

**HAFARY HOLDINGS LIMITED**  
(Company Registration No. 200918637C)  
(Incorporated in Singapore)  
(the “Company”)

**MINUTES OF EXTRAORDINARY GENERAL MEETING**

- Place : 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095
- Date : Wednesday, 26 October 2022
- Time : 11.37 a.m.
- Present : Board of Directors  
Mr Ong Beng Chye (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 Yong Teak Jan @ Yong Teck Jan (Non-Independent Non-Executive Director)  
Mr Terrance Tan Kong Hwa (Independent Director)  
Mr Foo Yong How (Independent Director)
- : \*Shareholders  
As per attendance list
- In Attendance : Mr Tay Eng Kiat Jackson (Chief Operating Officer and Company Secretary)
- By Invitation : Ms Mandy Lee (Financial Controller)  
\*Auditors – RSM Chio Lim LLP  
\*Polling Agent – Boardroom Corporate & Advisory Services Pte. Ltd.  
\*Scrutineer – Reliance 3P Advisory Pte Ltd  
\*Other invitees as per attendance list

**Notes:**

*\*Due to the restriction on the use of personal data pursuant to the provisions of the Personal Data Protection Act 2012, names of the shareholders and professionals who have attended the Extraordinary General Meeting would not be published in this set of minutes.*

*Unless otherwise defined, all capitalised terms used herein shall have the same meanings as the Circular to Shareholders dated 11 October 2022 Extraordinary General Meeting in relation to (1) The Proposed Diversification of the Business Scope of the Group to include Manufacturing; (2) The Proposed Acquisition of Conservation Shophouse Block at 161 Lavender Street, Lavender Place, Singapore 338750; and (3) The Proposed General Mandate for Interested Person Transactions.*

**WELCOME ADDRESS**

Mr Ong Beng Chye, Chairman of the Meeting (the “Chairman”), welcomed all present to the Extraordinary General Meeting of the Company (“EGM” or the “Meeting”). He introduced the members of the Board of Directors, Chief Operating Officer and Company Secretary and Financial Controller to all present.

**QUORUM**

As a quorum was present, the Chairman declared the Meeting open at 11.37 a.m.

**NOTICE OF MEETING**

The Notice of Meeting dated 11 October 2022, 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. As the Chairman of the Meeting, he has exercised his right under Article 70 of the Company's Constitution to demand a poll in respect of each of the resolutions and accordingly, each resolution would be voted by way of a poll.

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

The Meeting was informed that the Company did not receive any questions from the shareholders prior to the EGM. The Chairman proceeded with the business of the EGM.

The Chairman informed that he had been appointed as proxy by shareholders and he would vote in accordance with their instructions. He then informed the Meeting of the abstention from voting by Hap Seng Consolidated Berhad and its associates on the Proposed Business Diversification under Ordinary Resolution 1 and New IPT Mandate under Ordinary Resolution 3 of the EGM.

**1. PROPOSED BUSINESS DIVERSIFICATION  
– ORDINARY RESOLUTION 1**

The first resolution was to seek shareholders' approval for the Company to diversify its existing business to include manufacturing of tile and ceramic surfacing solutions, which would include the operating of tile manufacturing plants.

The Chairman invited all proposers and seconders to identify themselves by stating their names before they propose and second the motion. The Chairman then requested two shareholders to propose and second the motion.

The motion was duly proposed and seconded.

The Chairman invited questions from the floor and requested shareholders / proxy / authorised representative to identify themselves before they raised any questions at the Meeting.

Questions	Answers
<p>A shareholder drew reference to the Circular to Shareholders dated 11 October 2022 and understood that the Group intends to operate MMSB's tile manufacturing plants which would involve leasing of the industrial properties from MMSB.</p> <p>The shareholder then requested insights on (1) plant commissioning timeline; (2) capital expenditure ("CAPEX") for the Proposed Diversification; and (3) how many per cent would the in-house tiles accounted for as compared to the total tiles supplies in 2 to 3 years' time.</p>	<p>The Chief Operating Officer, Mr Jackson Tay informed that the Proposed Diversification requires a CAPEX of approximately SGD13 million. The Company would take some time to set up the plant as the Company has just taken over one of the existing facilities in Kluang, Johor and is resolving <i>inter alia</i> some operational issues and the factory's manufacturing license. The plant should be able to start operation by mid-2023 and should have contribution to the Group's revenue from mid-2023 onwards.</p> <p>Regarding production yield from the plant, it is expected to produce 20,000 to 25,000 square meters of tiles per day which would drive to an annual production of approximately 8 million square meters tiles. This will potentially produce approximately USD40 million of annual revenue assuming the average selling price of each tile is set between USD5.00 to USD6.00 and the tiles can be sold. The Company envision that it will rise in stages if it puts through the whole business diversification process.</p>

**2. PROPOSED ACQUISITION  
- ORDINARY RESOLUTION 2**

Ordinary Resolution 2 dealt with the proposed acquisition of the property located at 161 Lavender Street, Lavender Place, Singapore 338750 for a consideration of SGD71.28 million.

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

The motion was duly proposed and seconded.

Questions	Answers
<p>A shareholder commented that the Company proceeded with 2 sizeable transactions at the same time despite rising market interest rates. The shareholder concerned over stretch balance sheet as both transactions would be financing by financial institutions.</p> <p>The shareholder requested insights on positive prospects or benefits associated with this strategic investment and impact on future capital structure after the Property Acquisition and whether the Company is confident that the business operations can sustain its balance sheet for the next 2 to 3 years.</p>	<p>The Non-Independent Non-Executive Director, Mr Low See Ching informed that 40 years ago, the Company had its first presence at a shop lot located at Balestier. Both Balestier and Eunos showrooms traffic grown rapidly over the past few years and therefore, it is appropriate to increase showroom size to cater larger crowd as well as displaying products when the plant start operating.</p> <p>Lavender Street is a strategic place, centrally located and accessible by public transport. The newly acquired properties are near to the Company's current operation and office location in which the Company could consolidate its business presence into one (1) single location.</p> <p>Mr Low informed that the yearly rental of Balestier showroom is approximately SGD320,000 and it would cost the Company a total of SGD1.5 million of rental expense if the Company is to take up few shops lot for business expansion. Having considered all aspects and as a forward/contingency plan on the assumption that lease for Eunos showroom will not be renewed, it would be sensible to stretch the balance sheet for few years for own properties given that the banks are also supportive in extending borrowings.</p> <p>Business is sustainable as the Company remains the main market player mainly focus on retail sales coupled with strong order books for the time being.</p>

**3. NEW IPT MANDATE  
- ORDINARY RESOLUTION 3**

Ordinary Resolution 3 dealt with the adoption of a new Shareholders' general mandate in relation to interested person transactions in respect of Hap Seng Consolidated Berhad, its subsidiaries and its associates.

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

The motion was duly proposed and seconded.

Question	Answers
Shareholder enquired on the first transaction expected under the New IPT Mandate.	<p>The Chairman informed that unlike in the past where the Company bought tiles from MMSB, the Company may sell tiles to MMSB and other Mandated Interested Person when manufacturing begins.</p> <p>The Non-Independent Non-Executive Director, Ms Cheah Yee Leng informed that Hap Seng is not the sole buyer but one of the many buyers of the manufactured tiles. Hap Seng did not underwrite to buy any tiles and all transactions will be carried out on an arm's length basis. The first transaction under the New IPT Mandate would be leasing of properties, royalty for the use of the intellectual property and sales and purchases of tiles.</p> <p>Ms Cheah clarified that the payment of royalty is deemed fit as the JV company will be using MML's brand name in its products for specific projects, if required. Royalty is paid based on production bearing MML's brand name.</p>

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

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 brief the Poll Voting Procedures 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 12.03 p.m. for tabulation of the results of the poll.

**5. RESULTS OF THE POLL**

The Meeting resumed at 12.30 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:

**PROPOSED BUSINESS DIVERSIFICATION  
- ORDINARY RESOLUTION 1**

Poll results for Ordinary Resolution 1 as set out in the Scrutineer's report are as follows:

	Number of Shares	Percentage (%)
For	170,692,540	100.00
Against	0	0.00
Total Number of Valid Shares Cast	170,692,540	100.00

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

That:

- (a) approval be and is hereby given, for the Company to diversify its existing business to include manufacturing of tile and ceramic surfacing solutions, which would include the operating of tile manufacturing plants, and for all necessary steps to be taken to obtain the necessary approval for the proposed diversification; and
- (b) the Directors of the Company and any one of them be and are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to this resolution.

### **PROPOSED ACQUISITION - ORDINARY RESOLUTION 2**

Poll results for Ordinary Resolution 2 as set out in the Scrutineer's report are as follows:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For	389,482,540	100.00
Against	0	0.00
Total Number of Valid Shares Cast	389,482,540	100.00

The Chairman declared Ordinary Resolution 2 carried. It was resolved:

That:

- (a) approval be and is hereby given, for the purpose of Chapter 10 of the Listing Rules for the acquisition of the property located at 161 Lavender Street, Lavender Place, Singapore 338750 (the "**Property**"), for a consideration of S\$71,280,000, on the terms and subject to the conditions of the option to purchase the Property; and
- (b) the Directors of the Company and any one of them be and are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to this resolution.

### **NEW IPT MANDATE - ORDINARY RESOLUTION 3**

Poll results for Ordinary Resolution 3 as set out in the Scrutineer's report are as follows:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For	170,692,540	100.00
Against	0	0.00
Total Number of Valid Shares Cast	170,692,540	100.00

The Chairman declared Ordinary Resolution 3 carried. It was resolved:

That:

- (a) approval be and is hereby given, for the adoption of a new Shareholders' general mandate in relation to interested person transactions in respect of Hap Seng Consolidated Berhad, its subsidiaries and its associates; and

- (b) the Directors of the Company and any one of them be and are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to this resolution.

## **CONCLUSION**

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 and wished everyone would stay healthy and safe.

There being no other business to be transacted, the Chairman declared the Meeting closed at 12.31 p.m.

**CONFIRMED AS TRUE RECORD OF PROCEEDINGS HELD**

**ONG BENG CHYE  
CHAIRMAN**