



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Hafary Holdings Limited

Stock code: 5VS

Meeting details:

Date: 23 Apr 2025

Time: 12.00 p.m.

Venue: 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095

Q1. 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-living¹ 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?**

¹ <https://www.theassemblyplace.com/properties/161-lavender-street/>

Q2. 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?**

Q3. 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?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US

