	–
Miscellaneous income	**372**	368
Other government grants income	**93**	94
Other losses	**(4)**	–
	10,632	13,023
Presented in profit or loss as:		
Other income and gains	**11,312**	13,372
Other losses	**(680)**	(349)
	10,632	13,023

8. Employee benefits expense

	Group	
	2024	2023
	$'000	$'000
Salaries, bonuses and other short-term benefits	**31,842**	29,922
Contributions to defined contribution plan	**4,474**	4,108
Total employee benefits expense	**36,316**	34,030

9. Impairment losses

	Group	
	2024	2023
	$'000	$'000
Reversal for impairment of inventories (Note 23)	**(690)**	(814)
Allowance for impairment of intangible assets (Note 18)	**898**	–
Allowance (reversal) for impairment of trade receivables:		
– Individually impaired (Note 24)	**443**	797
– Collectively impaired (Note 24)	**8**	(39)
Allowance for impairment of other receivables (Note 24)	**14**	214
Bad debts recovered – trade receivables	**(18)**	(18)
Bad debts written-off – trade receivables	**49**	17
Total impairment losses	**704**	157

10. Finance costs

	Group	
	2024	2023
	$'000	$'000
Interest expense on:		
– Bank loans	**9,382**	7,669
– Bill payables	**1,955**	1,322
– Lease liabilities	**839**	500
Total finance costs	**12,176**	9,491

11. Other expenses

The material components and other selected components include the following:

	Group	
	2024	**2023**
	$'000	**$'000**
Hire of vehicles and machineries	**1,359**	1,742
Property tax	**1,785**	1,719
Commission	**1,845**	1,664
Upkeep of motor vehicles	**1,252**	1,359
Utilities expense	**1,825**	1,048
Expense relating to short-term leases (Note 30)	**592**	308
Audit fees paid to:		
– Independent auditors of the company	**341**	310
– Other independent auditors	**154**	102
Non-audit fees paid to:		
– Independent auditors of the company	**53**	53
– Other independent auditors	**155**	27

12. Income tax

12A. Components of tax expense recognised in profit or loss

	Group	
	2024	**2023**
	$'000	**$'000**
Current tax expense:		
Current tax expense	**8,356**	8,963
Over adjustments in respect of prior years	**(12)**	(40)
Subtotal	**8,344**	8,923
Deferred tax income:		
Deferred tax income	**(24)**	(51)
(Over) under adjustments in respect of prior years	**(110)**	1
Subtotal	**(134)**	(50)
Total income tax expense	**8,210**	8,873

12. Income tax (cont'd)

12A. Components of tax expense recognised in profit or loss (cont'd)

The reconciliation of income taxes below is determined by applying Singapore corporate tax rate. The income tax in profit or loss varied from the amount determined by applying the Singapore income tax rate of 17% (2023: 17%) to profit before income tax as a result of the following differences:

	Group	
	2024	**2023**
	$'000	**$'000**
Profit before income tax	**36,909**	48,969
Less:		
– Share of profit from an equity-accounted associate	**(1,528)**	(3,220)
– Share of profit from an equity-accounted joint venture	**(787)**	(280)
	34,594	45,469
Income tax expense at the above rate	**5,881**	7,730
Effect of different tax rates in different countries	**166**	157
Expenses not deductible for tax purposes	**2,442**	1,164
Tax exemptions	**(157)**	(139)
Over adjustments in respect of prior years	**(122)**	(39)
Total income tax expense	**8,210**	8,873

There are no income tax consequences of dividends to owners of the company.

12B. Deferred tax income recognised in profit or loss

	Group	
	2024	**2023**
	$'000	**$'000**
Excess of net carrying amounts over tax values of property, plant and equipment	**(302)**	138
Provision	**(15)**	23
Deferred tax on unrealised profit for inventories	**(37)**	(43)
Deferred tax on fair value adjustments on inventories arising from acquisition of a subsidiary	**(372)**	(168)
Deferred tax on recognition of intangible assets arising from acquisition of a subsidiary	**592**	–
Total deferred tax income	**(134)**	(50)

12. Income tax (cont'd)

12C. Deferred tax balance in the statement of financial position

	Group	
	2024	2023
	$'000	$'000
Excess of net carrying amounts over tax values of property, plant and equipment	**1,160**	1,462
Provision	**(182)**	(167)
Deferred tax on unrealised profit for inventories	**(328)**	(291)
Deferred tax arising from acquisition of a subsidiary:		
– Deferred tax on fair value adjustment on inventories	**(270)**	102
– Deferred tax on fair value adjustment on intangible assets	**1,254**	662
Total deferred tax liabilities	**1,634**	1,768

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising in connection with interests in subsidiaries, associate and joint venture are insignificant.

13. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2024	2023
	$'000	$'000
Profit, net of tax attributable to owners of the company	**27,551**	39,066

	Number of shares	
	2024	2023
	'000	'000
Weighted average number of equity shares:		
Basic	**430,550**	430,550

13. Earnings per share (cont'd)

The weighted average number of equity shares refers to shares in circulation during the reporting year.

Basic earnings per share ratio is calculated by dividing profit, net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during each reporting year.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective reporting years.

14. Dividends on equity shares

	Group and Company	
	2024	**2023**
	$'000	**$'000**
Second interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2022	–	3,229
Special interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2022	–	3,229
Special interim tax exempt (1-tier) dividends paid of 0.50 cent per share for FY2023	–	2,153
Interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2023	–	3,229
Second interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2023	**3,229**	–
Second special interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2023	**3,229**	–
Interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2024	**3,229**	–
Special interim tax exempt (1-tier) dividends paid of 0.50 cent per share for FY2024	**2,153**	–
Total dividends paid	**11,840**	11,840

In respect of the current reporting year, the directors have proposed that a second interim dividend of 0.75 cent per share and a second special interim dividend of 0.75 cent per share with a total of $6,458,000 be paid to shareholders. There are no income tax consequences on the company. These dividends were approved by the board of directors on 21 February 2025 and have not been included as a liability in these financial statements. The dividends were paid on 6 March 2025.

15. Property, plant and equipment

Group	Leasehold properties $'000	Plant and equipment $'000	Construction in progress $'000	Motor vehicles $'000	Total $'000
Cost:					
At 1 January 2023	115,947	25,001	–	4,121	145,069
Additions	–	14,747	3,745	782	19,274
Disposals	–	(120)	–	(155)	(275)
Acquisition of subsidiaries (Note 37)	–	2,966	–	541	3,507
Foreign exchange adjustments	(195)	(1,182)	–	(5)	(1,382)
At 31 December 2023	115,752	41,412	3,745	5,284	166,193
Additions	269	6,527	4,877	856	12,529
Disposals	–	(2,618)	–	(778)	(3,396)
Transfer to investment properties (Note 17)	–	661	(8,622)	–	(7,961)
Foreign exchange adjustments	15	1,098	–	12	1,125
At 31 December 2024	**116,036**	**47,080**	**–**	**5,374**	**168,490**
Accumulated depreciation:					
At 1 January 2023	26,367	11,255	–	3,361	40,983
Depreciation for the year	4,695	2,915	–	359	7,969
Disposals	–	(120)	–	(155)	(275)
Acquisition of subsidiaries (Note 37)	–	2,148	–	374	2,522
Foreign exchange adjustments	(69)	(62)	–	(3)	(134)
At 31 December 2023	30,993	16,136	–	3,936	51,065
Depreciation for the year	4,651	4,623	–	443	9,717
Disposals	–	(2,546)	–	(768)	(3,314)
Foreign exchange adjustments	4	163	–	2	169
At 31 December 2024	**35,648**	**18,376**	**–**	**3,613**	**57,637**
Carrying value:					
At 1 January 2023	89,580	13,746	–	760	104,086
At 31 December 2023	84,759	25,276	3,745	1,348	115,128
At 31 December 2024	**80,388**	**28,704**	**–**	**1,761**	**110,853**

15. Property, plant and equipment (cont'd)

Allocation of depreciation expense

	Group	
	2024	**2023**
	$'000	**$'000**
Capitalised as manufactured inventory costs	**1,870**	796
Expensed to profit or loss	**7,847**	7,173
	9,717	7,969

Company	**Plant and equipment $'000**	**Motor vehicles $'000**	**Total $'000**
Cost:			
At 1 January 2023 and 31 December 2023 and 31 December 2024	**2**	**506**	**508**
Accumulated depreciation:			
At 1 January 2023	2	33	35
Depreciation for the year	–	102	102
At 31 December 2023	2	135	137
Depreciation for the year	–	101	101
At 31 December 2024	**2**	**236**	**238**
Carrying value:			
At 1 January 2023	–	473	473
At 31 December 2023	–	371	371
At 31 December 2024	**–**	**270**	**270**

The annual rates of depreciation are as follows:

Leasehold properties	–	Over the terms of leases from 2% to 12%
Plant and equipment	–	10% to 33%
Motor vehicles	–	20%

As at the end of the reporting year, the group's leasehold properties with carrying amount of $77,500,000 (2023: $81,688,000) are mortgaged for bank facilities (Note 29).

Certain motor vehicles are under lease liabilities (Note 30).

16. Right-of-use assets

Group	Leasehold land $'000	Premises $'000	Total $'000
Cost:			
At 1 January 2023	146,869	3,961	150,830
Additions	–	4,419	4,419
Acquisition of subsidiaries (Note 37)	–	1,352	1,352
Foreign exchange adjustments	(179)	(72)	(251)
At 31 December 2023	146,690	9,660	156,350
Additions	–	8,884	8,884
Modifications	–	(2,350)	(2,350)
Foreign exchange adjustments	14	697	711
At 31 December 2024	**146,704**	**16,891**	**163,595**
Accumulated depreciation:			
At 1 January 2023	15,827	2,863	18,690
Depreciation for the year	1,341	1,682	3,023
Acquisition of subsidiaries (Note 37)	–	524	524
Foreign exchange adjustments	(45)	(10)	(55)
At 31 December 2023	17,123	5,059	22,182
Depreciation for the year	2,200	3,557	5,757
Foreign exchange adjustments	4	(406)	(402)
At 31 December 2024	**19,327**	**8,210**	**27,537**
Carrying value:			
At 1 January 2023	131,042	1,098	132,140
At 31 December 2023	129,567	4,601	134,168
At 31 December 2024	127,377	8,681	136,058

As at the end of the reporting year, the group's land use rights with carrying amount of $112,247,000 (2023: $113,635,000) are mortgaged for bank facilities (Note 29). The land use rights relate to parcels of lands in Singapore and People's Republic of China.

Allocation of depreciation expense

	Group 2024 $'000	Group 2023 $'000
Capitalised as manufactured inventory costs	**2,006**	330
Expensed to profit or loss	**3,751**	2,693
	5,757	3,023

16. Right-of-use assets (cont'd)

The above table includes land use rights. The details are as follows:

Group	Land use rights $'000
Cost:	
At 1 January 2023	129,008
Foreign exchange adjustments	(179)
At 31 December 2023	128,829
Foreign exchange adjustments	14
At 31 December 2024	**128,843**
Accumulated amortisation:	
At 1 January 2023	10,638
Amortisation for the year	1,341
Foreign exchange adjustments	(45)
At 31 December 2023	11,934
Amortisation for the year	1,508
Foreign exchange adjustments	5
At 31 December 2024	**13,447**
Carrying value:	
At 1 January 2023	118,370
At 31 December 2023	116,895
At 31 December 2024	**115,396**

The annual rates of depreciation are as follows:

Leasehold land	–	Over the terms of leases from 0.1% to 11.9%
Premises	–	Over the terms of leases from 3.3% to 57.9%

As at the end of the reporting year, other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	Leasehold land		Premises	
	2024	**2023**	**2024**	**2023**
Number of right-of-use assets	**13**	10	**25**	15
Remaining term – range (years)	**0.1 to 809.6**	1.0 to 810.6	**0.4 to 8.2**	1.4 to 5.2
Remaining term – average (years)	**80.0**	104.9	**3.2**	2.8
Weighted average incremental borrowing rate applied to lease liabilities	**3%**	3%	**3%**	4%

16. Right-of-use assets (cont'd)

Leasehold land

The group has made upfront payments for seven parcels of leasehold land in Singapore and People's Republic of China, which are used in the group's warehousing and business operations.

The leases from JTC Corporation are under a non-cancellable operating leases which are from eight to forty-seven years, and amounts payable are subject to annual revision. The variable rent adjustments in the JTC lease would include changes in market rental rates.

Premises

The group leases warehouses and retail shops for the purpose of warehousing and retail operations.

The leases for the group's premises are negotiated for terms of one to three years.

17. Investment properties

Group	Freehold land $'000	Freehold property $'000	Leasehold properties $'000	Total $'000
Cost:				
At 1 January 2023	3,906	370	13,567	17,843
Additions	–	–	4,093	4,093
At 31 December 2023	3,906	370	17,660	21,936
Disposals	(3,906)	(370)	–	(4,276)
Transfer from property, plant and equipment (Note 15)	–	–	7,961	7,961
At 31 December 2024	**–**	**–**	**25,621**	**25,621**
Accumulated depreciation:				
At 1 January 2023	–	123	330	453
Depreciation for the year	–	19	280	299
At 31 December 2023	–	142	610	752
Depreciation for the year	–	27	175	202
Disposals	–	(169)	–	(169)
At 31 December 2024	**–**	**–**	**785**	**785**
Carrying value:				
At 1 January 2023	3,906	247	13,237	17,390
At 31 December 2023	3,906	228	17,050	21,184
At 31 December 2024	**–**	**–**	**24,836**	**24,836**

17. Investment properties (cont'd)

The annual rates of depreciation are as follows:

Freehold land	–	Unlimited useful life and therefore is not depreciated
Freehold property	–	5%
Leasehold properties	–	5%

	Group	
	2024	**2023**
	$'000	**$'000**
Fair value at end of the year for disclosure purposes only	**31,693**	18,684
Rental income from investment properties	**1,712**	1,120
Direct operating expenses (including repairs and maintenance) arising from investment properties	**(606)**	(503)

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal.

The investment properties are leased out under operating lease. Also see Note 36 on operating lease income commitments. The management has not entered into contractual obligations for the maintenance or enhancement of the investment properties.

The investment properties are mortgaged as security for the bank facilities (Note 29).

For fair value disclosure categorised within the fair value hierarchy below, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	6-storey corner commercial building
Location:	51 Middle Road Singapore 188959
Tenure:	Leasehold 999 years with effect from 30 January 1835
Fair value:	$4,601,000 (2023: $3,928,000)
Fair value hierarchy:	Level 3 (2023: Level 3)
Valuation technique for recurring fair value measurements:	Comparison with market evidence on recent offer of sale prices for similar properties
Significant observable inputs and range (weighted average):	Price per square meter $2,778 (2023: $2,431)
Sensitivity on management's estimates – 10% variation from estimate:	Impact – lower by $460,000; higher by $460,000 (2023: Impact – lower by $393,000; higher by $393,000)

17. Investment properties (cont'd)

Asset:	11 contiguous conservation shophouses with 6-storey rear extension
Location:	161 Lavender Street Singapore 338750
Tenure:	Leasehold 99 years with effect from 2 December 2016
Fair value:	$27,092,000 (2023: $9,756,000)
Fair value hierarchy:	Level 3 (2023: Level 3)
Valuation technique for recurring fair value measurements:	Comparison with market evidence on recent offer of sale prices for similar properties
Significant observable inputs and range (weighted average):	Price per square meter $5,535 (2023: $2,322)
Sensitivity on management's estimates – 10% variation from estimate:	Impact – lower by $2,709,000; higher by $2,709,000 (2023: Impact – lower by $976,000; higher by $976,000)

The fair value of the investment property located at 51 Middle Road Singapore 188959 and 161 Lavendar Street Singapore 338750 were measured by Knight Frank Pte. Ltd., a firm of independent professional valuers, in March 2025 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment properties being valued.

Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to the market participants principally through its use in combination with other assets.

18. Intangible assets

Group	Trademark $'000	Goodwill $'000	Customer relationship $'000	Total $'000
Cost:				
At 1 January 2023	–	–	–	–
Arising from acquisition of a subsidiary (Note 37)	–	5,233	3,892	9,125
At 31 December 2023	–	5,233	3,892	9,125
Arising from acquisition of a subsidiary (Note 37)	838	–	244	1,082
At 31 December 2024	**838**	**5,233**	**4,136**	**10,207**
Accumulated amortisation and impairment:				
At 1 January 2023	–	–	–	–
Amortisation for the year	–	–	649	649
At 31 December 2023	–	–	649	649
Amortisation for the year	163	–	670	833
Impairment for the year (Note 9)	675	–	223	898
At 31 December 2024	**838**	**–**	**1,542**	**2,380**
Carrying value:				
At 1 January 2023	–	–	–	–
At 31 December 2023	–	5,233	3,243	8,476
At 31 December 2024	**–**	**5,233**	**2,594**	**7,827**

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the group's investment by each subsidiary follows:

	Group 2024 $'000	Group 2023 $'000
Subsidiary:		
Melmer Stoneworks Pte. Ltd.	**5,233**	5,233
Net book value at end of the year	**5,233**	5,233

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amounts of an asset cash-generating unit have been measured based on the fair value less costs of disposal method or the value in use method (whichever is higher) as appropriate for the separate CGUs.

18. Intangible assets (cont'd)

The value in use for each CGU was measured by management. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash–generating units are consistent with those used for the measurement last performed, where relevant, and are set out as follows:

CGU – Melmer Stoneworks Pte. Ltd.
Valuation technique and Unobservable inputs
Discounted cash flow method:

		2024	2023
1.	Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the CGUs	**12.1%**	12.1%
2.	Growth rates based on industry growth forecasts for revenue and not exceeding the average long-term growth rate for the relevant markets	**2.0%**	2.0%
3.	Cash flow forecasts derived from the most recent financial budgets and plans approved by management	**5 years** **5.0%**	5 years 5.0%

Actual outcomes could vary from these estimates. If the revised estimated gross margin at the end of the reporting year had been 5% less favourable than management's estimates at the end of the reporting year, the estimated recoverable amount would still be higher than the carrying amount of goodwill. If the revised estimated post-tax discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the estimated recoverable amount would still be higher than the carrying amount of goodwill.

19. Investments in subsidiaries

	Company	
	2024	**2023**
	$'000	**$'000**
Unquoted equity shares at cost	**9,239**	9,239
Net book value of subsidiary in the books of the company	**74,145**	63,098

19. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given as below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost		Effective equity held by the group	
	2024	2023	2024	2023
	$'000	$'000	%	%
Hafary Pte Ltd Singapore Importer and dealer of building materials	**9,239**	9,239	**100**	100
Held through Hafary Pte Ltd:				
Surface Project Pte. Ltd. Singapore Distribution and wholesale of building materials			**70**	70
Surface Stone Pte. Ltd. Singapore Dealer of stones for home furnishing			**90**	90
Wood Culture Pte. Ltd. Singapore Dealer of wood for home furnishing			**100**	100
Hafary Centre Pte. Ltd. Singapore Investment holding			**100**	100
Hafary Vietnam Pte. Ltd. Singapore Investment holding			**100**	100
Hafary International Pte. Ltd. Singapore Importing and distribution of building materials			**100**	100
Hafary Trademarks Pte. Ltd. Singapore Intellectual property holding and management			**100**	100
Marble Trends Pte. Ltd. [%] Singapore Dormant			**100**	100

19. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given as below (cont'd):

Name of subsidiaries, country of incorporation, place of operations and principal activities (cont'd)	**Effective equity held by the group**	
	2024	**2023**
	%	**%**
Held through Hafary Pte Ltd (cont'd):		
World Furnishing Hub Pte. Ltd. [#a] Singapore Investment holding	**100**	81
Hafary Balestier Showroom Pte. Ltd. Singapore Investment holding	**51**	51
Gres Universal Pte. Ltd. Singapore Distribution and wholesale of building materials	**56**	56
Hafary Building Materials Pte. Ltd. Singapore Investment holding	**100**	100
Hafary W+S Pte. Ltd. Singapore Storage and warehousing of furniture and related products	**100**	100
Hafary Trading Sdn. Bhd. Malaysia Trading and distribution of building materials	**100**	100
Hafary Crescent Pte. Ltd. Singapore Cutting, shaping and finishing of stone and other holding companies (investment holding)	**100**	100
Hafary Element Pte. Ltd. Singapore Investment holding	**95**	95

19. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given as below (cont'd):

Name of subsidiaries, country of incorporation, place of operations and principal activities (cont'd)	**Effective equity held by the group**	
	2024	**2023**
	%	**%**
Held through Hafary Pte Ltd (cont'd):		
Hafary Flagship Store Pte. Ltd. Singapore Investment holding	**100**	100
Melmer Stoneworks Pte. Ltd. Singapore Cutting, shaping and finishing of stone	**50**	50
Hafary Bathroom Pte. Ltd. Singapore (Incorporated on 28 August 2024) Trading and distribution of sanitary wares	**100**	–
Hafary Shanghai Pte. Ltd. Singapore (Incorporated on 3 September 2024) Investment holding	**100**	–
Held through Hafary International Pte. Ltd.:		
Foshan Hafary Trading Co., Limited People's Republic of China Importing, exporting and distribution of building materials	**100**	100
Held through Hafary Element Pte. Ltd.:		
International Ceramic Manufacturing Hub Pte. Ltd. Singapore Investment holding	**67**	67
Held through International Ceramic Manufacturing Hub Pte. Ltd.:		
International Ceramic Manufacturing Hub Sdn. Bhd. Malaysia Manufacturing, importing and exporting of building materials and investment holding	**67**	67

19. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given as below (cont'd):

Name of subsidiaries, country of incorporation, place of operations and principal activities (cont'd)	**Effective equity held by the group**	
	2024	**2023**
	%	**%**
Held through International Ceramic Manufacturing Hub Pte. Ltd. (cont'd):		
PT ICMH Ceramic Indonesia [@] Indonesia (Incorporated on 3 May 2024) Importing, exporting and distribution of building materials	**67**	–
Held through Hafary Building Materials Pte. Ltd.:		
Guangdong ITA Element Building Materials Co., Limited [#b] People's Republic of China Production and distribution of tiles	**65**	65
Held through Hafary Trading Sdn. Bhd. and Guangdong ITA Element Building Materials Co., Limited collectively:		
MML x Element International Pte. Ltd. Singapore Trading and distribution of building materials	**83**	83
Held through Guangdong ITA Element Building Materials Co., Limited:		
Foshan Element Building Material Co., Ltd. People's Republic of China Production and distribution of tiles	**62**	62
Foshan Element Ceramic Co., Ltd. People's Republic of China Production and distribution of tiles	**65**	65
Held through Hafary Shanghai Pte. Ltd.		
Hafary Trading (Shanghai) Co., Ltd. [@] People's Republic of China (Incorporated on 6 November 2024) Importing, exporting and distribution of building materials	**100**	–

19. Investments in subsidiaries (cont'd)

All the subsidiaries are audited by RSM SG Assurance LLP, a member firm of RSM International except for: (1) Foshan Hafary Trading Co., Limited, Guangdong ITA Element Building Materials Co., Limited and Foshan Element Ceramic Co., Ltd. are audited by SBA Stone Forest CPA Co., Ltd, an affiliated firm of RSM SG Assurance LLP for consolidation purpose; and (2) Hafary Trading Sdn. Bhd. and International Ceramic Manufacturing Hub Sdn. Bhd. are audited by RSM Malaysia PLT, a member firm of RSM International of which RSM SG Assurance LLP in Singapore is a member.

[%] In the process of liquidation.

[@] Not audited as these subsidiaries are not material to the group.

[#a] On 17 January 2024, Hafary Pte Ltd acquired an additional 19% equity interest in World Furnishing Hub Pte. Ltd. ("WFH") from its non-controlling interest for a cash consideration at $4,465,000. As a result of this acquisition, the group holds 100% interest in WFH as at 31 December 2024.

The carrying value of the non-controlling interest acquired in WFH was $361,000. The difference between the consideration and the carrying value of the additional interest acquired of $4,465,000 has been recognised as an "acquisition of a non-controlling interest without a change in control" and accounted within equity of the group.

[#b] See Note 37 to the financial statements.

The carrying amounts of non-controlling interests are as follows:

	Group	
	2024	**2023**
	$'000	**$'000**
Surface Project Pte. Ltd.	**4,889**	4,671
World Furnishing Hub Pte. Ltd.	**–**	(361)
International Ceramic Manufacturing Hub Sdn. Bhd.	**(4,105)**	(1,788)
Melmer Stoneworks Pte. Ltd.	**5,259**	4,276
Guangdong ITA Element Building Materials Co., Limited	**338**	717
Other subsidiaries with immaterial non-controlling interests	**111**	172
Total	**6,492**	7,687

Below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. These are presented before inter-company eliminations.

19. Investments in subsidiaries (cont'd)

Summarised statement of profit or loss and other comprehensive income:

	Surface Project Pte. Ltd.		World Furnishing Hub Pte. Ltd.		International Ceramic Manufacturing Hub Sdn. Bhd.		Melmer Stoneworks Pte. Ltd.		Guangdong ITA Element Building Material Co., Limited	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**22,619**	31,706	**–**	5,434	**71,406**	22,614	**12,533**	12,457	**9,533**	2,491
Profit (loss) before income tax	**4,438**	6,331	**–**	1,323	**(6,833)**	(5,232)	**2,885**	2,488	**(1,793)**	(575)
Income tax expense	**(712)**	(1,039)	**–**	(323)	**–**	–	**(419)**	(433)	**–**	(3)
Profit (loss), net of tax	**3,726**	5,292	**–**	1,000	**(6,833)**	(5,232)	**2,466**	2,055	**(1,793)**	(578)
Total comprehensive income (loss)	**3,726**	5,292	**–**	1,000	**(6,833)**	(5,232)	**2,466**	2,055	**(1,793)**	(578)
Total comprehensive income (loss) allocated to non-controlling interests	**1,118**	1,588	**–**	190	**(2,289)**	(1,753)	**1,233**	1,027	**(627)**	(202)
Dividends paid to non-controlling interests	**900**	900	**–**	–	**–**	–	**249**	197	**–**	–

19. Investments in subsidiaries (cont'd)

Summarised statement of financial position:

	Surface Project Pte. Ltd.		World Furnishing Hub Pte. Ltd.		International Ceramic Manufacturing Hub Sdn. Bhd.		Melmer Stoneworks Pte. Ltd.		Guangdong ITA Element Building Material Co., Limited	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current:										
Assets	**23,098**	22,779	**–**	766	**75,380**	37,681	**8,485**	6,845	**7,421**	8,115
Liabilities	**(6,918)**	(7,313)	**–**	(9,016)	**(88,305)**	(45,931)	**(2,707)**	(2,743)	**(6,319)**	(5,731)
Total current net assets (liabilities)	**16,180**	15,466	**–**	(8,250)	**(12,925)**	(8,250)	**5,778**	4,102	**1,102**	2,384
Non-current:										
Assets	**182**	213	**–**	45,092	**25,032**	18,761	**345**	436	**990**	1,384
Liabilities	**(21)**	(64)	**–**	(38,855)	**(10,800)**	(9,733)	**(152)**	(535)	**(642)**	(530)
Total non-current net assets	**161**	149	**–**	6,237	**14,232**	9,028	**193**	(99)	**348**	854
Net assets (liabilities)	**16,341**	15,615	**–**	(2,013)	**1,307**	778	**5,971**	4,003	**1,450**	3,238

19. Investments in subsidiaries (cont'd)

Summarised statement of cash flows:

	Surface Project Pte. Ltd.		World Furnishing Hub Pte. Ltd.		International Ceramic Manufacturing Hub Sdn. Bhd.		Melmer Stoneworks Pte. Ltd.		Guangdong ITA Element Building Material Co., Limited	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net cash flows from (used in) operating activities	**1,956**	4,622	**–**	3,385	**(17,080)**	(11,226)	**3,399**	2,738	**979**	(4,603)
Net cash flows from (used in) investing activities	**257**	(270)	**–**	(21)	**(7,897)**	(1,996)	**(62)**	(772)	**(1,158)**	4,536
Net cash flows from (used in) financing activities	**(3,072)**	(3,084)	**–**	(3,358)	**24,446**	14,044	**(2,364)**	(1,402)	**608**	303

20. Investment in an associate

	Group 2024 $'000	Group 2023 $'000
Unquoted equity shares at cost	**2,061**	2,061
Goodwill at cost	**758**	758
Share of post-acquisition profit, net of dividends	**17,446**	17,532
Carrying amount	**20,265**	20,351
Movements in carrying amount:		
At beginning of the year	**20,351**	19,423
Share of profit for the year	**1,528**	3,220
Dividends	**(1,250)**	(1,312)
Foreign exchange adjustments	**(364)**	(980)
At end of the year	**20,265**	20,351

The carrying amount of investment in the associate is denominated in Vietnamese Dong.

The details of the associate are given as below:

Name of associate, country of incorporation, place of operations and principal activities	**Equity held by the Group 2024 %**	**Equity held by the Group 2023 %**
Viet Ceramics International Joint Stock Company [#a] Socialist Republic of Vietnam Importer and dealer of building materials	**49**	49

[#a] Audited by RSM Vietnam Auditing & Consulting Limited, a member firm of RSM International of which RSM SG Assurance LLP in Singapore is a member.

20. Investment in an associate (cont'd)

The summarised financial information of the associate and the amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associate are as follows:

	Group	
	2024	2023
	$'000	$'000
Dividends received from the associate	**1,250**	1,312
Revenue	**35,971**	42,706
Profit for the year	**3,118**	6,571
Non-current assets	**3,602**	3,264
Current assets	**46,388**	42,967
Current liabilities	**(10,021)**	(6,666)
Reconciliation:		
Net assets of the associate	**39,969**	39,565
Proportion of the group's interest in the associate	**19,585**	19,387
Goodwill on acquisition	**758**	758
Intangible assets on acquisition	**90**	90
Foreign exchange (losses) gains adjustments	**(168)**	116
	20,265	20,351

21. Investment in a joint venture

	Group	
	2024	2023
	$'000	$'000
Unquoted equity shares at cost	**5**	5
Share of post-acquisition profit, net of dividends	**994**	188
Carrying amount	**999**	193
Movements in carrying amount:		
At beginning of the year	**193**	2,832
Share of profits for the year	**787**	280
Transferred to subsidiaries of the Group	**–**	(2,915)
Foreign exchange adjustments	**19**	(4)
At end of the year	**999**	193

21. Investment in a joint venture (cont'd)

The details of the joint venture are given as below:

Name of joint ventures, country of incorporation, place of operation and principal activities	**Equity held by the Group**	
	2024	**2023**
	%	**%**
Hafary Myanmar Investment Pte. Ltd. [#a] Singapore Investment holding	**33**	33

[#a] Audited by RSM SG Assurance LLP.

The group jointly controls Hafary Myanmar Investment Pte. Ltd. with other partners under the contractual agreements that require unanimous consent or two thirds of board of directors' consent for all major decisions over the relevant activities.

22. Other financial assets, non-current

	Group		**Company**	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Quoted equity investment at fair value through profit or loss	**244**	338	**244**	338
Unquoted equity shares at cost	**36**	36	**–**	–
Carrying amount	**280**	374	**244**	338
Movements in carrying amount:				
At beginning of the year	**374**	335	**338**	335
(Decrease) Increase in fair value through profit or loss under other losses (Note 7)	**(94)**	3	**(94)**	3
Acquisition from a subsidiary (Note 37)	**–**	36	**–**	–
At end of the year (Level 1)	**280**	374	**244**	338

22. Other financial assets, non-current (cont'd)

The quoted equity investment is in the retail and distribution industry in Singapore and listed Catalist which is a shares market on SGX-ST.

The fair value of the financial asset approximates to bid prices in an active market at the end of the reporting year. The financial asset is exposed to price risk of equity shares as disclosed in Note 38H.

There is no investment pledged as security for liabilities.

23. Inventories

	Group	
	2024	**2023**
	$'000	**$'000**
Goods held for resale	**116,389**	90,258
Inventories are stated after allowance. Movements in allowance:		
At beginning of the year	**18,198**	18,571
Reversed to profit or loss included in impairment losses (Note 9)	**(690)**	(814)
Acquisition of a subsidiary	**–**	451
Foreign exchange adjustments	**3**	(10)
At end of the year	**17,511**	18,198

There are no inventories pledged as security for liabilities.

24. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	**56,591**	45,127	**–**	–
Less: Allowance for impairment	**(2,082)**	(1,928)	**–**	–
Subsidiaries	**–**	–	**2,911**	3,308
Joint venture	**107**	38	**–**	–
Other related parties	**118**	951	**–**	–
Retention receivables on contracts	**2,431**	2,882	**–**	–
Net trade receivables – subtotal	**57,165**	47,070	**2,911**	3,308
Other receivables:				
Outside parties	**700**	1,038	**1**	6
Subsidiaries (Note 3D)	**–**	–	**33,517**	26,995
Joint venture (Note 3D)	**1,624**	1,575	**–**	–
Director cum a shareholder (Note 3D)	**7**	–	**–**	–
Other related parties (Note 3D)	**2,000**	3,465	**–**	–
Less: Allowance for impairment	**(483)**	(697)	**–**	–
Refundable deposits	**4,376**	3,890	**–**	–
Net other receivables – subtotal	**8,224**	9,271	**33,518**	27,001
Total trade and other receivables	**65,389**	56,341	**36,429**	30,309
Movements in above allowance on trade receivables:				
At beginning of the year	**1,928**	2,070	**–**	–
Additions – individually impaired (Note 9)	**443**	797	**–**	–
(Reversal) additions – collectively impaired (Note 9)	**8**	(39)	**–**	–
Bad debts written-off	**(297)**	(900)	**–**	–
At end of the year	**2,082**	1,928	**–**	–
Movements in above allowance on other receivables:				
At beginning of the year	**697**	483	**–**	–
Additions – individually impaired (Note 9)	**14**	214	**–**	–
Bad debts written-off	**(228)**	–	**–**	–
At end of the year	**483**	697	**–**	–

24. Trade and other receivables (cont'd)

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

As the group and company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statement of financial position except for financial guarantee contracts provided to banks (Note 38E).

(i) Concentration of credit risk

There is no significant concentration of credit risk with respect to trade receivables as the exposure is spread over a large number of counterparties and customers.

(ii) Credit risk exposure

The group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk for trade receivables by countries at the end of the reporting period, approximately:

- 57% (2023: 96%) of the group's trade receivables from Singapore.
- 43% (2023: 4%) of the group's trade receivables from other countries.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 60 days (2023: 60 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of the reporting year but not impaired:

	Group	
	2024	**2023**
	$'000	**$'000**
<u>Trade receivables:</u>		
1 to 30 days	**11,299**	6,178
31 to 60 days	**1,646**	3,729
61 to 90 days	**1,234**	1,522
Over 90 days	**6,552**	7,601
Total	**20,731**	19,030

24. Trade and other receivables (cont'd)

(b) Ageing analysis as at the end of the reporting year of trade receivable amounts that are impaired:

	Group	
	2024	2023
	$'000	$'000
Trade receivables:		
Over 90 days	**1,835**	1,689

The allowance on trade receivables above is based on individual accounts totaling $1,835,000 (2023: $1,689,000) of the group that are determined to be impaired at the end of the reporting year. These are not secured.

Expected credit losses

The expected credit losses ("ECL") on the above trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the current economic conditions. The allowance model is based on the historical observed default rates (over a period of 12 months to 18 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The ageing of the trade receivables is as follows:

Group:	Gross amount $'000	Expected loss rate %	Loss allowance $'000
2024:			
Current	**20,431**	**0.4**	**74**
1 to 30 days past due	**15,654**	**0.2**	**39**
31 to 60 days past due	**11,299**	**0.5**	**55**
61 to 90 days past due	**1,646**	**0.5**	**9**
Over 90 days past due	**7,786**	**0.9**	**70**
Total	**56,816**	**0.5**	**247**
2023:			
Current	27,067	0.1	33
1 to 30 days past due	6,178	1.6	101
31 to 60 days past due	3,729	1.3	48
61 to 90 days past due	1,522	0.9	14
Over 90 days past due	7,601	0.6	43
Total	46,097	0.5	239

24. Trade and other receivables (cont'd)

Expected credit losses (cont'd)

The loss allowance of $247,000 (2023: $239,000) for the group is included in the allowance for impairment of trade receivables amounting to $2,082,000 as at 31 December 2024 (2023: $1,928,000). There is no collateral held as security and other credit enhancements for the trade receivables held by the group and company.

The amounts are written-off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

Other receivables are normally with no fixed terms and therefore there is no fixed maturity date. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

The loss allowance of $14,000 (2023: $214,000) for the group is included in the allowance for impairment of other receivables amounting to $483,000 as at 31 December 2024 (2023: $697,000).

25. Other non-financial assets

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Advance payments to suppliers	**6,176**	6,253	**–**	–
Contract assets (Note 25A)	**110**	175	**–**	–
Prepayments	**215**	184	**4**	2
Deposits to secure services	**51**	540	**5**	–
Lease incentives	**55**	79	**–**	–
Total other non-financial assets	**6,607**	7,231	**9**	2

25A. Contract assets

	Group	
	2024	**2023**
	$'000	**$'000**
Consideration for work completed but not billed	**110**	175
The movements in contract assets are as follows:		
At beginning of the year	**175**	378
Cost incurred during the year on uncompleted contracts	**1,678**	1,846
Transfers to trade receivables	**(1,743)**	(2,049)
At the end of the year	**110**	175

25. Other non-financial assets (cont'd)

25A. Contract assets (cont'd)

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting year:

	Group	
	2024	**2023**
	$'000	**$'000**
Expected to be recognised as revenue within 1 year	**110**	175

The contract assets are for: entity's rights to consideration for work completed but not billed at the reporting date on the contracts; costs incurred to obtain or fulfil a contract with a customer; costs to obtain contracts with customers; pre-contract costs and setup costs; and the amount of amortisation and any impairment losses recognised in the reporting year. The contract assets are transferred to the receivables when the rights become unconditional.

26. Cash and cash equivalents

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Not restricted in use	**21,993**	17,382	**51**	39
Cash pledged for bank facilities #	**515**	515	**–**	–
	22,508	17,897	**51**	39

The interest earning balances are not significant.

This is for amounts held by bankers to cover the bank facilities granted.

26A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2024	**2023**
	$'000	**$'000**
Amount as shown above	**22,508**	17,897
Cash pledged for bank facilities	**(515)**	(515)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	**21,993**	17,382

26. Cash and cash equivalents (cont'd)

26B. Non-cash transactions

	Group 2024 $'000	Group 2023 $'000
Acquisitions of certain assets under property, plant and equipment that remains unpaid included under other payables	**(423)**	–
Acquisitions of certain assets under property, plant and equipment or right-of-use assets under lease contracts	**(4,419)**	(4,744)
	(4,842)	(4,744)

26C. Reconciliation of liabilities arising from financing activities

Group:	At beginning of the year $'000	Cash flows $'000	Non-cash changes $'000	At end of the year $'000
2024:				
Long-term borrowings	**168,199**	**(16,144)**	**–**	**152,055**
Short-term borrowings	**86,302**	**37,549**	**–**	**123,851**
Lease liabilities	**18,442**	**(5,039)**	**8,794**[a]	**22,197**
Total liabilities from financing activities	**272,943**	**16,366**	**8,794**	**298,103**
2023:				
Long-term borrowings	173,016	(5,936)	1,119[b]	168,199
Short-term borrowings	76,130	9,550	622[b]	86,302
Lease liabilities	14,398	(1,595)	5,639[a]	18,442
Total liabilities from financing activities	263,544	2,019	7,380	272,943

[a] Interest expense and additions of right-of-use assets under lease contracts.
[b] Arising from acquisition of subsidiaries (Note 37).

27. Share capital

	Group and Company Number of shares issued '000	Group and Company Share capital $'000
Ordinary shares of no par value:		
Balance at 1 January 2023, 31 December 2023 and 31 December 2024	430,550	26,930

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

27. Share capital (cont'd)

Capital management:

In order to maintain its listing on the SGX-ST, it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. There were no changes in the approach to capital management during the reporting year. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2024	**2023**
	$'000	**$'000**
Net debt:		
All current and non-current borrowings including leases	**298,103**	272,943
Less: Cash and cash equivalents	**(22,508)**	(17,897)
Net debt	**275,595**	255,046
Adjusted capital:		
Total equity	**135,760**	125,835
Debt-to-adjusted capital ratio	**203.0%**	202.7%

The increase in the debt-to-capital ratio for the reporting year resulted primarily from the increased borrowings during the reporting year.

28. Foreign currency translation reserve

The foreign currency translation reserve represents exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the group. This reserve is not available for cash dividends unless realised.

29. Loans and borrowings

	Group	
	2024	**2023**
	$'000	**$'000**
Non-current:		
With floating interest rates:		
Bank loan H (secured) (Note 29E)	**33,549**	–
Bank loan P (secured) (Note 29I)	**10,849**	11,324
Bank loan S (secured) (Note 29K)	**588**	–
Bank loan U (secured) (Note 29M)	**56,100**	59,100
Bank loan Y (unsecured) (Note 29N)	**6,086**	7,850
Subtotal	**107,172**	78,274
With fixed interest rates:		
Bank loan F (secured) (Note 29C)	**6,399**	7,527
Bank loan H (secured) (Note 29E)	**–**	35,275
Bank loan I (secured) (Note 29F)	**4,865**	6,081
Bank loan J (secured) (Note 29F)	**4,378**	5,473
Bank loan K (secured) (Note 29G)	**–**	1,976
Bank loan M (unsecured) (Note 29H)	**–**	388
Bank loan N (unsecured) (Note 29H)	**–**	430
Bank loan O (unsecured) (Note 29H)	**–**	118
Bank loan Q (unsecured) (Note 29H)	**226**	608
Bank loan R (secured) (Note 29J)	**23,639**	24,774
Bank loan S (secured) (Note 29K)	**–**	976
Bank loan T (secured) (Note 29L)	**5,376**	5,815
Bank loan W (unsecured) (Note 29H)	**–**	484
Subtotal	**44,883**	89,925
Non-current, total	**152,055**	168,199

29. Loans and borrowings (cont'd)

	Group	
	2024	2023
	$'000	$'000
Current:		
With floating interest rates:		
Bank loan A (secured) (Note 29A)	**8,000**	8,500
Bank loan B (secured) (Note 29A)	**8,000**	8,000
Bank loan C (secured) (Note 29A)	**–**	1,000
Bank loan D (unsecured) (Note 29B)	**10,200**	8,000
Bank loan E (unsecured) (Note 29B)	**3,500**	3,500
Bank loan G (secured) (Note 29D)	**3,750**	3,750
Bank loan H (secured) (Note 29E)	**2,345**	–
Bank loan L (secured) (Note 29A)	**2,000**	5,500
Bank loan P (secured) (Note 29I)	**472**	449
Bank loan S (secured) (Note 29K)	**562**	–
Bank loan U (secured) (Note 29M)	**3,000**	2,500
Bank loan V (unsecured) (Note 29B)	**12,000**	6,000
Bank loan X (unsecured) (Note 29B)	**1,522**	1,436
Bank loan Y (unsecured) (Note 29N)	**2,435**	1,340
Bank loan Z (unsecured) (Note 29B)	**–**	2,872
Bank loan AA (unsecured) (Note 29O)	**485**	297
Bank loan AB (unsecured) (Note 29B)	**3,000**	–
Bank loan AC (unsecured) (Note 29B)	**1,522**	–
Bank loan AD (unsecured) (Note 29B)	**1,522**	–
Bank loan AE (unsecured) (Note 29B)	**932**	–
Bank loan AF (unsecured) (Note 29B)	**2,000**	–
Trust receipts and bills payable (Note 29P)	**49,855**	22,212
Subtotal	**117,102**	75,356
With fixed interest rates:		
Bank loan F (secured) (Note 29C)	**1,066**	1,066
Bank loan H (secured) (Note 29E)	**–**	2,945
Bank loan I (secured) (Note 29F)	**1,216**	1,216
Bank loan J (secured) (Note 29F)	**1,095**	1,095
Bank loan K (secured) (Note 29G)	**–**	172
Bank loan M (unsecured) (Note 29H)	**388**	765
Bank loan N (unsecured) (Note 29H)	**430**	507
Bank loan O (unsecured) (Note 29H)	**118**	126
Bank loan Q (unsecured) (Note 29H)	**382**	374
Bank loan R (secured) (Note 29J)	**1,135**	1,135
Bank loan S (secured) (Note 29K)	**–**	479
Bank loan T (secured) (Note 29L)	**439**	432
Bank loan W (unsecured) (Note 29H)	**480**	634
Subtotal	**6,749**	10,946
Current, total	**123,851**	86,302
Total	**275,906**	254,501
The non-current portion is repayable as follows:		
Due within two to five years	**98,983**	108,310
After five years	**53,072**	59,889
Total non-current portion	**152,055**	168,199

29. Loans and borrowings (cont'd)

The ranges of fixed interest rates per annum paid were as follows:

	Group	
	2024	2023
	%	%
Bank loan F (secured)	**1.58**	1.58
Bank loan H (secured)	**–**	1.55
Bank loan I (secured)	**1.58**	1.58
Bank loan J (secured)	**1.58**	1.58
Bank loan K (secured)	**1.58**	1.58
Bank loan M (unsecured)	**2.00**	2.00
Bank loan N (unsecured)	**2.00**	2.00
Bank loan O (unsecured)	**2.00**	2.00
Bank loan Q (unsecured)	**2.00**	2.00
Bank loan R (secured)	**1.50 to 3.40**	1.50
Bank loan S (secured)	**–**	1.30
Bank loan T (secured)	**1.50**	1.50
Bank loan W (unsecured)	**2.00**	2.00

The ranges of floating interest rates per annum paid were as follows:

	Group	
	2024	2023
	%	%
Bank loan A (secured)	**4.20 to 5.09**	4.69 to 5.17
Bank loan B (secured)	**4.44 to 5.09**	4.69 to 5.08
Bank loan C (secured)	**4.76 to 5.62**	5.33 to 5.94
Bank loan D (unsecured)	**4.37 to 5.35**	4.82 to 5.72
Bank loan E (unsecured)	**4.55 to 5.45**	5.20 to 5.50
Bank loan G (secured)	**4.20 to 5.05**	4.69 to 5.08
Bank loan L (secured)	**1.55 to 4.67**	5.33 to 5.94
Bank loan P (secured)	**4.48 to 4.71**	1.30
Bank loan U (secured)	**3.55 to 4.70**	3.58 to 4.73
Bank loan V (unsecured)	**4.10 to 4.95**	3.71 to 5.07
Bank loan X (unsecured)	**4.98 to 5.07**	3.41 to 4.98
Bank loan Y (unsecured)	**5.25 to 5.31**	5.10 to 5.14
Bank loan Z (unsecured)	**3.79 to 5.07**	4.97 to 4.98
Bank loan AA (unsecured)	**3.75 to 3.90**	3.75
Bank loan AB (unsecured)	**4.78 to 4.87**	–
Bank loan AC (unsecured)	**4.92 to 4.93**	–
Bank loan AD (unsecured)	**4.92 to 4.94**	–
Bank loan AE (unsecured)	**3.90**	–
Bank loan AF (unsecured)	**4.77**	–
Trust receipts and bills payable	**3.98 to 5.45**	1.20 to 5.95

29. Loans and borrowings (cont'd)

29A. Bank loans A, B, C and L (secured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by one lump sum within 6 months (unless rolled over for another interest period of up to 6 months).
(ii) Legal mortgage on certain leasehold properties (Note 15) and leasehold land (Note 16).
(iii) Corporate guarantee from the company.
(iv) Need to comply with certain financial covenants.

29B. Bank loans D, E, V, X, Z, AB, AC, AD, AE and AF (unsecured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by one lump sum within 6 months (unless rolled over for another interest period of up to 6 months).
(ii) Corporate guarantee from the company.
(iii) Need to comply with certain financial covenants.

29C. Bank loan F (secured)

The agreements relate to two bank loans. They provide among other matters for the following:

(i) Repayable by equal monthly instalments over 20 years from November 2011 and July 2013 respectively.
(ii) Legal mortgage on certain leasehold properties (Note 15) and leasehold land (Note 16).
(iii) Corporate guarantees from the company and a subsidiary.
(iv) Need to comply with certain financial covenants.

29D. Bank loan G (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by one lump sum within 6 months (unless rolled over for another interest period of up to 6 months), subject to yearly reduction of $750,000 over 8 years until the limit is reduced to $4,000,000.
(ii) Legal mortgage on certain leasehold properties (Note 15) and leasehold land (Note 16).
(iii) Corporate guarantees from the company and a subsidiary.
(iv) Need to comply with certain financial covenants.

29. Loans and borrowings (cont'd)

29E. Bank loan H (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by over 3 years fixed principal instalment of $125,000 each and remaining by equal monthly instalments over 12 years commencing from May 2017.
(ii) Legal mortgage on a leasehold property (Note 15) and leasehold land (Note 16).
(iii) Legal assignment of insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the leasehold property.
(iv) Joint and several corporate guarantees from the company and a subsidiary.
(v) Personal guarantee from a director cum a shareholder.
(vi) Need to comply with certain financial covenants.

29F. Bank loans I and J (secured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by equal monthly instalments over 14 years from January 2016.
(ii) Legal mortgage on certain leasehold properties (Note 15) and leasehold land (Note 16).
(iii) Corporate guarantees from the company and a subsidiary.
(iv) Need to comply with certain financial covenants.

29G. Bank loan K (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 20 years from July 2016.
(ii) Legal mortgage on an investment property (Note 17).
(iii) Assignment of rental proceeds.
(iv) Corporate guarantee from the company.
(v) Personal guarantee from a director.
(vi) Need to comply with certain financial covenants.

29H. Bank loans M, N, O, Q and W (unsecured)

The agreements for the bank loans provide among other matters for the following:

(i) The loans were drawn under the Enterprise Financing Scheme and repayable by monthly instalments over 5 years from the draw down date.
(ii) The loans have an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Corporate guarantee from the company.

29. Loans and borrowings (cont'd)

29I. Bank loan P (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 20 years.
(ii) The loan has an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a leasehold property (Note 15).
(iv) Corporate guarantee from the company.
(v) Need to comply with certain financial covenants.

29J. Bank loan R (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 25 years.
(ii) The loan has an interest servicing period for the first 6 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a leasehold land (Note 16).
(iv) Corporate guarantee from a subsidiary.
(v) Need to comply with certain financial covenants.

29K. Bank loan S (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years.
(ii) The loan has an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a leasehold property (Note 15).
(iv) Corporate guarantee from the company.
(v) Need to comply with certain financial covenants.

29L. Bank loan T (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years.
(ii) Legal mortgage on a leasehold property (Note 15).
(iii) Corporate guarantee from a subsidiary.
(iv) Need to comply with certain financial covenants.

29. Loans and borrowings (cont'd)

29M. Bank loan U (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years, commencing March 2024.
(ii) The loan has an interest servicing period for the first 15 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a mix of leasehold property (Note 15), leasehold land (Note 16) and investment property (Note 17).
(iv) Corporate guarantee from the company and a subsidiary.
(v) Need to comply with certain financial covenants.

29N. Bank loan Y (unsecured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years, commencing June 2024.
(ii) The loan has an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Corporate guarantee from the company.
(iv) Need to comply with certain financial covenants.

29O. Bank loan AA (unsecured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by one lump sum within 12 months from draw down date.

29P. Trust receipts and bills payable

These are repayable within 150 to 180 days (2023: 150 to 180 days) and are guaranteed by the company.

30. Lease liabilities

	Group	
	2024	**2023**
	$'000	**$'000**
Lease liabilities, non-current	**18,095**	15,633
Lease liabilities, current	**4,102**	2,809
	22,197	18,442

30. Lease liabilities (cont'd)

Movements of lease liabilities for the reporting year are as follows:

	Group	
	2024	2023
	$'000	$'000
At beginning of reporting year	**18,442**	14,398
Additions	**8,985**	4,439
Acquisition from subsidiaries (Note 37)	**–**	841
Modification	**(1,767)**	–
Accretion of interest	**839**	500
Lease payments – principal portion paid	**(5,039)**	(1,595)
Interest paid	**(22)**	(8)
Foreign exchange adjustments	**759**	(133)
At end of reporting year	**22,197**	18,442

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

Certain leases are secured by the lessors' charge over the leased assets as follows:

	Group	
	2024	2023
	$'000	$'000
Carrying amounts of motor vehicles and office equipment under lease liabilities	**789**	433

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

A summary of the maturity analysis of lease liabilities is disclosed in Note 38E. Total cash outflows from leases are shown in the consolidated statement of cash flows. The related right-of-use assets are disclosed in Note 16.

During the reporting year, expense of the group relating to short-term leases included in other expenses was $592,000 (2023: $308,000) (Note 11).

31. Provision

	Group	
	2024	2023
	$'000	$'000
Provision for rebates	**1,070**	980
Movements in above provision:		
At beginning of the year	**980**	1,119
Additions	**1,070**	980
Used	**(980)**	(1,119)
At end of the year	**1,070**	980

The group gives rebates to its customers upon settlement of balances within average credit period granted i.e. 60 days (2023: 60 days).

32. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	**42,927**	32,874	**2,209**	2,699
Other related parties	**5,145**	12,392	**–**	–
Trade payables – subtotal	**48,072**	45,266	**2,209**	2,699
Other payables:				
Outside parties [#a]	**6,670**	6,004	**–**	–
Subsidiary (Note 3D)	**–**	–	**9,400**	9,400
Other related party (Note 3D)	**164**	1,248	**–**	–
Director cum shareholder (Note 3D)	**–**	889	**–**	–
Deposits received	**2,357**	–	**–**	–
Other payables – subtotal	**9,191**	8,141	**9,400**	9,400
Total trade and other payables	**57,263**	53,407	**11,609**	12,099

[#a] Included in other payables is a loan from CNA Pte. Ltd., a shareholder of a subsidiary, International Ceramic Manufacturing Hub Pte. Ltd., amounting to $3,687,000 (2023: $2,713,000), which is unsecured, interest-free and repayable on demand.

33. Derivative financial liabilities

	Group 2024 $'000	Group 2023 $'000
Forward foreign exchange contracts	**(48)**	(1)
The movements during the year were as follows:		
At beginning of the year	**(1)**	81
Decrease in fair value through profit or loss under other losses (Note 7)	**(47)**	(82)
At end of the year	**(48)**	(1)

33A. Forward foreign exchange contracts

The gross amounts of all notional values for contracts that have not yet been settled or cancelled at the end of the reporting year were as follows:

	Reference currency						
	United States Dollar		Euro		Chinese Renminbi		Total
Group:	Principal	Fair value	Principal	Fair value	Principal	Fair value	Fair value
Maturity	US$'000	$'000	€'000	$'000	￥'000	$'000	$'000
2024:							
Within 2 months	**188**	**–**	**1,887**	**(31)**	**3,347**	**(2)**	**(33)**
Within 3 to 4 months	**–**	**–**	**1,385**	**(15)**	**–**	**–**	**(15)**
	188	**–**	**3,272**	**(46)**	**3,347**	**(2)**	**(48)**
2023:							
Within 2 months	56	(1)	2,372	(1)	–	–	(2)
Within 3 to 4 months	–	–	2,000	2	–	–	2
Within 5 to 6 months	–	–	458	(1)	–	–	(1)
	56	(1)	4,830	–	–	–	(1)

The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

The purpose of these contracts is to mitigate the fluctuations of expected purchases (forecast transactions) denominated in the foreign currencies indicated above. The forward foreign exchange contracts are put in place in order to hedge the anticipated purchases that will be made in the foreign currencies indicated over the next reporting year.

The fair value (Level 2) of forward foreign exchange contracts is based on current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The valuation technique uses market observable inputs.

34. Other non-financial liabilities

	Group	
	2024	2023
	$'000	$'000
Contract liabilities – advance payments from customers	**9,621**	7,776
Lease incentives	**91**	88
Deferred income	**82**	–
Total other non-financial liabilities	**9,794**	7,864

The contract liabilities primarily relate to the advance consideration received from customers for which transfer of control occurs, and therefore revenue is recognised. The entity recognises revenue for each respective performance obligation when control of the goods or service transfers to the customer.

35. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2024	2023
	$'000	$'000
Commitment to purchase plant and equipment	**512**	–
Contractual obligations for construction works for investment property and property, plant and equipment	**1,349**	6,527
Total	**1,861**	6,527

36. Operating lease income commitments – as lessor

A maturity analysis of the undiscounted lease amounts to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years is as follows:

	Group	
	2024	2023
	$'000	$'000
Not later than one year	**4,500**	4,122
Between one and two years	**3,290**	2,856
Between two and three years	**730**	1,916
Between three and four years	**330**	14
Total	**8,850**	8,908
Rental income for the year (Note 7)	**5,575**	4,983

Operating lease income commitments are for certain leasehold and freehold properties. The lease rental income terms are negotiated for an average term of three years and rentals are subject to an escalation clause but the amount of rent increase is not to exceed a certain percentage.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

As the lessor, the group manages the risk associated with any rights it retains in the underlying assets including any means to reduce that risk. Such means may include, insurance coverage, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits, having clauses in the leases providing for compensation to the lessor when a property has been subjected to excess wear-and-tear during the lease term.

37. Acquisition of subsidiaries

Melmer Stoneworks Pte. Ltd. ("MSPL")

On 1 January 2023, the subsidiary of the group, Hafary Pte Ltd entered into a new Partnership Agreement ("2023 Partnership Agreement") with the existing shareholder of MSPL. Management reassessed the group's control over MSPL via its rights in the 2023 Partnership Agreement, its involvement in business and its power through its board representation and the chairman's decision making rights. Management considered the facts and has assessed that the group obtains control over MSPL.

The group has engaged an external valuer to perform the purchase price allocation exercise. The fair values of the identifiable assets, liabilities, non-controlling interest, and the resultant goodwill on the date of acquisition are as follows:

Group:	Fair value $'000
Plant and equipment	**325**
Right-of-use asset	**436**
Customer relationships	**3,892**
Inventories	**2,864**
Trade and other receivables	**3,057**
Other non-financial assets	**276**
Cash and cash equivalents	**1,103**
Other financial liabilities, non-current	**(1,119)**
Lease liabilities, non-current	**(259)**
Income tax payable	**(268)**
Deferred tax liabilities	**(932)**
Trade and other payables	**(1,405)**
Other financial liabilities, current	**(622)**
Lease liabilities, current	**(325)**
Other non-financial liabilities	**(132)**
Net identified assets	**6,891**
Less: Non-controlling interest	**(3,446)**
Add: Goodwill arising from acquisition	**5,233**
Purchase consideration, being fair value of the previously held 50% interests in the investee	**8,678**
Less: carrying value of the investment in joint venture	**(1,171)**
Fair value gain on remeasurement of the previously held interests in the investee (Note 7)	**7,507**

Net cash inflow on acquisition is as follows:

	2023 $'000
Cash and cash equivalents in subsidiary acquired	1,103
Less: Cash consideration paid	–
Net cash inflow on acquisition	1,103

37. Acquisition of subsidiaries (cont'd)

Guangdong ITA Element Building Materials Co., Limited ("ITA Element")

On 26 October 2023, the group acquired additional 15% of the existing shares ITA Element. Accordingly, the group's equity held increased from 50% to 65%.

During the reporting year ended 31 December 2024, the group has finalised the purchase price allocation exercise and the fair values of the identifiable assets, liabilities, non-controlling interest, and the resultant negative goodwill on the date of acquisition. The group has elected not to restate retrospectively, and the comparative figures remain from the previously reported amounts as the difference is not considered material to the group.

Group:	Pre-acquisition book value under SFRS(I) $'000	Fair value $'000
Plant and equipment	660	45
Other financial assets	36	36
Right-of-use asset	828	1,079
Customer relationships	–	838
Trademark	–	244
Inventories	4,075	4,484
Trade and other receivables	1,476	1,627
Other non-financial assets	1,453	2,120
Cash and cash equivalents	357	357
Lease liabilities	(841)	(1,096)
Income tax payable	(392)	(392)
Trade and other payables	(690)	(591)
Loans and borrowings	(1,821)	(1,821)
Other non-financial liabilities	(1,645)	(1,585)
Deferred tax liabilities	–	(321)
Net identified assets	3,496	5,024
Less: Non-controlling interest	(911)	(1,464)
Less: Negative goodwill arising from bargain purchase (Note 7)	–	(529)
Purchase consideration	2,585	3,031
Carrying value of the investment in the joint venture	1,744	1,744
Cash consideration paid	841	841
Fair value gain on remeasurement of the previously held interests in the investee (Note 7)	–	446
Purchase consideration, being fair value of the previously held 50% interests in the investee	2,585	3,031

Net cash outflow on acquisition is as follows:

Cash and cash equivalents in subsidiary acquired	357	357
Less: Cash consideration paid	(841)	(841)
Net cash outflow on acquisition	(484)	(484)

38. Financial instruments: information on financial risks and other explanatory information

38A. Categories of financial assets and financial liabilities

The following table categorises the carrying amounts of financial assets and financial liabilities recorded at the end of the reporting year:

	Group		Company	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Financial assets:				
Financial assets at amortised cost	**87,897**	74,238	**36,480**	30,348
Financial assets at fair value through profit or loss	**280**	374	**244**	338
	88,177	74,612	**36,724**	30,686
Financial liabilities:				
Financial liabilities at amortised cost	**355,366**	326,350	**11,609**	12,099
Derivatives financial instruments at fair value	**48**	1	**–**	–
	355,414	326,351	**11,609**	12,099

Further quantitative disclosures are included throughout these financial statements.

38B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

(i) Minimise interest rate, currency, credit and market risk for all kinds of transactions.

(ii) Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

(iii) All financial risk management activities are carried out and monitored by senior management staff.

(iv) All financial risk management activities are carried out following market practices.

(v) When appropriate, consideration is given to investing in shares or similar instruments.

(vi) When appropriate, consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38B. Financial risk management (cont'd)

The chief financial controller who monitors the procedures and reports to the Audit Committee of the board.

There have been no changes to the exposures to risks, the objectives, policies and processes for managing the risks and the methods used to measure the risks.

38C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

38D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure ECL allowance on financial assets the ECL allowance. On initial recognition, a day-1 loss is recorded equal to the 12 months ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the group applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively.

For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 26 discloses the cash and cash equivalents balances. There was no identified impairment loss.

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

Group:	**Less than 1 year $'000**	**1 to 3 years $'000**	**3 to 5 years $'000**	**More than 5 years $'000**	**Total $'000**
2024:					
Gross loans and borrowings	**134,619**	**92,211**	**22,062**	**64,228**	**313,120**
Lease liabilities	**4,840**	**5,497**	**3,026**	**16,307**	**29,670**
Trade and other payables	**57,263**	**–**	**–**	**–**	**57,263**
	196,722	**97,708**	**25,088**	**80,535**	**400,053**
2023:					
Gross loans and borrowings	94,939	40,296	83,072	67,180	285,487
Lease liabilities	3,406	4,803	1,750	15,613	25,572
Trade and other payables	53,407	–	–	–	53,407
	151,752	45,099	84,822	82,793	364,466

Company:	**Less than 1 year $'000**	**Total $'000**
2024:		
Trade and other payables	**11,609**	**11,609**
2023:		
Trade and other payables	12,099	12,099

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

	Less than 1 year	
	2024	2023
	$'000	$'000
Group:		
Forward foreign exchange contracts	**5,560**	7,125

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statements of financial position. When the counterparty has a choice of when an amount is paid, the liability is included based on the earliest date on which it can be required to pay.

Financial guarantee contracts - For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year, no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

Company:	Less than 1 year $'000	1 to 3 years $'000	3 to 5 years $'000	More than 5 years $'000	Total $'000
2024:					
Financial guarantee contracts in favour of subsidiaries	**120,860**	**74,549**	**14,519**	**33,972**	**243,900**
2023:					
Financial guarantee contracts in favour of subsidiaries	83,794	26,267	69,115	34,557	213,733

The average credit period taken to settle trade payables is about 60 days (2023: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The interest from financial assets is not material.

The following table analyses the breakdown of the significant financial instruments by type of interest rate at the end of the reporting year:

	Group	
	2024	**2023**
	$'000	**$'000**
Financial liabilities with interest:		
Fixed rates	**73,829**	119,313
Floating rates	**224,274**	153,630
	298,103	272,943

The floating rate debt instruments are with interest rates that are re-set regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2024	**2023**
	$'000	**$'000**
Financial liabilities:		
A hypothetical variation in floating interest rates by 100 basis points with all other variables held constant, would have a decrease in pre-tax profit for the year by	**2,243**	1,536

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency that is a currency other than the functional currency in which they are measured. Currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency as defined in the financial reporting standard on financial instruments:

Analysis of amounts of financial assets and financial liabilities denominated in non-functional currencies at end of the reporting year is as follows:

Group:	United States Dollar $'000	Euro $'000	Ringgit Malaysia $'000	Chinese Renminbi $'000	Total $'000
2024:					
Financial assets:					
Cash and cash equivalents	**83**	**1**	**–**	**–**	**84**
Loans and receivables	**2,085**	**16**	**11**	**–**	**2,112**
Total financial assets	**2,168**	**17**	**11**	**–**	**2,196**
Financial liabilities:					
Loans and borrowings	**–**	**(4,382)**	**–**	**–**	**(4,382)**
Trade and other payables	**(170)**	**(1,224)**	**(252)**	**(1,109)**	**(2,755)**
Total financial liabilities	**(170)**	**(5,606)**	**(252)**	**(1,109)**	**(7,137)**
Net financial assets (liabilities)	**1,998**	**(5,589)**	**(241)**	**(1,109)**	**(4,941)**
2023:					
Financial assets:					
Cash and cash equivalents	106	14	–	–	120
Loans and receivables	3,066	17	–	–	3,083
Total financial assets	3,172	31	–	–	3,203
Financial liabilities:					
Loans and borrowings	–	(8,430)	–	–	(8,430)
Trade and other payables	(212)	(1,449)	(1,109)	(418)	(3,188)
Total financial liabilities	(212)	(9,879)	(1,109)	(418)	(11,618)
Net financial assets (liabilities)	2,960	(9,848)	(1,109)	(418)	(8,415)

There is exposure to foreign currency risk as part of the group's normal business. In particular, there is significantly exposure to United States Dollar, Euro, Ringgit Malaysia and Chinese Renminbi currency risk due to the large value of purchases denominated in these currencies and the group sells its goods in Singapore Dollar. In this respect, forward foreign exchange contracts are entered into for the purpose of hedging the purchases in United States Dollar, Euro, Ringgit Malaysia and Chinese Renminbi. Note 33A disclosed the forward foreign exchange contracts in place at the end of the reporting year.

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38G. Foreign currency risk (cont'd)

Sensitivity analysis:

	Group	
	2024	**2023**
	$'000	**$'000**
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the following currencies with all other variables held constant would have an (adverse) favourable effect on pre-tax profit of:		
United States Dollar	**(200)**	(296)
Euro	**559**	985
Ringgit Malaysia	**24**	111
Chinese Renminbi	**111**	42

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the group has significant exposure at the end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

38H. Equity price risk

There are investments in equity shares or similar instruments. Such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities.

Sensitivity analysis: The effect on pre-tax profit is not significant.

39. Events after the end of the reporting year

On 3 January 2025, the group's subsidiary, Hafary Shanghai Pte. Ltd. had completed the acquisition of MML (Shanghai) Trading Co., Ltd. ("MML Shanghai"). With the completion of the acquisition, the group now holds a 100% shareholding in the issued share capital of MML Shanghai.

Management completed the initial acquisition accounting on a provisional basis as follows:

Group:	**Pre-acquisition book value under SFRS(I)** **\$'000**
Plant and equipment	**6**
Inventories	**1,054**
Trade and other receivables	**591**
Other non-financial assets	**862**
Cash and cash equivalents	**2,672**
Trade and other payables	**(2,126)**
Other financial liabilities	**(263)**
Net identified assets	**2,796**
Purchase consideration	**2,796**
Net cash inflow on acquisition is as follows:	
Cash and cash equivalents in subsidiary acquired	**2,672**
Less: Cash consideration paid	**(2,796)**
Net cash outflow on acquisition	**(124)**

40. Reclassification of comparative figures

Certain reclassification was made in the consolidated statement of profit or loss for previous reporting year. The effect of the abovementioned reclassification are as follows:

		Reclassification	
	After	**Before**	**Difference**
	\$'000	**\$'000**	**\$'000**
<u>2023 Consolidated Statement of Profit or Loss</u>			
Purchase and related costs	121,904	120,778	1,126
Amortisation and depreciation expense	10,814	11,940	(1,126)

41. Changes and adoption of financial reporting standards

For the current reporting year, the Singapore Accounting Standards Committee issued new or revised financial reporting standards. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

SFRS(I) No.	Title
SFRS(I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current
SFRS(I) 1-1	Presentation of Financial Statements- amendment relating to Non-current Liabilities with Covenants
SFRS(I) PS 2	SFRS(I) Practice Statement 2 Making Materiality Judgements

42. New or amended standards in issue but not yet effective

For the future reporting years, the Singapore Accounting Standards Committee issued certain new or revised financial reporting standards and these will only be effective for future reporting years. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the group's financial statements in the period of initial application. Those applicable to the group for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 18	Presentation and disclosures in financial statements	1 January 2027

SFRS(I) 18 Presentation and Disclosure in Financial Statements. It replaces SFRS(I) 1-1. The new version includes (a) revised presentation of specified categories and defined subtotals in the statement of profit or loss; (b) new disclosures on management-defined performance measures in the notes to the financial statements; and (c) improved disclosures of aggregation and disaggregation of balances.

STATISTICS OF SHAREHOLDINGS

As at 13 March 2025

Number of shares	:	430,550,000
Class of equity securities	:	Ordinary
Voting rights	:	One vote per ordinary share
Treasury shares and subsidiary holdings held	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	4	0.70	220	0.00*
100 - 1,000	35	6.10	16,700	0.01
1,001 - 10,000	148	25.78	997,310	0.23
10,001 - 1,000,000	375	65.33	28,860,649	6.70
1,000,001 AND ABOVE	12	2.09	400,675,121	93.06
TOTAL	**574**	**100.00**	**430,550,000**	**100.00**

* Less than 0.01%

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST	%	DEEMED INTEREST	%
HAP SENG INVESTMENT HOLDINGS PTE LTD	218,790,000	50.82	–	–
HAP SENG CONSOLIDATED BERHAD[1]	–	–	218,790,000	50.82
GEK POH (HOLDINGS) SDN BHD[1]	–	–	218,790,000	50.82
MAGIC PRINCIPLE ASSETS LIMITED[2]	–	–	218,790,000	50.82
HSBC INTERNATIONAL TRUSTEE LIMITED[2]	–	–	218,790,000	50.82
TAN SRI DATUK SERI PANGLIMA LAU CHO KUN @ LAU YU CHAK[3]	–	–	218,790,000	50.82
LOW KOK ANN[4]	36,847,403	8.56	–	–
LOW SEE CHING[4,5]	109,547,280	25.44	–	–
LOW BEE LAN AUDREY[4]	22,133,857	5.14	–	–

Notes:

(1) Gek Poh (Holdings) Sdn Bhd (“GPH”) holds a 62.64% comprising direct and indirect interest of 54.63% and 8.01% respectively in Hap Seng Consolidated Berhad (“HSCB”), which wholly-owns Hap Seng Investment Holdings Pte Ltd (“HSIHPL”). GPH and HSCB are each deemed to be interested in the 218,790,000 shares which HSIHPL is interested in, pursuant to Section 7 of the Companies Act 1967 of Singapore (the “Act”).

(2) Magic Principle Assets Limited (“MPAL”) holds a 44% interest in GPH, and is wholly-owned by HSBC International Trustee Limited (“HSBC”). MPAL and HSBC are deemed interested in the 218,790,000 shares which HSIHPL is interested in, pursuant to Section 7 of the Act.

(3) Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak holds a 56% interest in GPH, and is deemed to be interested in the 218,790,000 shares which HSIHPL is interested in, pursuant to Section 7 of the Act.

(4) Low Kok Ann is the father of Low See Ching and Low Bee Lan Audrey.

(5) 32,000,000 ordinary shares are held in the name of Hong Leong Finance Nominees Pte Ltd; 21,000,000 ordinary shares are held in the name of Maybank Securities Pte. Ltd.; and 40,000,000 ordinary shares are held in the name of CGS International Securities Singapore Pte. Ltd..

STATISTICS OF SHAREHOLDINGS

As at 13 March 2025

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HAP SENG INVESTMENT HOLDINGS PTE LTD	218,790,000	50.82
2	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	40,604,941	9.43
3	LOW KOK ANN	36,847,403	8.56
4	HONG LEONG FINANCE NOMINEES PTE LTD	32,813,500	7.62
5	LOW BEE LAN AUDREY	22,133,857	5.14
6	MAYBANK SECURITIES PTE. LTD.	21,007,600	4.88
7	LOW SEE CHING (LIU SHIJIN)	16,547,280	3.84
8	PHILLIP SECURITIES PTE LTD	3,231,360	0.75
9	PHOON WAIE KUAN	2,295,480	0.53
10	OCBC SECURITIES PRIVATE LIMITED	2,250,200	0.52
11	DBS NOMINEES (PRIVATE) LIMITED	2,208,100	0.51
12	CITIBANK NOMINEES SINGAPORE PTE LTD	1,945,400	0.45
13	GOH KEE CHOO (WU QIZHU)	995,700	0.23
14	TAN TECK YONG	880,500	0.20
15	TAY ENG KIAT JACKSON (ZHENG YINGJIE)	650,000	0.15
16	AH HOT GERARD ANDRE	630,000	0.15
17	LOW EE HWEE	630,000	0.15
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	595,359	0.14
19	EVANGELIN YEW LEET LING (EVANGELIN YAO LILING)	551,400	0.13
20	RAFFLES NOMINEES (PTE.) LIMITED	523,740	0.12
	TOTAL:	**406,131,820**	**94.32**

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

10.04% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of Listing Manual of The Singapore Exchange Securities Trading Limited.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following additional information on Mr Low See Ching, is seeking re-election as Director in at the forthcoming Annual General Meeting.

Name	**:**	**Low See Ching** **Non-Independent Non-Executive Director**
Date of first appointment	:	31 January 2014 (Re-designated to Non-Independent Non-Executive Director), 6 October 2009 (Executive Director and CEO)
Age	:	50
Country of principal residence	:	Singapore
Date of last re-appointment	:	7 April 2022
The Board's comments on the re-appointment	:	The Board has considered the Nomination Committee's recommendation and assessments of Mr Low's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.
Whether appointment is executive, and if so, the area of responsibility	:	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	:	Non-Independent Non-Executive Director
Professional qualifications	:	Bachelor of Accountancy Degree, Nanyang Technological University
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	:	Son of Low Kok Ann (Executive Director and Chief Executive Officer)
Conflict of interest (including any competing business)	:	No
Working experience and occupation(s) during the past 10 years		Listed Companies: ● Hafary Holdings Limited (Non-Independent Non-Executive Director) Date of Appointment: 31 January 2014 He joined Hafary Group in 2000 and rose through the ranks to Executive Director and CEO in 2005 before relinquishing his role to be a Non-Independent Non-Executive Director in January 2014.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	**:**	**Low See Ching** **Non-Independent Non-Executive Director**
	:	● Oxley Holdings Limited (Executive Director and Deputy CEO) Date of Appointment: 1 February 2014 Prior this appointment, Mr Low served on the Board as Non-Executive Director. ● Aspen (Group) Holdings Limited (Alternate Director) Date of Appointment: 25 May 2018 He had also served on the boards of 2 other SGX-listed companies over the past 10 years. He has since stepped down from these boards.
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Rule 720(1) has been submitted to Hafary	:	Yes
Shareholding interest in the listed issuer and its subsidiaries	:	Yes
Shareholding details	:	Hafary Holdings Limited: 16,547,280 ordinary shares (under own name) Hafary Holdings Limited: 93,000,000 ordinary shares (under nominees) Hafary Balestier Showroom Pte. Ltd.: 49 ordinary shares
Other principal commitments including directorships		
Past (for the last 5 years)	:	Listed companies ● Aspen (Group) Holdings Limited (Alternate Director) Non-listed companies: ● Apdb Private Limited ● Ag Capital Pte. Ltd. ● Clearbridge Medical Group Pte. Ltd. ● Oxley Batam Pte. Ltd. ● Oxley Beryl Pte. Ltd. ● Oxley Assets Pte. Ltd. ● Oxhm Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	:	**Low See Ching** **Non-Independent Non-Executive Director**
	:	Non-listed companies: (Continued) • Oxley Module Pte. Ltd. • Oxley Niche Pte. Ltd. • Oxley Petalite Pte. Ltd. • Oxley Zircon Pte. Ltd. • Metro Global Solutions Pte. Ltd • Oxley Blossom Pte. Ltd. • Oxley Mosaic Pte. Ltd. • Automobile Pre Delivery Base Pte. Ltd. • Bullish Investment Pte. Ltd. • Galaxy Land Pte. Ltd. • Oxley Sims Pte. Ltd. • Oxley Star Pte. Ltd. • Oxley Bright Pte. Ltd. • Oxley Zest Pte. Ltd. • Oxley Zhong Xin Yi (Chongqing) Pte. Ltd. • Northbridge Road Pte. Ltd. • Oxley Shenton Holdings Pte. Ltd. • Oxley Thu Thiem Pte. Ltd. • Oxley & Hume Builders Pte. Ltd. • Mardos Ventures Pte. Ltd. • Tap Vision Fund One Pte. Ltd. • Oxley Florence Pte. Ltd. • Oxley Fund Management Pte. Ltd. • Oxley Japan Pte. Ltd. • Oxley Quartz Pte. Ltd. • Oxley Rising Pte. Ltd. • Oxley Singapore Opportunistic Development Fund Ltd. • Oxley Topaz Pte. Ltd. • Hume Homes Pte. Ltd. • Oxley Onyx Pte. Ltd. • Oxley Opal Pte. Ltd. • 65 Sar Pte. Ltd. • Oxley Cyprus Pte. Ltd. • Oxley Ascend Realty Pte. Ltd. • 35 Nbr Pte. Ltd. • Oxley Connections Pte. Ltd. • Oxley Jasper Pte. Ltd. • Orchard Suites Residence Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	:	**Low See Ching** **Non-Independent Non-Executive Director**
Present		<u>Listed companies</u> ● Hafary Holdings Limited (Non-Independent Non-Executive Director) ● Oxley Holdings Limited (Executive Director and Deputy CEO) <u>Non-listed companies:</u> ● 3 Tank Pte. Ltd. ● 32 HKS Pte. Ltd. ● 38 NCR Pte. Ltd. ● 39 NR Pte. Ltd. ● 40 CS Pte. Ltd. ● 44 NCR Pte. Ltd. ● 457 Balestier Pte. Ltd. ● 471 Balestier Pte. Ltd. ● 72Pago Pte. Ltd. ● 8 CR Pte. Ltd. ● 81WEL Pte. Ltd. ● 83WEL Pte. Ltd. ● Action Property Pte. Ltd. ● Agrivabriant Pte. Ltd. ● AMB Hotel Pte. Ltd. ● Apricot23 Pte. Ltd. ● Ascend Aristo Pte. Ltd. ● Ascender Capital Pte. Ltd. ● Ascender Investment Pte. Ltd. ● AV Venture Pte. Ltd. ● BA Shoppes Pte. Ltd. ● Centra Cove Pte. Ltd. ● Citrine Property Pte. Ltd. ● EC272 Pte. Ltd. ● Four Star Industries Pte Ltd ● GMTC Private Limited ● Goldprime Land Pte. Ltd. ● Hafary Balestier Showroom Pte. Ltd. ● Hafary Bathroom Pte. Ltd. ● Hafary Building Materials Pte. Ltd. ● Hafary Centre Pte. Ltd. ● Hafary Crescent Pte. Ltd. ● Hafary Element Pte. Ltd.

Name	:	**Low See Ching** **Non-Independent Non-Executive Director**
	:	Non-listed companies: (Continued) • Hafary Flagship Store Pte. Ltd. • Hafary International Pte. Ltd. • Hafary Pte. Ltd. • Hafary Shanghai Pte. Ltd. • Hafary Trademarks Pte. Ltd. • Hafary Trading (Shanghai) Co., Ltd. • Hafary Vietnam Pte. Ltd. • International Ceramic Manufacturing Hub Pte. Ltd. • International Ceramic Manufacturing Hub Sdn. Bhd. • JLBE Private Limited • Kap Hotel Investments Pte. Ltd. (Alternate Director) • Marble Trends Pte. Ltd. • Melmer Stoneworks Pte. Ltd. • Metropolitan Parking (BTSC) Pte. Ltd. • Metropolitan Parking Pte. Ltd. • MML x Element International Pte. Ltd. • Nine Mayo Pte. Ltd. • OTRM Private Limited • OWEN Private Limited • OWRD Private Limited • Oxley Amber Pte. Ltd. • Oxley Amethyst Pte. Ltd. • Oxley Asset Management Pte. Ltd. • Oxley Australia Pte. Ltd. • Oxley Bliss Pte. Ltd. • Oxley Cambodia Pte. Ltd. • Oxley China Pte. Ltd. • Oxley Consortium Pte. Ltd. • Oxley Dublin Pte. Ltd. • Oxley Garnet Pte. Ltd. • Oxley Gem Pte. Ltd. • Oxley International Holdings Pte. Ltd. • Oxley Ireland Pte. Ltd. • Oxley London Pte. Ltd. • Oxley Malaysia Pte. Ltd. • Oxley MK Development Management Pte. Ltd. • Oxley MTN Pte. Ltd. • Oxley Myanmar Pte. Ltd. • Oxley Otto Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	:	**Low See Ching** **Non-Independent Non-Executive Director**
		Non-listed companies: (Continued) • Oxley Pearl Pte. Ltd. • Oxley Sanctuary Pte. Ltd. • Oxley Serangoon Pte. Ltd. • Oxley Sparkle Pte. Ltd. • Oxley UK Pte. Ltd. • Oxley Vibes Pte. Ltd. • Oxley Vietnam Pte. Ltd. • Oxley Viva Pte. Ltd. • Oxley YCK Pte. Ltd. • Oxley-LBD Pte. Ltd. • PHS18 Pte. Ltd. • Prak Pte. Ltd. • PT ICMH Ceramic Indonesia • Rio Casa Venture Pte. Ltd. • SBR63 Pte. Ltd. • SBR65 Pte. Ltd. • Surface Project Pte. Ltd. • Surface Stone Pte. Ltd. • TAP Co-Livings Pte. Ltd. • TAP Hotels Pte. Ltd. • TAP Service Apartments Pte. Ltd. • TAP TLKR Pte. Ltd. • TAP Venture One Pte. Ltd. • TAP Venture Plus Pte. Ltd. • TAP Venture Two Pte. Ltd. • Ten SC Pte. Ltd. • The Assembly Place Holdings Pte. Ltd. • TLKR Pte. Ltd. • Tram Pte. Ltd. • Two Three Settlement Pte. Ltd. • Viet Ceramics International Joint Stock Company • W&S Flexi Pte. Ltd. • W&S Star Pte. Ltd. • Wood Culture Pte. Ltd. • Work Plus Store (AMK) Pte. Ltd. • Work Plus Store (Kallang Bahru) Pte. Ltd. • World Furnishing Hub Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name		**:**	**Low See Ching** **Non-Independent Non-Executive 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
(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
(c)	Whether there is any unsatisfied judgment against him?	:	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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name		:	**Low See Ching** **Non-Independent Non-Executive Director**
(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
(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
(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
(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
(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
	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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name		:	**Low See Ching** **Non-Independent Non-Executive Director**
	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
	iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	:	No
(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
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an issuer listed on the Exchange? If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)		:	Not Applicable

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following additional information on Ms Cheah Yee Leng, is seeking re-election as Director at the forthcoming Annual General Meeting.

Name	**:**	**Cheah Yee Leng** **Non-Independent Non-Executive Director**
Date of first appointment	:	6 March 2015
Age	:	56
Country of principal residence	:	Malaysia
Date of last re-appointment	:	7 April 2022
The Board's comments on the re-appointment	:	The Board has considered the Nomination Committee's recommendation and assessments of Ms Cheah Yee Leng's qualifications, experiences, fit and proper criteria and is satisfied that she will continue to contribute relevant knowledge, skills and experience to the Board.
Whether appointment is executive, and if so, the area of responsibility	:	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	:	Non-Independent Non-Executive Director
Professional qualifications	:	● Bachelor of Economics Degree, Monash University in Australia ● Bachelor of Laws Degree, Monash University in Australia
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	:	Yes. A director of Hap Seng Consolidated Berhad ("HSCB") and Hap Seng Investment Holdings Pte Ltd ("HSIHPL"). HSIHPL is the wholly-owned subsidiaries of HSCB and holds 50.82% shareholding in Hafary Holdings Limited.
Conflict of interest (including any competing business)	:	Yes. Common director of Malaysian Mosaic Sdn. Bhd.
Working experience and occupation(s) during the past 10 years	:	Ms Cheah Yee Leng is presently the executive director of HSCB and Hap Seng Plantations Holdings Berhad. She is also a Non-Independent Non-Executive Director of Paos Holdings Berhad. All these companies are listed on main market of Bursa Malaysia Securities Berhad.
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Rule 720(1) has been submitted to Hafary	:	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	:	**Cheah Yee Leng** **Non-Independent Non-Executive Director**
Shareholding interest in the listed issuer and its subsidiaries	:	Nil
Shareholding details	:	Nil
Other principal commitments including directorships		
Past (for the last 5 years)	:	Non-listed companies: ● HSC Manchester Holding Limited (member's voluntary winding up completed on 26 December 2021) ● MML Ceramic (Thailand) Co., Ltd (dissolution completed on 21 July 2021) ● Hap Seng Land Development (JTR) Sdn Bhd (under member's voluntary winding up) ● Hap Seng Land Development (Bangsar) Sdn Bhd (under member's voluntary winding up) ● Hafary Trading Sdn. Bhd. ● LSHC Sydney Holding Limited (member's voluntary winding up completed on 7 August 2022) ● Sunrise Strategy Sdn Bhd ● Richmore Development Sdn Bhd ● Kao Fu Bricks Sdn Bhd (liquidated w.e.f 8 February 2023) ● HS Credit (Birmingham) Ltd ● HS Credit (Manchester) Ltd ● HSC Melbourne Holding Pte. Ltd. (struck off from ACRA on 5 February 2024) ● MML Marketing Pte. Ltd. (struck off from ACRA on 6 May 2024) ● HSC Birmingham Holding Limited (struck off from Labuan Financial Services Authority on 31 May 2024) ● Hap Seng Building Materials Marketing Pte. Ltd. ● HSC Manchester Holding Pte Ltd (under striking off process w.e.f. 26 December 2024) ● MML (Shanghai) Trading Co., Ltd
Present		Listed companies: ● **Hap Seng Consolidated Berhad (Executive Director)** Including its subsidiaries, namely ● Caliber Suncity Sdn Bhd ● Desa Alam Mewah Sdn Bhd ● Eden Sunrise Sdn Bhd ● Euro-Asia Brand Holding Company Sdn Bhd ● Future Golden Development Sdn Bhd ● GLM Emerald (Sepang) Sdn Bhd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	:	**Cheah Yee Leng** **Non-Independent Non-Executive Director**
		Including its subsidiaries, namely (Continued) • Hap Seng Auto Sdn Bhd • Hap Seng Automotive Acceptance Sdn Bhd • Hap Seng Body & Paint Sdn Bhd • Hap Seng Building Materials Holdings Sdn Bhd • Hap Seng Building Materials Sdn Bhd • Hap Seng CarFleet Sdn Bhd • Hap Seng Chemicals Sdn Bhd • Hap Seng Clay Products Sdn Bhd • Hap Seng Commercial Development Sdn Bhd • Hap Seng Construction Sdn Bhd • Hap Seng Equity Sdn Bhd • Hap Seng Fertilizers Sdn Bhd • Hap Seng Hospitality Sdn Bhd • Hap Seng Investment Holdings Pte Ltd • Hap Seng Land Development (Balakong) Sdn Bhd • Hap Seng Land Development (Jesselton Hill) Sdn Bhd • Hap Seng Land Development (JTR2) Sdn Bhd • Hap Seng Land Development (Kluang) Sdn Bhd • Hap Seng Land Development (PJ) Sdn Bhd • Hap Seng Land Development (Puchong) Sdn Bhd • Hap Seng Land Development And JCA Sdn Bhd • Hap Seng Land Development Sdn Bhd • Hap Seng Land Sdn Bhd • Hap Seng Land Services Sdn Bhd • Hap Seng Leisure Sdn Bhd • Hap Seng Management Sdn Bhd • Hap Seng Management Services Sdn Bhd • Hap Seng Properties Services (Sabah) Sdn Bhd • Hap Seng Property Investment Sdn Bhd • Hap Seng Realty (Auto) Sdn Bhd • Hap Seng Realty (Autohaus) Sdn Bhd • Hap Seng Realty (KK I) Sdn Bhd • Hap Seng Realty (KL City) Sdn Bhd • Hap Seng Realty Sdn Bhd • Hap Seng Seri Alam Sdn Bhd • Hap Seng Smart Sdn Bhd • Hap Seng Star Sdn Bhd • Hap Seng Trading (BM) Sdn Bhd • Hap Seng Trading (M) Sdn Bhd • Hap Seng Trading Holdings Sdn Bhd

Name	:	**Cheah Yee Leng** **Non-Independent Non-Executive Director**
	:	Including its subsidiaries, namely (Continued) • Hap Seng Trucks Distribution Sdn Bhd • Hap Seng Trucks Sdn Bhd • HS Credit (Brisbane) Pty Ltd • HS Credit (Bristol) Ltd • HS Credit (Leeds) Ltd • HS Credit (London) Ltd • HS Credit (Nottingham) Ltd • HSC Brisbane Holding Pte Ltd • HSC Bristol Holding Pte Ltd • HSC International Limited • HSC Leeds Holding Pte Ltd • HSC London Holding Pte Ltd • HSC Nottingham Holding Pte Ltd • Inverfin Sdn Bhd • KL Midtown Sdn Bhd • Lakaran Warisan Sdn Bhd • Macro Arch (M) Sdn Bhd • Malaysian Mosaics Sdn Bhd • Menara Hap Seng Sdn Bhd • MML Marketing Sdn Bhd • My Universal Properties Sdn Bhd • Pacific Emerald Properties Sdn Bhd • Palms Edge (M) Sdn Bhd • Positive Harmony Sdn Bhd • Positive Sunland Sdn Bhd • Positive Tropical Sdn Bhd • Prosperity Projections Sdn Bhd • Prosperity Sunland Sdn Bhd • Sasco (China) Co., Ltd • Sasco Company Ltd. • Sierra Positive Sdn Bhd • Sierra Ventures Sdn Bhd • SKI Segar Sdn Bhd • Sunhill Ventures Sdn Bhd • Sunpoint Resources Sdn Bhd • Sunrise Addition Sdn Bhd • Sunrise Gardencity Sdn Bhd • Sunrise Spring Sdn Bhd • Sunrise Strategy Sdn Bhd • Suria Kapital Development Sdn Bhd • Trio Empireland Sdn Bhd • Trio Sunrise Sdn Bhd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	:	Cheah Yee Leng Non-Independent Non-Executive Director
		• **Hap Seng Plantations Holdings Berhad** Including its subsidiaries, namely • Jeroco Plantations Sdn Bhd • Hap Seng Plantations (River Estates) Sdn Bhd • Hap Seng Plantations (Wecan) Sdn Bhd • Hap Seng Plantations (Tampilit) Sdn Bhd • Hap Seng Plantations (Ladang Kawa) Sdn Bhd • Hap Seng Plantations (Kota Marudu) Sdn Bhd • Hap Seng Edible Oils Sdn Bhd • Pelipikan Plantation Sdn Bhd • Paos Holding Berhad • **Hafary Holdings Limited (Non-Independent Non-Executive Director)** Including its subsidiaries, namely • Gres Universal Pte. Ltd. • Hafary Balestier Showroom Pte. Ltd. • Hafary Bathroom Pte. Ltd. • Hafary Building Materials Pte. Ltd. • Hafary Centre Pte. Ltd. • Hafary Crescent Pte. Ltd. • Hafary Element Pte. Ltd. • Hafary Flagship Store Pte. Ltd. • Hafary International Pte. Ltd. • Hafary Pte. Ltd. • Hafary Shanghai Pte. Ltd • Hafary Trademarks Pte. Ltd. • Hafary Vietnam Pte. Ltd. • Hafary W+S Pte. Ltd. • International Ceramic Manufacturing Hub Pte. Ltd. • Marble Trends Pte. Ltd. • Melmer Stoneworks Pte. Ltd. • MML x Element International Pte. Ltd. • Surface Project Pte. Ltd. • Surface Stone Pte. Ltd. • Wood Culture Pte. Ltd. • World Furnishing Hub Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name		**:**	**Cheah Yee Leng** **Non-Independent Non-Executive 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
(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?	:	Yes. Director of MML Ceramic (Thailand) Co., Ltd (dissolution) Dissolution completed on 21 July 2021
(c)	Whether there is any unsatisfied judgment against him?	:	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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name		:	**Cheah Yee Leng** **Non-Independent Non-Executive Director**
(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
(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
(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
(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
(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
	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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name		**:**	**Cheah Yee Leng** **Non-Independent Non-Executive Director**
	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
	iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	:	No
(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
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an issuer listed on the Exchange? If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)		:	Not applicable

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following additional information on Mr Lim Wah Fong, is seeking re-election as Director at the forthcoming Annual General Meeting.

Name	**:**	**Lim Wah Fong** **Independent Director**
Date of first appointment	:	12 July 2024
Age	:	49
Country of principal residence	:	Singapore
Date of last re-appointment	:	Nil
The Board's comments on the re-appointment	:	The Board has considered the Nomination Committee's recommendation and assessments of Mr Lim's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.
Whether appointment is executive, and if so, the area of responsibility	:	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	:	Independent Director, Chairman of the Audit Committee and member of Remuneration Committee and Nominating Committee.
Professional qualifications	:	Bachelor of Business Administration Degree, National University of Singapore
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	:	No
Conflict of interest (including any competing business)	:	No
Working experience and occupation(s) during the past 10 years	:	Mr Lim has more than 20 years of capital markets experience, rising through the ranks over the years from Research Analyst to Senior Portfolio Manager. He is well versed in different asset classes across global markets and has ample experience in broking firms, hedge funds and family office. His years of analysing company balance sheet, valuation skills and macro trend forecast is an asset to the Board.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	**:**	**Lim Wah Fong** **Independent Director**
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Rule 720(1) has been submitted to Hafary	:	Yes
Shareholding interest in the listed issuer and its subsidiaries	:	Nil
Shareholding details	:	Nil
Other principal commitments including directorships		
Past (for the last 5 years)	:	Nil
Present		Listed company: Hafary Holdings Limited (Independent 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
(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
(c) Whether there is any unsatisfied judgment against him?	:	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name		:	**Lim Wah Fong** **Independent Director**
(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
(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
(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
(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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name		:	**Lim Wah Fong** **Independent Director**
(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
(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
	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
	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
	iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	:	No
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	**:**	**Lim Wah Fong** **Independent Director**
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	:	Not applicable

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following additional information on Mr Darrell Lim Chee Lek, is seeking re-election as Director at the forthcoming Annual General Meeting.

Name	**:**	**Darrell Lim Chee Lek** **Independent Director**
Date of first appointment	:	12 July 2024
Age	:	47
Country of principal residence	:	Singapore
Date of last re-appointment	:	Nil
The Board's comments on the re-appointment	:	The Board has considered the Nomination Committee's recommendation and assessments of Mr Darrell's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.
Whether appointment is executive, and if so, the area of responsibility	:	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	:	Independent Director, Chairman of the Nominating Committee and member of Remuneration Committee and Audit Committee.
Professional qualifications	:	Degrees from Oxford University (UK), Sydney University (Australia) and the National University of Singapore
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	:	No
Conflict of interest (including any competing business)	:	No
Working experience and occupation(s) during the past 10 years	:	Mr Darrell has more than 20 years of capital markets experience, and is co-founder and managing director of iCapital Asia Partners, where he focuses primarily on helping companies, both publicly-listed and privately-held, scale for long term sustainable growth.
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Rule 720(1) has been submitted to Hafary	:	Yes
Shareholding interest in the listed issuer and its subsidiaries	:	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	**:**	**Darrell Lim Chee Lek** **Independent Director**
Shareholding details	:	Nil
Other principal commitments including directorships		
Past (for the last 5 years)	:	Nil
Present		Listed company: ● Hafary Holdings Limited (Independent Director) ● BRC Asia Limited (Non-Executive & Non-Independent Director) ● Prospera Global Limited (Non-Executive and Independent Chairman) ● Coolan Group Limited *(previously known as New Silkroutes Group Limited)* (Chairman and Lead Independent Director) Non-listed companies: ● Bright Point Capital Pte. Ltd. ● E Street Capital Pte. Ltd. ● Icapital Asia Partners (Sg) Pte. Ltd. ● Pristine Islands Investment Pte. Ltd. ● Prometheus (S) Pte. Ltd. ● Prometheus-1 Pte. Ltd. ● Prometheus-2 Pte. Ltd. ● Prometheus-3 Pte. Ltd. ● Prometheus-4 Pte. Ltd. ● Prometheus-5 Pte. Ltd. ● Prometheus-6 Pte. Ltd. ● Prometheus-7 Pte. Ltd. ● Prometheus-8 Pte. Ltd. ● Prometheus-9 Pte. Ltd. ● Prometheus-10 Pte. Ltd. ● Prometheus-11 Pte. Ltd. ● Prometheus-12 Pte. Ltd. ● Prometheus-13 Pte. Ltd. ● Prometheus-14 Pte. Ltd. ● Prometheus-15 Pte. Ltd. ● Prometheus-16 Pte. Ltd. ● Zenera Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name		**:**	**Darrell Lim Chee Lek** **Independent 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
(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
(c)	Whether there is any unsatisfied judgment against him?	:	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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	:	Darrell Lim Chee Lek Independent Director
(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
(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
(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
(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
(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
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	**:**	**Darrell Lim Chee Lek** **Independent Director**
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
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	:	No
(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
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	:	Not applicable

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hafary Holdings Limited (the "**Company**") will be held at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 on Wednesday, 23 April 2025 at 12.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Statement by Directors and the Audited Financial Statements of the Company for the financial year ended 31 December 2024 together with the Independent Auditor's Report thereon.

   (Resolution 1)

2. To re-elect the following Directors of the Company who are retiring pursuant to Regulation 104 of the Constitution of the Company:

   Mr Low See Ching **(Resolution 2)**
   Ms Cheah Yee Leng **(Resolution 3)**

   Mr Low See Ching, upon re-election as Director of the Company, will remain as Non-Independent Non-Executive Director and will be considered Non-Independent.

   Ms Cheah Yee Leng, upon re-election as Director of the Company, will remain as Non-Independent Non-Executive Director and will be considered Non-Independent.

3. To re-elect the following Directors of the Company who are retiring pursuant to Regulation 108 of the Constitution of the Company:

   Mr Lim Wah Fong **(Resolution 4)**
   Mr Darrell Lim Chee Lek **(Resolution 5)**

   *Mr Lim Wah Fong, upon re-election as Director of the Company, will remain as Independent Director, Chairman of the Audit Committee and member of Nominating Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

   Mr Darrell Lim Chee Lek, upon re-election as Director of the Company, will remain as Independent Director, Chairman of the Nominating Committee and member of Audit Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

4. To approve the payment of Directors' Fees of up to S$211,788 for the financial year ended 31 December 2024. (FY2023: S$231,000)

   (Resolution 6)

5. To re-appoint RSM SG Assurance LLP as Independent Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 7)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act 1967 of Singapore, the Constitution of the Company and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be and are hereby authorised and empowered to:

(a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

(b) (notwithstanding the authority conferred by this Resolution that may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments and made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 8)**

8. **Proposed Modification and Renewal of the General Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

(a) approval be and is hereby given for the proposed modifications to and renewal of the general mandate permitting the Company, its subsidiaries and associated companies to enter into any of the transactions falling within the categories of Interested Person Transactions as set out in the Appendix to the Notice of Annual General Meeting (the "**Appendix**") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms which are not prejudicial to the interests of the Company and its minority Shareholders (as defined in the Appendix) and are in accordance with the review procedures for such Interested Person Transactions as set out in the Appendix (the "**IPT General Mandate**");

(b) the IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT General Mandate as they may think fit.

[See Explanatory Note (ii)] **(Resolution 9)**

By Order of the Board

Lee Yee Fei Mandy
Company Secretary

Singapore, 8 April 2025

Explanatory Notes:

(i) Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) Ordinary Resolution 9 proposed in item 8 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT General Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

1. Members of the Company are invited to **attend physically** at the Annual General Meeting (the "**Meeting**"). There will be no option for members to participate virtually. The Annual Report 2024, Notice of Annual General Meeting, Proxy Form, Appendix and Request Form (to request hardcopy of the Annual Report 2024 and the Appendix) will be made available by electronic means via publication on the Company's corporate website https://www.hafary.com.sg and are also made available on the SGX website at URL https://www.sgx.com/securities/company-announcements.

   Printed copies of the Notice of AGM, the Proxy Form and the Request Form will be sent to members via post. Members who wish to obtain a printed copy of the Annual Report 2024 and the Appendix should complete the Request Form and return it by post to the registered office address of the Company at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836 or via email to enquiry@hafary.com.sg **no later than 12.00 p.m. on 15 April 2025**.

2. Members (including Central Provident Fund Investment Scheme investors ("**CPF Investors**") and/or Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the Meeting by:

   (a) attending the Meeting in person;

   (b) raising questions at the Meeting or submitting questions in advance of the Meeting; and/or

   (c) voting at the Meeting:

      (i) themselves personally; or

      (ii) through their duly appointed proxy(ies).

   A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Meeting. Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

   Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF or SRS investors should approach their respective relevant intermediary or CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the Meeting, **by 5.00 p.m. on 10 April 2025**.

   A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

3. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. Duly completed and signed instrument appointing the proxy or proxies or Chairman of the Meeting as proxy must either be submitted to the Company in the following manner:

   (a) if submitted by post, to be deposited at the registered office address of the Company at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836; or

   (b) if submitted electronically, to be submitted via email to enquiry@hafary.com.sg.

   in either case, by 12.00 p.m. on 20 April 2025 (being not less than seventy-two (72) hours before the time appointed for the Meeting.

   A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed proxy forms electronically via email to enquiry@hafary.com.sg.

5. Members may submit questions related to the resolutions to be tabled for approval at the Meeting in advance of the Meeting **by 12.00 p.m. on 16 April 2025**:

   (a) by post to the registered office address of the Company at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836; or

   (b) by email to enquiry@hafary.com.sg.

   The Company will endeavour to address all substantial and relevant questions received from shareholders prior to the Meeting by publishing the responses to those questions on SGXNet and the Company's website at the URL https://www.hafary.com.sg **by 12.00 p.m. on 18 April 2025** (at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms).

   The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the Meeting via SGXNet on SGX website and the Company's website within one (1) month from the date of the Meeting.

Personal data privacy:

By submitting an instrument appointing proxy(ies) or the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy(ies) or the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

HAFARY HOLDINGS LIMITED
合發利控股有限公司
Incorporated in the Republic of Singapore
Company Registration No. 200918637C

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), who wish to appoint proxy or proxies should approach their relevant intermediary to submit their votes at least seven (7) working days before the AGM, by **10 April 2025**.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

PROXY FORM
ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of **HAFARY HOLDINGS LIMITED** (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Email Address**	**Proportion of Shareholdings**	
			No. of Shares	**%**
Address				

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Email Address**	**Proportion of Shareholdings**	
			No. of Shares	**%**
Address				

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 on Wednesday, 23 April 2025 at 12.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	**Ordinary Resolutions relating to:**	**For**	**Against**	**Abstain**
Ordinary Business:				
1	Statement by Directors and Audited Financial Statements for the financial year ended 31 December 2024			
2	Re-election of Mr Low See Ching as Director			
3	Re-election of Ms Cheah Yee Leng as Director			
4	Re-election of Mr Lim Wah Fong as Director			
5	Re-election of Mr Darrell Lim Chee Lek as Director			
6	Approval of Directors' Fees amounting up to S$211,788 for the financial year ended 31 December 2024			
7	Re-appointment of RSM SG Assurance LLP as Independent Auditor			
Special Business:				
8	Authority to issue shares			
9	Proposed Modification and Renewal of the General Mandate for Interested Person Transactions			

If you wish to exercise all your votes "For" or "Against" or "Abstain" a Resolution, please tick [✓] or [×] within the "For" or "Against" or "Abstain" box provided. Alternatively, please indicate the number of votes "For" or "Against" or "Abstain" in the relevant Resolution.

Dated this ____________ day of _________________ 2025

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company is entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

3. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM, by **5.00 p.m. on 10 April 2025**.

   A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "**Relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. The instrument appointing proxy or proxies or the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the registered office address of the Company at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836; or

   (b) if submitted electronically, be submitted via email to enquiry@hafary.com.sg.

   in either case, by 12.00 p.m. on 20 April 2025 (being not less than seventy-two (72) hours before the time appointed for the Meeting.

6. A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed proxy forms electronically via email.

7. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal (or such other methods as provided for in Section 41B of the Companies Act 1967 of Singapore) or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2025.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

OUR SHOWROOMS

Hafary Gallery

105 Eunos Avenue 3, Hafary Centre,
Singapore 409836
Tel: 6250 1368
Fax: 6383 1536
Email: eunosshowroom@hafary.com.sg

Operating hours:
Mon to Sat: 9.00am – 7.30pm
Sun and PH: 10.00am – 6.00pm

Hafary House

161 Lavender Street, Level 2,
Singapore 338750
Tel: 6250 1369
Fax: 6255 4450
Email: lavendershowroom@hafary.com.sg

Operating hours:
Mon to Sat: 9.00am – 7.30pm
Sun and PH: 10.00am – 6.00pm

Hafary Tradehub 21

18 Boon Lay Way, #01-132 Tradehub 21,
Singapore 609966
Tel: 6570 6265
Fax: 6570 8425
Email: tradehub21showroom@hafary.com.sg

Operating hours:
Mon to Sat: 10.00am – 7.00pm
Sun and PH: 10.00am – 6.00pm

The Stone Gallery by Hafary

18 Sungei Kadut Street 2,
World Furnishing Hub, Level 7
Singapore 729236
Tel: 6219 3323
Fax: 6219 3313
Email: thestonegallery@hafary.com.sg

Operating hours (By Appointment only)
Mon to Sat: 9.00am – 6.00pm

Wood Culture Flagship

11 Changi North Way, Singapore 498796
Tel: +65 6686 2133
Fax: +65 6686 2131
Email: sales@woodculture.com.sg

Operating hours:
Mon to Fri: 9.00am – 6.00pm
Sat: 9.00am – 1.00pm

Hafary Malaysia

No.18, Jalan 19/1, Seksyen 19, 46300
Petaling Jaya,
Selangor, Malaysia
Tel: +603 2027 8118 / 8119
Fax: +603 2027 8113
Email: enquiry@hafary.com.my

Operating hours:
Mon to Fri: 9.00am – 6.00pm
Sat: 9.00am – 12.30pm

ICMH Gallery

Batu 4, Jalan Batu Pahat,
86000 Kluang, Johor, Malaysia
Tel: +607 776 1406
Fax: +607 776 1382

Operating hours (By Appointment only)
Mon to Fri: 9:00am – 6:00pm

MML x Element Gallery by Hafary

Batu 4, Jalan Batu Pahat,
86000 Kluang, Johor, Malaysia
Tel: +603 2027 8118
Fax: +603 2027 8113
Email: enquiry@hafary.com.my

Operating hours (By Appointment only)
Mon to Fri: 9:00am – 6:00pm

合發利控股有限公司
HAFARY HOLDINGS LIMITED

(Company Registration No. 200918637C)
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