HAFARY HOLDINGS LIMITED
(Company Registration No. 200918637C)
(Incorporated in Singapore)
(the "Company")

MINUTES OF ANNUAL GENERAL MEETING

Place	:	8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095
Date	:	Wednesday, 23 April 2025
Time	:	12.00 p.m.
Present	:	Board of Directors Mr Foo Yong How (Fu Yonghao) (Independent Non-Executive Chairman) Mr Low Kok Ann (Executive Director and Chief Executive Officer) Mr Low See Ching (Non-Independent Non-Executive Director) Datuk Edward Lee Ming Foo, JP (Non-Independent Non-Executive Director) Ms Cheah Yee Leng (Non-Independent Non-Executive Director) Mr Lim Wah Fong (Independent Director) Mr Darrell Lim Chee Lek (Independent Director)
Present in person	:	Shareholders As per attendance list
In Attendance	:	Ms Mandy Lee (Chief Financial Officer and Company Secretary)
By Invitation	:	Auditors - RSM SG Assurance LLP Polling Agent - Boardroom Corporate & Advisory Services Pte. Ltd. Scrutineers - Reliance 3P Advisory Pte. Ltd. Other invitees - As per attendance list

Due to the restriction on the use of personal data pursuant to the provisions of the Personal Data Protection Act 2012, the names of the attendees at the Meeting will not be published in this minutes.

WELCOME ADDRESS

The Chairman welcomed all shareholders and guests to the Annual General Meeting ("AGM" or the "Meeting") of the Company. He introduced all the members of the Board of Directors, Chief Financial Officer and Company Secretary, Auditors, Polling Agent, Scrutineer to all present.

QUORUM

As a quorum was present, the Chairman declared the Meeting open at 12.00 p.m.

NOTICE OF MEETING

The Notice of Meeting dated 8 April 2025 which had been issued and made available to all shareholders by publication on the Company's website and SGXNET was taken as read.

PROCEDURES OF MEETING

The Chairman informed that in compliance with Listing Rule 730A subsection 2 of the Listing Manual of The Singapore Exchange Securities Trading Limited, all resolutions at general meeting shall be voted by poll.

The Chairman informed that the Company did not receive any question from shareholders prior to the AGM.

The Company has provided the questions received from the Securities Investors Association (Singapore) (SIAS) with Company's responses to all shareholders present at the AGM, a copy of which is annexed hereto.

The Chairman further informed that he had been appointed as proxy by some shareholders as the Chairman of the Meeting and had voted in accordance with the shareholders' instructions.

As there was no objection, the Chairman proceeded with the formalities of conducting a poll after the completion of the remaining business of the AGM.

ORDINARY BUSINESS:

1. **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 – ORDINARY RESOLUTION 1**

   Ordinary Resolution 1 was to receive and adopt the Statement by Directors and the Audited Financial Statements of the Company for the financial year ended 31 December 2024 ("AFS FY2024") together with the Independent Auditor's Report thereon.

   For record purposes, the Chairman invited all proposers and seconders to identify themselves by stating their names before they propose and second the motion.

   The Chairman proposed Ordinary Resolution 1 and requested a Shareholder to second the motion.

   The motion was duly proposed and seconded.

   The Chairman invited questions from the shareholders on the AFS FY2024. The shareholders were requested to identify themselves before they raised any questions at the Meeting. The Chairman also requested shareholders to limit themselves to a reasonable number of questions and matters that were relevant to the agenda for the AGM in consideration of the interests of other shareholders present.

   A shareholder enquired about the Company's properties in Singapore, seeking to understand the strategies behind the showroom location and the lease term of the respective properties. Mr Low See Ching ("Mr Low") replied that the property situated at Lavender has the longest lease term whereas the lease term for the property situated at Eunos is about 15 years. Mr Low further explained that opening a showroom requires significant investment, and the Company owns the properties from which it operates.

   In response to a shareholder's enquiry, Mr Low responded that the showroom at Lavender was shifted from Balestier Road in order to cover the central, east and west Singapore, providing convenience for the customers.

   A shareholder enquired about the growth potential and the future drivers for Singapore. Mr Low replied that profit margins for projects are very tight. However, the Company continues to maintain a presence in the market. Mr Low added that the Company had launched a sanitary ware division and is currently looking at new materials and products to maintain the total revenue, volume of sales and expenses every year.

   In response to shareholder's enquiry on the losses made in the manufacturing sector, Mr Low opined that there might be a breakeven this year.

   A shareholder enquired about the Company's gearing and whether the Company would reduce the current borrowings of S$300 million. Mr Low responded that the borrowings had been used to acquire various assets, such as warehouses to allow the Company to drive more sales. In the event if additional fund is needed, the Company would consider to sell the properties. Moving forward, the Company expects to reduce the borrowings over time.

2. **RE-ELECTION OF MR LOW SEE CHING AS DIRECTOR OF THE COMPANY RETIRING PURSUANT TO REGULATION 104 OF THE COMPANY'S CONSTITUTION – ORDINARY RESOLUTION 2**

Ordinary Resolution 2 dealt with the re-election of Mr Low See Ching as Director of the Company.

The Meeting was informed that Mr Low See Ching who retired as Director of the Company pursuant to Regulation 104 of the Company's Constitution had provided his consent to continue in office.

Mr Low See Ching would remain as Non-Independent Non-Executive Director of the Company upon the passing of Ordinary Resolution 2.

The Chairman proposed Ordinary Resolution 2 and requested a Shareholder to second the motion.

The motion was duly proposed and seconded.

3. **RE-ELECTION OF MS CHEAH YEE LENG AS DIRECTOR OF THE COMPANY RETIRING PURSUANT TO REGULATION 104 OF THE COMPANY'S CONSTITUTION – ORDINARY RESOLUTION 3**

Ordinary Resolution 3 dealt with the re-election of Ms Cheah Yee Leng as Director of the Company.

The Meeting was informed that Ms Cheah Yee Leng who retired as Director of the Company pursuant to Regulation 104 of the Company's Constitution, had provided her consent to continue in office.

Ms Cheah Yee Leng would remain as Non-Independent Non-Executive Director of the Company upon the passing of Ordinary Resolution 3.

The Chairman proposed Ordinary Resolution 3 and requested a Shareholder to second the motion.

The motion was duly proposed and seconded.

4. **RE-ELECTION OF MR LIM WAH FONG AS DIRECTOR OF THE COMPANY RETIRING PURSUANT TO REGULATION 108 OF THE COMPANY'S CONSTITUTION – ORDINARY RESOLUTION 4**

Ordinary Resolution 4 dealt with the re-election of Mr Lim Wah Fong as Director of the Company.

The Meeting was informed that Mr Lim Wah Fong who retired as Director of the Company pursuant to Regulation 108 of the Company's Constitution had provided his consent to continue in office.

Mr Lim Wah Fong would remain as Independent Director of the Company, Chairman of the Audit Committee and member of the Nominating Committee and Remuneration Committee and would be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited, upon the passing of Ordinary Resolution 4.

The Chairman proposed Ordinary Resolution 4 and requested a Shareholder to second the motion.

The motion was duly proposed and seconded.

5. **RE-ELECTION OF MR DARRELL LIM CHEE LEK AS DIRECTOR OF THE COMPANY RETIRING PURSUANT TO REGULATION 108 OF THE COMPANY'S CONSTITUTION – ORDINARY RESOLUTION 5**

Ordinary Resolution 5 dealt with the re-election of Mr Darrell Lim Chee Lek as Director of the Company.

The Meeting was informed that Mr Darrell Lim Chee Lek who retired as Director of the Company pursuant to Regulation 108 of the Company's Constitution had provided his consent to continue in office.

Mr Darrell Lim Chee Lek would remain as Independent Director of the Company, Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee and would be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited, upon the passing of Ordinary Resolution 4.

The Chairman proposed Ordinary Resolution 5 and requested a Shareholder to second the motion.

The motion was duly proposed and seconded.

6. **DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 - ORDINARY RESOLUTION 6**

Ordinary Resolution 6 was to approve the payment of Directors' Fees. The Board had recommended the payment of up to S$211,788 as Directors' Fees for the financial year ended 31 December 2024.

The Chairman requested two shareholders to propose and second the motion.

The motion was duly proposed and seconded.

7. **RE-APPOINTMENT OF RSM SG ASSURANCE LLP AS INDEPENDENT AUDITOR OF THE COMPANY AND THE AUTHORITY TO THE DIRECTORS OF THE COMPANY TO FIX THEIR REMUNERATION - ORDINARY RESOLUTION 7**

Ordinary Resolution 7 dealt with the re-appointment of RSM SG Assurance LLP as Independent Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.

That the retiring Independent Auditor, RSM SG Assurance LLP, had expressed their willingness to continue in office.

The Chairman proposed Ordinary Resolution 7 and requested a Shareholder to second the motion.

The motion was duly proposed and seconded.

8. **ANY OTHER ORDINARY BUSINESS**

No notice of any other ordinary business was received, the Chairman proceeded to deal with the Special Business.

SPECIAL BUSINESS:

9. **AUTHORITY TO ISSUE SHARES**
- ORDINARY RESOLUTION 8

Ordinary Resolution 8 was to authorise the Directors to issue shares 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.

The Chairman proposed Ordinary Resolution 8 and requested a Shareholder to second the motion.

The motion was duly proposed and seconded.

10. **PROPOSED MODIFICATION AND RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**
- ORDINARY RESOLUTION 9

Ordinary Resolution 9 dealt with the modification and renewal of the general mandate for the Company, the 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 the AGM.

The Meeting was informed that Hap Seng Investment Holdings Pte. Ltd., being the controlling shareholder which the Interested Persons are associates of, would abstain from voting, and undertake to ensure that its associates would abstain from voting, in respect of the resolution at the AGM, and would not accept appointments as proxies unless specific instructions as to voting are given.

The Chairman proposed Ordinary Resolution 8 and requested a Shareholder to second the motion.

The motion was duly proposed and seconded.

11. **VOTING BY POLL AND COUNTING OF VOTES**

As there were no further questions, the Chairman proceeded with the formalities of conducting a poll on the resolutions.

The Chairman informed that Reliance 3P Advisory Pte Ltd and Boardroom Corporate & Advisory Services Pte. Ltd. were appointed as Scrutineer and Polling Agent respectively.

Representative from Reliance 3P Advisory Pte Ltd was invited to explain the Polling Voting Procedure to the shareholders.

The Chairman requested shareholders to complete and sign the poll voting slips before handing over the completed and signed poll voting slips to the Scrutineer and the Polling Agent.

The Meeting paused at 12.20 p.m. for tabulation of the results of the poll.

12. **RESULTS OF THE POLL**

The Meeting resumed at 12.35 p.m.

The Chairman informed the Meeting that the votes have been counted and verified. The Chairman announced the results of the votes for the following resolutions:

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
– ORDINARY RESOLUTION 1

The poll results announced by the Chairman were as follows:

	Number of Shares	Percentage (%)
For	295,950,940	100.00
Against	400	0.00
Total Number of Valid Shares Cast	295,951,340	100.00

The Chairman declared Ordinary Resolution 1 was carried. It was RESOLVED:

That 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 be received and adopted.

RE-ELECTION OF MR LOW SEE CHING AS DIRECTOR OF THE COMPANY RETIRING PURSUANT TO REGULATION 104 OF THE COMPANY'S CONSTITUTION
– ORDINARY RESOLUTION 2

The poll results announced by the Chairman were as follows:

	Number of Shares	Percentage (%)
For	295,950,940	100.00
Against	400	0.00
Total Number of Valid Shares Cast	295,951,340	100.00

The Chairman declared that Ordinary Resolution 2 was carried. It was RESOLVED:

That Mr Low See Ching be re-elected as Director of the Company.

RE-ELECTION OF MS CHEAH YEE LENG AS DIRECTOR OF THE COMPANY RETIRING PURSUANT TO REGULATION 104 OF THE COMPANY'S CONSTITUTION
– ORDINARY RESOLUTION 3

The poll results announced by the Chairman were as follows:

	Number of Shares	Percentage (%)
For	295,950,940	100.00
Against	400	0.00
Total Number of Valid Shares Cast	295,951,340	100.00

The Chairman declared that Ordinary Resolution 3 was carried. It was RESOLVED:

That Ms Cheah Yee Leng be re-elected as Director of the Company.

RE-ELECTION OF MR LIM WAH FONG AS DIRECTOR OF THE COMPANY RETIRING PURSUANT TO REGULATION 108 OF THE COMPANY'S CONSTITUTION – ORDINARY RESOLUTION 4

The poll results announced by the Chairman were as follows:

	Number of Shares	Percentage (%)
For	295,950,940	100.00
Against	400	0.00
Total Number of Valid Shares Cast	295,951,340	100.00

The Chairman declared that Ordinary Resolution 4 was carried. It was RESOLVED:

That Mr Lim Wah Fong be re-elected as Director of the Company.

RE-ELECTION OF MR DARRELL LIM CHEE LEK AS DIRECTOR OF THE COMPANY RETIRING PURSUANT TO REGULATION 108 OF THE COMPANY'S CONSTITUTION – ORDINARY RESOLUTION 5

The poll results announced by the Chairman were as follows:

	Number of Shares	Percentage (%)
For	295,950,940	100.00
Against	400	0.00
Total Number of Valid Shares Cast	295,951,340	100.00

The Chairman declared that Ordinary Resolution 5 was carried. It was RESOLVED:

That Mr Darrell Lim Chee Lek be re-elected as Director of the Company.

DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 - ORDINARY RESOLUTION 6

The poll results announced by the Chairman were as follows:

	Number of Shares	Percentage (%)
For	295,950,940	100.00
Against	400	0.00
Total Number of Valid Shares Cast	295,951,340	100.00

The Chairman declared that Ordinary Resolution 6 was carried. It was RESOLVED:

That the payment of Directors' Fees of up to S$211,788 for the financial year ended 31 December 2024 be approved.

RE-APPOINTMENT OF RSM SG ASSURANCE LLP AS INDEPENDENT AUDITOR OF THE COMPANY AND THE AUTHORITY TO THE DIRECTORS OF THE COMPANY TO FIX THEIR REMUNERATION - ORDINARY RESOLUTION 7

The poll results announced by the Chairman were as follows:

	Number of Shares	Percentage (%)
For	295,950,940	100.00
Against	400	0.00
Total Number of Valid Shares Cast	295,951,340	100.00

The Chairman declared that Ordinary Resolution 7 was carried. It was RESOLVED:

That RSM SG Assurance LLP be re-appointed as Independent Auditor of the Company until the conclusion of the next Annual General Meeting and that the directors of the Company be authorized to fix their remuneration.

AUTHORITY TO ISSUE SHARES
- ORDINARY RESOLUTION 8

The poll results announced by the Chairman were as follows:

	Number of Shares	**Percentage (%)**
For	295,950,940	100.00
Against	400	0.00
Total Number of Valid Shares Cast	295,951,340	100.00

The Chairman declared that Ordinary Resolution 8 was carried. It was RESOLVED:

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.

PROPOSED MODIFICATION AND RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS
- ORDINARY RESOLUTION 9

The poll results announced by the Chairman were as follows:

	Number of Shares	**Percentage (%)**
For	77,160,940	100.00
Against	400	0.00
Total Number of Valid Shares Cast	77,161,340	100.00

The Chairman declared that Ordinary Resolution 9 was carried. It was RESOLVED:

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.

CONCLUSION

There being no other business to be transacted, the Chairman declared the Meeting closed at 12.40 p.m.

The Chairman informed that the Company would publish minutes of the Meeting on the SGXNET and the Company's website. The Chairman thanked everyone for their attendance.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS HELD

FOO YONG HOW (FU YONGHAO)
CHAIRMAN

ANNEXURE

HAFARY HOLDINGS LIMITED
(Company Registration No: 200918637C)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS") ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 ("ANNUAL REPORT 2024")

The Board of Directors (the "**Board**") of Hafary Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to provide the following responses to questions raised by SIAS on 14 April 2025 in connection with the Company's Annual Report 2024 released via SGXNet on 8 April 2025.

Question 1

In recent years, the group has made two major capital allocation decisions:

- It diversified upstream by entering the manufacturing segment through International Ceramic Manufacturing Hub Sdn. Bhd. (ICMHSB), which commenced production in June 2023.
- It expanded downstream with the launch of Hafary House, a retail concept incorporating commercial and residential rental opportunities.

i. What was the hurdle rate used by the board in approving the upstream diversification into manufacturing and the acquisition of 161 Lavender Street?

Hafary House, located at 161 Lavender Street, comprises 11 contiguous conservation shophouses and a 6-storey rear extension, acquired for $71.3 million, with an additional $14.2 million in capital expenditure (page 31).

ii. Given the mixed-use nature of Hafary House, including commercial and co-living[1] components, does the board view this as outside the group's core strategic focus? How was "The Assembly Place" selected to manage the co-living space?

iii. Do these recent investments materially change the risk-return profile of the group? How is the board ensuring the group's capital is being deployed in line with its long-term strategy and risk appetite?

Response:

i. In approving both the upstream diversification into manufacturing and the acquisition of 161 Lavender Street (collectively, the "**Approved Corporate Actions**"), the Board has carefully considered a host of factors, including the strategic rationale, corresponding opportunities and associated risks of both transactions, the costs to the Group of each Approved Corporate Action, as well as the likely rate of return that each Approved Corporate Action would yield to the Group. The decisions to approve the Approved Corporate Actions were made in the best interests of the shareholders and, in the Board's view, the Approved Corporate Actions were aligned with and continue to align with the Group's long-term objectives.

   The Group disclosed information (including the rationale for each of the Approved Corporate Actions) in the circular published on SGXNet on 26 October 2022 and in the SGXNet

announcement dated 22 July 2022. The Board is of the view that it has provided shareholders with all relevant and sufficient information in relation to the Approved Corporate Actions.

The Board notes that each of the Approved Corporate Actions were approved by shareholders at the extraordinary general meeting held on 26 October 2022.

ii. The Group's core business remains the supply and distribution of building materials. Nonetheless, the Board has been constantly exploring the potential growth opportunities to enhance shareholder value. The Board is of the view that the acquisition of 161 Lavender Street is a strategic investment and capable of generating steady and recurring rental income, consistent with the Group's aim to broaden and strengthen its revenue stream.

With reference to the announcement published on SGXNet on 16 July 2024, the Board has disclosed the rationale relating to the transactions with "The Assembly Place" ("**TAP**"), including (i) the Board's belief that TAP has the requisite competence and resources; and (ii) the Audit Committee's view that the transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

In appointing TAP, the Board took into consideration, among others, TAP's capability, resources and experience in providing property management services as compared with other players in the industry.

iii. The Approved Corporate Actions do have an impact on the risk-return profile of the Group, and it was for this reason that the Board had sought shareholders approval for the Approved Corporate Actions.

With the extensive industry expertise and deep understanding of the building materials and real estate sectors, the Board remains capable and is confident of ensuring that the Group's capital is deployed in line with its long-term strategy and risk appetite.

Question 2

As at 31 December 2024, the group's net debt stood at $275.6 million. Losses in the manufacturing segment widened to $(5.0) million.

While group revenue increased to $263 million, net profit declined to $28.7 million from $40.1 million the year before. Interest expense rose to $12.2 million in FY2024, mainly due to term loan interest from borrowings related to property investments and working capital needs.

At Year End	FY2024 $'000	FY2023 $'000	FY2022 $'000	FY2021 $'000	FY2020 $'000
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
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

(Adapted from company annual report; emphasis added)

i. Has the board established an internal gearing or net debt-to-equity ceiling to guide prudent capital structure decisions?

ii. What stress testing or scenario modelling has the board conducted to assess the group's debt service capacity under higher interest rates, weaker cash flow, or increasing losses in the manufacturing segment?

iii. When does management expect ICMHSB to achieve break-even or contribute positively to group EBIT? What milestones are used to monitor progress?

iv. Do the group's large investments in manufacturing and real estate materially threaten the company's capacity to continue paying dividends?

Response:

2) From the Company's Annual Report 2024 page 123, the Group's manufacturing segment's Recurring EBITDA is $(5.0) million and operating results before income taxes and other unallocated items ("ORBIT") is $(7.4) million.

i. The Board and Management monitor the Group's internal gearing and net debt-to-equity ceiling closely, including ensuring that these metrics comply with the relevant financial covenants imposed by Group's lenders. These metrics serve as key benchmarks to guide prudent capital structure and financing decisions.

The Board notes that the Group's net debt amounted to $275.6 million as at 31 December 2024. The Board would also like to highlight that the other financial metrics (Net Debt to Equity Ratio and Interest Coverage Ratio) in relation to the Group's leverage are the lowest in the most recent four full financial years. Since the Approved Corporate Actions in 2022, the Group has not entered into any significant or new business lines.

Nevertheless, the Board remains committed to maintaining a balanced capital structure that supports both growth and financial stability.

ii. The Board and Management conduct sensitivity analyses, particularly in relation to floating interest rate fluctuations, revenue shortfalls, and cost analysis across our business segments. Particular attention has been paid to the manufacturing segment, where performance volatility has been noted. The Group evaluates liquidity buffers, refinancing options, and cost containment measures to ensure resilience in more challenging economic conditions.

iii. Management expects that ICMHSB may achieve break-even this year.

The Board relies on the following milestones to monitor progress: (i) cost per unit reduction; (ii) selling price optimization; (iii) yield improvement; and (iv) sales pipeline conversion.

iv. The Group has maintained a consistent track record of delivering value to its shareholders through dividend payments in the past, despite the Approved Corporate Actions.

It is disclosed in the Company's Annual Report 2024 Page 86 that 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.

Question 3

As disclosed in the corporate governance report, the internal audit function of the group is outsourced to BDO Advisory Pte Ltd.

i. What were the scope, key findings and recommendations by the internal auditor for FY2024? Were any material control gaps or high-risk issues identified?

ii. Given that the group has expanded into manufacturing and total assets have more than doubled over the past five years, what guidance did the audit committee provide to ensure the internal audit scope remains robust and risk-aligned?

iii. Has the depth and breadth of the internal audit engagement expanded in line with the group's operational complexity and risk exposure?

iv. Were all operating subsidiaries, including overseas entities, covered in the FY2024 internal audit plan? If not, which entities were excluded, and why?

Response:

i. The FY2024 internal audit plan covered various key operational areas of the entities in Singapore, Malaysia and Vietnam, including Fixed Assets Management, HR and Payroll Management, Revenue and Receivables, Procurement and Payments, Cash and Bank Management, as well as Interested Person Transactions.

The FY2024 internal audit plan has been completed and reported to the Audit Committee ("**AC**"). There were no high-risk issues or control gaps reported for FY2024.

ii. The AC, comprising of independent members with extensive financial expertise, has been constantly providing their strategic guidance and oversight to the Management and the internal audit function. The AC ensures that the internal audit scope evolves in line with the Group's growing scale and complexity, particularly in view of the expansion into manufacturing sector. The AC has directed the internal audit function to address on the emerging potential risks and ensure the internal audit function remains robust and risk-aligned.

iii. The AC continues to direct the internal audit function and ensures that the internal audit plan effectively addresses the potential risk exposure that could arise from changing business operations and processes. Particularly, the internal audit plan has been regularly reviewed and refined to ensure comprehensive coverage of the key risk areas and processes in the Group's manufacturing operations.

iv. The FY2024 internal audit plan included major Singapore-based and overseas operating entities, based on materiality and risk. Not all subsidiaries were covered within the year, such as certain investment holding entities and entities with less than 10% contribution, in line with the internal audit prioritisation matrix. These entities are scheduled for future reviews on a rotational basis unless otherwise requested by the AC or triggered by specific risk events.