APPENDIX DATED 23 MARCH 2022

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix is circulated to the Shareholders (as defined herein) of Hafary Holdings Limited (the "Company"), together with the Company's annual report for the financial year ended 31 December 2021 (the "Annual Report"). The purpose of this Appendix is to provide information to the Shareholders in relation to, and seek Shareholders' approval for the Proposed Renewal of the IPT General Mandate (hereinafter defined) to be tabled at the Annual General Meeting ("AGM") to be held on 7 April 2022 at 10.00 a.m. by way of electronic means.

The Notice of AGM and the accompanying Proxy Form are enclosed with the Annual Report.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Appendix, the Annual Report and enclosed documents to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.

This Appendix has been made available on SGXNET. A printed copy of this Appendix will NOT be despatched to Shareholders.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the AGM. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) watching the AGM proceedings via “live” webcast or listening to the AGM proceedings via “live” audio feed, (b) submitting questions in advance of the AGM, and/or (c) voting by appointing the Chairman as proxy at the AGM.

Please refer to Section 9 of this Appendix for further information, including the steps to be taken by Shareholders to participate at the AGM.

Shareholders should note that the Company may make further changes to its AGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNET.

合發利控股有限公司
HAFARY HOLDINGS LIMITED
Incorporated in the Republic of Singapore
Company Registration Number 200918637C

APPENDIX TO THE NOTICE OF AGM

in relation to

THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Appendix:

"**AGM**"	:	The Annual General Meeting of the Company to be held on 7 April 2022 at 10.00 a.m.
"**Annual Report**"	:	Means the Annual Report of the Company for the financial year ending 31 December 2021
"**Appendix**"	:	This appendix to Shareholders dated 23 March 2022
"**Audit Committee**"	:	The audit committee of the Company as at the date of this Appendix, comprising Mr. Ong Beng Chye, Mr. Terrance Tan Kong Hwa and Mr. Foo Yong How
"**Board**" or "**Directors**"	:	The directors of the Company as at the date of this Appendix and "**Director**" shall be construed accordingly
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEO**"	:	The Chief Executive Officer of the Group
"**Companies Act**"	:	The Companies Act 1967 of Singapore
"**Company**"	:	Hafary Holdings Limited
"**COVID-19 Act**"	:	The COVID-19 (Temporary Measures) Act 2020, as amended, modified or supplemented from time to time, which, inter alia, enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means
"**COVID-19 Order**"	:	The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as amended, modified or supplemented from time to time, which sets out the alternative arrangements in respect of, inter alia, general meetings of companies
"**Executive Officers**"	:	The executive officers of the Group and "**Executive Officer**" shall be construed accordingly
"**Financial Controller**"	:	The financial controller of the Group, or such other person who assumes the duties of the financial controller of the Group, responsible for the Group's finance function
"**FY**"	:	Financial year ended or ending 31 December, as the case may be
"**Gek Poh Holdings**"	:	Gek Poh Holdings Sdn Bhd

"**GPH**"	:	Gek Poh (Holdings) Sdn. Bhd.
"**Group**"	:	The Company and its subsidiaries
"**HSCB**"	:	Hap Seng Consolidated Berhad
"**HSCB Group**"	:	HSCB, its subsidiaries (save for the Group) and its associates
"**HSIHPL**"		Hap Seng Investment Holdings Pte Ltd
"**Interested Directors**"	:	Datuk Edward Lee Ming Foo, JP , Ms. Cheah Yee Leng and Mr. Yong Teak Jan @ Yong Teck Jan
"**Interested Persons**"	:	Means the entities set out in Section 2.2.3 of this Appendix
"**Interested Person Transactions**"	:	Transactions with the Group which fall within the scope of the IPT General Mandate, as set out in Section 2.3 of this Appendix
"**Investor**"	:	Means investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act)
"**IPT General Mandate**"	:	The general mandate for Interested Person Transactions from Shareholders which has to be obtained by the Company pursuant to Chapter 9 of the Listing Manual, permitting the Company, its subsidiaries and associated companies to enter into the Interested Person Transactions with the Interested Persons. It was previously approved by Shareholders on 14 April 2021 and for which renewal is now being sought
"**Latest Practicable Date**"	:	18 March 2022, being the latest practicable date prior to the publication of this Appendix
"**Listing Manual**"	:	The listing manual of the SGX-ST, as amended, supplemented or modified from time to time
"**MMSB**"	:	Malaysian Mosaics Sdn Bhd
"**MMSB Group**"	:	MMSB and its subsidiaries
"**Notice of AGM**"	:	The notice of the AGM which is enclosed with the Annual Report
"**NTA**"	:	Net tangible assets
"**Proposed Renewal of the IPT General Mandate**"	:	The Proposed Renewal of the IPT General Mandate pursuant to Chapter 9 of the Listing Manual, which requires the general mandate to be renewed annually
"**Proxy Form**"	:	The proxy form in respect of the AGM which is enclosed with the Annual Report
"**Registration Deadline**"	:	Means 10.00 a.m. on 4 April 2022

"**RM**"	:	Ringgit Malaysia, being the lawful currency of Malaysia
"**Securities Account**"	:	The securities account maintained by a depositor with the CDP
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of Shares, except that where the registered holder is the CDP, the term "**Shareholders**" shall, in relation to such Shares, mean the persons whose direct Securities Accounts maintained with the CDP are credited with the Shares
"**Shares**"	:	Issued and paid-up ordinary shares in the capital of the Company
"**Threshold 1**"	:	Has the meaning ascribed to it in Section 3.2.2(a) of this Appendix
"**Threshold 2**"	:	Has the meaning ascribed to it in Section 3.2.3(a) of this Appendix
"**S$**"	:	Singapore dollars, being the lawful currency of Singapore
"**%**"	:	Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore. The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act. The term "**substantial shareholder**" shall have the meaning ascribed to it in Section 81 of the Companies Act.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine and neuter gender where the context admits. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any statutory modification thereof and used in this Appendix shall have the meaning assigned to it under the Companies Act, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

General information relating to Chapter 9 of the Listing Manual, including terms such as "**interested person**", "**associate**" and "**controlling shareholder**", are set out in Section 3 of this Appendix.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference to a time of a day in this Appendix is a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

LETTER TO SHAREHOLDERS

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

Directors:

Mr. Ong Beng Chye (*Independent Non-Executive Chairman*)
Mr. Low Kok Ann (*Executive Director and 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 Yong Teak Jan @ Yong Teck Jan (*Non-Independent Non-Executive Director*)
Mr. Terrance Tan Kong Hwa (*Independent Director*)
Mr. Foo Yong How (*Independent Director*)

Registered Office:

105 Eunos Avenue 3
Hafary Centre
Singapore 409836

23 March 2022

To: The Shareholders of the Company

Dear Sir/Madam

PROPOSED RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

1.1 On 9 April 2016, the Company obtained the approval of the Shareholders for the adoption of the IPT General Mandate. The IPT General Mandate is subject to annual renewal and was last renewed by the Shareholders at the last annual general meeting of the Company held on 14 April 2021. The AGM will be held on 7 April 2022 at 10:00 a.m. by way of electronic means for the purpose of considering and, if thought fit, passing with or without modifications, *inter alia*, the ordinary resolution relating to the Proposed Renewal of the IPT General Mandate, as set out in the Notice of AGM.

1.2 Pursuant to Chapter 9 of the Listing Manual, the Directors intend to seek Shareholders' approval at the forthcoming AGM for the renewal of the IPT General Mandate, being a general mandate permitting the Company, its subsidiaries and associated companies to enter into transactions with the Interested Persons, as set out in Section 2.3 of this Appendix. Information on the Interested Persons is set out in Section 2.2 of this Appendix. There is no change to the terms of the IPT General Mandate which is proposed to be renewed at the AGM, in particular, there are no changes to the categories of Interested Persons and the Interested Person Transactions that are subject to the IPT General Mandate, and there are no changes to the review procedures for the Interested Person Transactions subject to the IPT General Mandate.

1.3 The purpose of this Appendix is to provide Shareholders with the relevant information relating to and explaining the rationale for the Proposed Renewal of the IPT General Mandate and to seek Shareholders' approval for the resolution in respect thereof to be tabled at the AGM.

1.4 Shareholders should read this Appendix carefully and consider the recommendation of the Directors in Section 7 of this Appendix.

2. PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

2.1 Information on the Group

The Company is incorporated in Singapore and listed on the Mainboard of the SGX-ST. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S$26,930,000 comprising 430,550,000 ordinary shares. The Group is principally engaged in the supply of premium tiles, stone, mosaic, wood-flooring, quartz top and sanitary ware and fittings in Singapore. The Company is a subsidiary of HSIHPL, which is in turn a wholly-owned subsidiary of HSCB. Please refer to Section 2.2.3 of this Appendix for an abridged group structure chart of the HSCB Group, reflecting the relationship between the Company, HSCB Group and the MMSB Group.

2.2 Information on the HSCB Group and the MMSB Group

2.2.1 *HSCB Group*

HSCB is a company incorporated in Malaysia on 24 March 1976 under the Malaysian Companies Act 1965, registered under the Malaysian Companies Act 2016 and listed on the main market of Bursa Malaysia Securities Berhad. Gek Poh Holdings, a company incorporated in Malaysia, is the holding company of HSCB. As at the Latest Practicable Date, Gek Poh Holdings' aggregate shareholding in HSCB is 62.64%, comprising 54.63% direct shareholding and 8.01% indirect shareholding via its wholly-owned subsidiary, Hap Seng Insurance Services Sdn Bhd.

HSCB has a total of 129 subsidiaries, and the core businesses of the HSCB Group are:-

(a) plantations;

(b) property division (inclusive of holding, development and hospitality);

(c) credit financing;

(d) automotive;

(e) trading; and

(f) building materials.

As described in Section 2 of this Appendix, HSCB is a subsidiary of Gek Poh Holdings, and is also the holding company of HSIHPL.

2.2.2 *MMSB Group*

MMSB is a private limited company incorporated in Malaysia on 28 February 1964 under the Malaysian Companies Act 1965 and registered under the Malaysian Companies Act 2016. As at the Latest Practicable Date, MMSB has an issued share capital of RM408,599,450 comprising 408,599,450 ordinary shares. The MMSB Group is a wholly-owned subsidiary of HSCB and is principally engaged in investment holding, manufacture and sale of porcelain and ceramic tiles.

As such, the MMSB Group and the HSCB Group are associates of HSIHPL and are deemed "interested persons" for the purpose of Chapter 9 of the Listing Manual. Accordingly, any transactions entered into between the Group and the HSCB Group (which includes the MMSB Group), will be regarded as interested person transactions for the purposes of Chapter 9 of the Listing Manual.

2.2.3 ***The Interested Persons***

The Interested Persons comprise the following companies (all of whom are members of the MMSB Group and/or the HSCB Group):-

(a) the following wholly-owned subsidiaries of HSCB:-

(i) Hap Seng Building Materials Marketing Pte. Ltd.; and

(ii) MMSB; and

(b) the following wholly-owned subsidiaries of MMSB:-

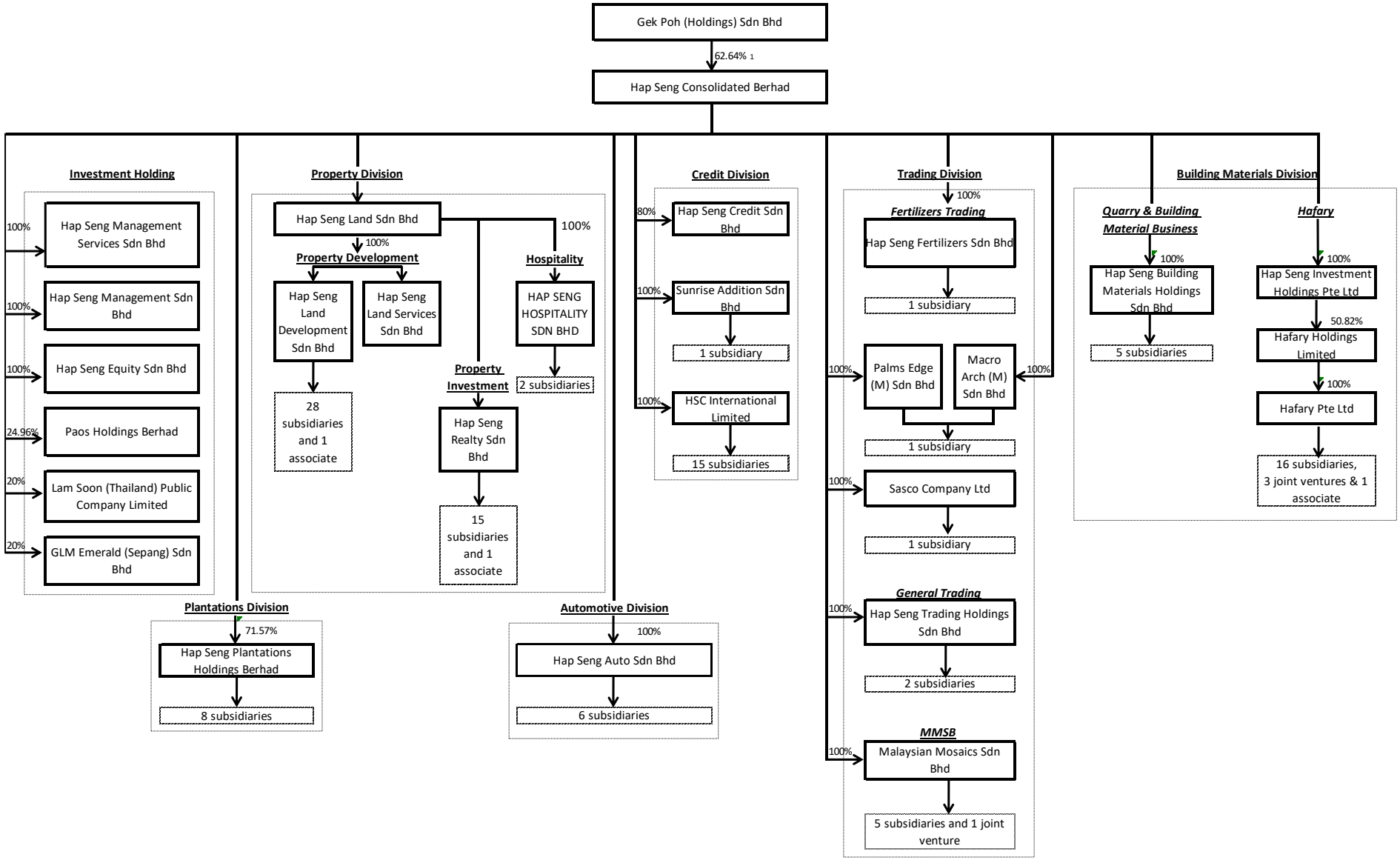
(i) MML Marketing Sdn. Bhd;

(ii) MML (Shanghai) Trading Co., Ltd.; and

(iii) MML Marketing Pte. Ltd.

For Shareholders' information, an abridged group structure chart of the HSCB Group, reflecting the relationship between the HSCB Group, the Company and the MMSB Group, as at the latest practicable date is set out below.

An Abridged group structure chart of the HSCB Group, reflecting between the HSCB Group, the Company and the MMSB Group, as at the latest practicable date is set out below:



[1] As at 18 March 2022, Gek Poh (Holdings) Sdn Bhd has an aggregate shareholding of 62.64% in Hap Seng Consolidated Berhad, comprising a 54.63% direct shareholding and a 8.01% indirect shareholding via Hap Seng Insurances Services Sdn Bhd, a wholly-owned subsidiary of Gek Poh (Holdings) Sdn Bhd.

2.3 **Scope of the Interested Person Transactions under the IPT General Mandate**

2.3.1 The Group wishes to obtain Shareholders' approval for the Proposed Renewal of the IPT General Mandate, under which the Group may enter into recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the Interested Persons (being the HSCB Group, which includes the MMSB Group) in respect of the following:-

(a) the sale and purchase of products, including but not limited to:-

(i) tiles;

(ii) ceramics;

(iii) stone; and

(iv) sanitary ware;

(b) the receipt and provision of services, including but not limited to:-

(i) leasing of properties for residential, industrial and commercial purposes;

(ii) leasing of office and warehousing spaces; and

(iii) transport and logistics services,

to and from the Interested Persons, as the case may be.

2.3.2 The IPT General Mandate will not cover any transactions below S$100,000 in value between the Group and an Interested Person as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions. In addition, transactions with other interested persons (other than the Interested Persons) that do not fall within the ambit of the IPT General Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other provisions of the Listing Manual.

2.4 **Rationale for and benefit of the IPT General Mandate**

2.4.1 The Directors are of the view that it will be beneficial to the Group to transact or to continue to transact with the Interested Persons, as such transactions are entered into by the Group in its ordinary course of business. In respect of sales of products and provision of services to the Interested Persons, such transactions would provide additional revenue streams to the Group and enhance its profitability. In respect of purchases of products and the receipt of services from the Interested Persons, the Group will benefit from having access to quotations from the HSCB Group, in addition to obtaining quotations from third parties (where appropriate and applicable), and with the various quotations available for assessment, this will ensure that the Group obtains competitive prices for goods and services, taking into consideration the factors set out in Section 2.5.1(d) of this Appendix.

2.4.2 In addition, the Group is principally engaged in the trading of building materials and has been purchasing building materials from the MMSB Group since 2003 due to competitive pricing and market demand for such products. Furthermore, the MMSB Group is able to meet the Group's requirements in terms of quality and timeliness of delivery.

2.4.3 The transactions with the Interested Persons set out in Section 2.3 of this Appendix are entered into or are to be entered into by the Group in the ordinary course of business. These are recurring transactions which are likely to occur with some degree of frequency and may arise at any time, and from time to time.

2.4.4 The IPT General Mandate will eliminate the need for the Group to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval to allow the Group to enter into such Interested Person Transactions. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an ad-hoc basis, improve administrative efficacy considerably and allow manpower resources and time to be channelled towards attaining other business objectives.

2.4.5 In view of the time-sensitive nature of commercial transactions, the IPT General Mandate will facilitate such transactions which are entered into in the ordinary course of business and which are transacted from time to time with the Interested Persons, provided such transactions are carried out at arms' length and on normal commercial terms and are not prejudicial to the interests of the Company or its minority Shareholders.

2.5 **Guidelines and review procedures under the IPT General Mandate**

2.5.1 ***Review procedures***

To ensure that all Interested Person Transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the guiding principle is that all Interested Person Transactions shall be conducted in accordance with the Group's usual business practices and policies and to objectively obtain the best goods on the best terms. The following review procedures will be implemented by the Group:

(a) when making purchases of goods or receiving services from the Interested Persons, quotations from at least two unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever appropriate and practicable. While other factors (as set out in this Section 2.5.1) will be taken into consideration, the price (or fee) shall generally not be higher than the most competitive price of the two comparative quotations obtained from the two unrelated third parties;

(b) in relation to the sale of goods or the provision of services to the Interested Persons, the price (or fee) and terms of at least two other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. While other factors (as set out in this Section 2.5.1) will be taken into consideration, the Interested Persons shall generally be charged at rates consistent with the usual margins or prices (or fees) extended by the Group to unrelated third parties;

(c) in relation to the rental of premises to or from the Interested Persons, the Group will only enter into leases or renew existing leases with the Interested Persons if the Group is satisfied that the rent payable is in line with prevailing market rental rates for comparable spaces, taking into account factors such as tenure of the lease, area of leased premises, rentals of similar properties in the same vicinity (if available) and any other relevant factors that may affect rental rates or terms of the lease;

(d) there may be situations where competitive quotation or price comparisons may not be practicable or appropriate, such as:-

(i) where there are no independent third party vendors of similar products and services, taking into account factors such as quantity, specifications and delivery schedules;

(ii) in relation to retail stocks, where the purchase of products from the Interested Persons is intended to meet the anticipated demand for such products; and

(iii) in relation to project stocks, where construction projects require the delivery of specific products made by the Interested Persons only,

and where it is not practicable or appropriate to compare against the terms of other transactions or quotations with unrelated third parties or to obtain the price and terms of at least two other transactions (as stipulated in (a) and (b) above) or in situations where the products may be procured only from an Interested Person, in determining whether the price and terms offered are fair and reasonable, the following pertinent factors (without limitation) will be taken into consideration:

(i) quantity and quality;

(ii) delivery schedules;

(iii) specification compliance;

(iv) potential gross profit margins;

(v) payment and credit terms;

(vi) track record;

(vii) historical purchase price paid by the Group for such products; and/or

(viii) availability of preferential rates (whether for bulk purchases or otherwise).

2.5.2 ***Threshold limits***

The Group will monitor and categorise all Interested Person Transactions as follows:-

(a) for all Interested Person Transactions above S$100,000, such transactions are to be approved on the following basis:-

Approval Limits	Approving Authority
Interested Person Transactions not exceeding S$1 million[(1)]	CEO or Financial Controller. Failing which, an Executive Officer of the Group who: a) does not have any interest (direct or indirect) in relation to the transaction; b) is not from the relevant department which raised the purchase request; and c) is not a director of the MMSB Group

Interested Person Transactions above S$1 million[(1)]	Audit Committee

Note:

(1) S$1 million equates to approximately 1.32% of the Group's latest audited NTA (FY2021).

(b) where the value of any individual transaction, when aggregated with other transactions entered into with the same Interested Person during the same financial year, is equal to or exceeds 10% of the listed group's latest audited consolidated NTA, it must be approved by the Audit Committee prior to entry;

(c) where the value of any individual transaction, when aggregated with other transactions entered into with the same Interested Person during the same financial year, is below 10% of the listed group's latest audited consolidated NTA, it must be approved in accordance with the approval limits and corresponding approving authority as described in Section 2.5.2(a) of this Appendix; and

(d) any transaction to be made with an Interested Person shall not be approved by the relevant approving authority unless:-

(i) the pricing is determined in accordance with our usual business practices and policies, comparable with the usual price and terms received from or extended to by the Group for the same or substantially similar type of transactions between the Group and unrelated parties and the price and terms are (i) not more favourable to the Interested Person than those extended to unrelated parties, and (ii) not less favourable than those received from unrelated parties; or

(ii) where Section 2.5.1(d) of this Appendix applies, the considerations in determining whether the price and terms offered are fair and reasonable as set out in Section 2.5.1(d) of this Appendix are properly taken into account and documented.

The above threshold limits are adopted by the Company after taking into account, among other things, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at with the view to strike a balance between (i) maximising the operational efficiency of the day-to-day operations of the Group, and (ii) maintaining adequate internal controls and governance in relation to the Interested Person Transactions. The threshold limits are intended to act as an additional safeguard to supplement the review procedures as set out above.

2.5.3 ***Additional controls***

In addition to the review procedures as set out in Section 2.5.1 of this Appendix, the Group will also implement the following additional procedures:-

(a) the Audit Committee will review all Interested Person Transactions on a quarterly basis to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) and the guidelines under the IPT General Mandate are complied with. If necessary or appropriate, the Audit Committee may engage an independent financial adviser or an independent valuer to carry out such periodic reviews and report the findings to the Audit Committee;

(b) the Company will maintain a list of Interested Persons (which will be updated immediately if there are any changes) and will disseminate the list to the relevant staff of the companies within the Group to enable the identification of the Interested Persons. The list of Interested Persons which is maintained shall be reviewed by the Audit Committee at least on a half-yearly basis;

(c) the Company will maintain a register to record all Interested Person Transactions which are entered into by the Group, recording the basis, including usual margins or prices extended by the Group to unrelated third parties for the same or substantially similar type of transactions, any quotations obtained from unrelated third parties and details of any other factors considered, to support the terms of the Interested Person Transactions. The register shall be prepared, maintained and monitored by personnel of the Company (who shall not be interested in any of the Interested Person Transactions) who is duly delegated to do so by the Audit Committee and any exceptions or departures from the review procedures shall be reported and highlighted to the Audit Committee immediately;

(d) the Company's internal auditors will review, on a half-yearly basis, all Interested Person Transactions entered into pursuant to the IPT General Mandate to ensure that the relevant review procedures have been adhered to and the relevant approvals had been obtained. The internal auditors will report directly to the Audit Committee. The Company's annual internal audit plan will incorporate a review of such Interested Person Transactions entered into in the relevant financial year and the findings will be reported to the Audit Committee;

(e) the Audit Committee will review the half-yearly internal audit reports to ensure that all Interested Person Transactions are carried out on an arm's length basis and in accordance with the procedures outlined above. Furthermore, if during these periodic reviews, the Audit Committee believes that the review procedures as set out in Section 2.5.1 of this Appendix are not sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will adopt new guidelines and review procedures and seek a fresh general mandate from the Shareholders based on the new review procedures for Interested Person Transactions. The Audit Committee may request for the opinion of an independent financial adviser or an independent valuer as it deems fit. Where appropriate, the Audit Committee will approve and/or ratify the Interested Person Transactions to ensure that they comply with the review procedures; and

(f) in the event that the CEO, Financial Controller, any Executive Officers, any Director and/or any member of the Audit Committee has an interest in any Interested Person Transaction, he will abstain from deliberating, reviewing and/or approving that particular transaction.

2.5.4 ***Expiry and renewal of the proposed IPT General Mandate***

If approved by Shareholders at the AGM, the IPT General Mandate will take effect from the date of receipt of Shareholders' approval and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting of the Company. Approval from Shareholders may be sought for the further renewal of the IPT General Mandate at each subsequent annual general meeting of the Company, subject to review by the Audit Committee of its continued application to the Interested Person Transactions.

If the Audit Committee is of the view that the review procedures under the IPT General Mandate has become inappropriate or are not sufficient to ensure that the Interested Person Transactions are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and

its minority Shareholders, the Company will seek a fresh general mandate from the Shareholders based on new review procedures for Interested Person Transactions.

2.5.5 ***Disclosure***

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company will disclose the IPT General Mandate and the aggregate value of the Interested Person Transactions conducted pursuant to the IPT General Mandate during the financial year in the annual report of the Company and in the annual reports for the subsequent financial years during which the IPT General Mandate is in force.

In addition, the Company will announce the aggregate value of the Interested Person Transactions conducted pursuant to the IPT General Mandate for the financial periods which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the timeframe required for the announcement of such report.

These disclosures will be in the form set out in Rule 907 of the Listing Manual:

Name of interested person	**Nature of relationship**	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and Interested Person Transactions conducted under the IPT General Mandate)**	**Aggregate value of all Interested Person Transactions conducted under the IPT General Mandate pursuant to Rule 920 (excluding transactions less than $100,000)**

3. CHAPTER 9 OF THE LISTING MANUAL

3.1 Background

Chapter 9 of the Listing Manual governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "**entity at risk**") enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

For the purpose of Chapter 9:

(a) an "**entity at risk**" means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;

(b) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(c) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9;

(d) an "**interested person**" means (i) a director, chief executive officer or controlling shareholder of a listed company, or (ii) an associate of such director, chief executive officer or controlling shareholder and a "**primary interested person**" means a person or entity in Section 3.1(d)(i);

(e) a "**controlling shareholder**" is a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;

(f) an "**associate**" in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "**associate**" in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

(g) an "**interested person transaction**" means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business and whether or not entered into directly or indirectly; and

(h) in interpreting the term "**same interested person**" for the purpose of aggregation in Rules 905, 906 and 907, the following applies:

(i) transactions between (a) an entity at risk and a primary interested person; and (b) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person; and

transactions between (i) an entity at risk and a primary interested person; and (ii) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person;

(ii) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and

(iii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

3.2 **Financial Thresholds**

3.2.1 Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, an immediate announcement and/or shareholders' approval would be required in respect of these transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

3.2.2 In particular, an immediate announcement is required where:-

(a) the value of a proposed transaction is equal to or exceeds 3% of the listed group's latest audited consolidated NTA ("**Threshold 1**"); or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than Threshold 1. In this instance, an announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year.

3.2.3 Shareholders' approval is required where:-

(a) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited consolidated NTA ("**Threshold 2**"); or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than Threshold 2. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.

3.2.4 The abovementioned requirements for immediate announcement and shareholders' approval do not apply to any transaction below S$100,000.

3.3 **Renewal of general mandate for interested person transactions**

Part VIII of Chapter 9 of the Listing Manual allows a listed company to seek a renewal of a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders of the Company as at the Latest Practicable Date are set out below:-

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Mr. Ong Beng Chye	-	-	-	-
Mr. Low Kok Ann	36,847,403	8.56	-	-
Datuk Edward Lee Ming Foo, JP	-	-	-	-
Mr. Low See Ching	109,127,180	25.35	-	-
Ms. Cheah Yee Leng	-	-	-	-
Mr. Yong Teak Jan @ Yong Teck Jan	-	-	-	-
Mr. Terrance Tan Kong Hwa	-	-	-	-
Mr. Foo Yong How	-	-	-	-

Substantial shareholders (other than Directors)	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
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(1)	-	-	218,790,000	50.82
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak(3)	-	-	218,790,000	50.82
Ms. Low Bee Lan Audrey	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.

(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 Companies 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 Companies Act.

5. ABSTENTION FROM VOTING

5.1 Rule 919 of the listing manual provides that interested persons and their associates must not vote on any shareholders' resolution approving any mandate or renewal thereof in respect of any interested person transactions under Chapter 9 of the Listing Manual, nor accept appointments as proxies unless specific instructions as to voting are given.

5.2 HSIHPL, being the controlling shareholder which the Interested Persons are associates of, will abstain from voting, and undertakes to ensure that its associates will abstain from voting, in respect of the ordinary resolution set out in the Notice of AGM, and will not accept appointments as proxies unless specific instructions as to voting are given.

6. STATEMENT OF THE AUDIT COMMITTEE

6.1 Having considered, among other things, the terms, rationale and benefits of the Proposed Renewal of the IPT General Mandate, the Audit Committee confirms that the guidelines and review procedures proposed by the Company as set out in Section 2.5.1 of this Appendix for determining the transaction prices of the Interested Person Transactions, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

6.2 The Audit Committee, pursuant to Rule 920(1)(c) of the Listing Manual, also confirms that:-

(a) the methods or procedures for determining the transaction prices under the IPT General Mandate have not changed since Shareholders approved the renewal of the IPT General Mandate at the annual general meeting on 14 April 2021; and

(b) the methods or procedures referred to in sub-section (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

7. DIRECTORS' RECOMMENDATION

7.1 Each of the Interested Directors shall abstain from making any recommendations on the approval of the Proposed Renewal of the IPT General Mandate to be tabled at the AGM. The Interested Directors will also not accept appointments as proxies for voting in respect of the ordinary resolution set out in the Notice of AGM unless specific instructions as to voting are given.

7.2 Save as disclosed above, none of the Directors is deemed to be interested for the purpose of making a recommendation to the Shareholders in respect of the Proposed Renewal of the IPT General Mandate.

7.3 The Directors (save for the Interested Directors), having considered, *inter alia*, the terms, rationale and benefits of the Proposed Renewal of the IPT General Mandate, the review procedures of the Company for the Interested Person Transactions and the role of the Audit Committee in enforcing the IPT General Mandate, are of the view that the guidelines and review procedures for determining transaction prices of the Interested Person Transactions as set out in Section 2.5.1 of this Appendix, if adhered to, are sufficient to ensure that the Interested Person Transactions will be conducted on normal commercial \terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

7.4 Accordingly, the Directors (save for the Interested Directors) recommend that Shareholders vote in favour of the ordinary resolutions set out in the Notice of AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of the IPT General Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors

has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

9. ALTERNATIVE ARRANGEMENTS

9.1 **No attendance at AGM:** Due to the current COVID-19 restriction orders in Singapore, shareholders will not be allowed to attend the AGM of Company to be held on Thursday, 7 April 2022 at 10.00 a.m. in person. Instead, alternative arrangements have been put in place to allow shareholders to participate at the AGM by (a) viewing the AGM proceedings via live audio-visual webcast ("**live webcast**") or listening to the AGM proceedings via live audio-only stream ("**live audio feed**"), (b) submitting questions in advance of the AGM, and (c) appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. Please refer to Section 9.3 below for further details on the alternative arrangements.

9.2 **No despatch of printed copies of documents:** The documents relating to the business of the AGM, which comprises the Company's Annual Report for the financial year ended 31 December 2021, Notice of AGM, the Appendix and the Proxy Form (as defined herein) for the AGM, have been made available on SGX website at the URL https://www.sgx.com/securities/company-announcements and at the Company's website at the URL https://www.hafary.com.sg.

9.3 **Alternative arrangements:** Alternative arrangements have been put in place to allow Shareholders to participate at the AGM as follows:

9.3.1 **To vote at virtual meeting**

Shareholders (whether individual or corporate) who wish to exercise their votes must submit their instrument appointing the Chairman of the AGM ("**Proxy Form**") to vote on their behalf.

Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstention from voting, in the Proxy Form, failing which, the appointment in respect of that resolution will be treated as invalid.

Duly completed and signed instrument appointing the Chairman of the AGM 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 10.00 a.m. on 5 April 2022 (being not less than forty-eight (48) 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. The proxy form is available for download at the URL https://www.hafary.com.sg.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email to enquiry@hafary.com.sg.

Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPF members or SRS investors) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) to submit their votes at least seven (7) working days before AGM, **i.e. by 5.00 p.m. on 28 March 2022** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by **10.00 a.m. on 5 April 2022**.

9.3.2 **Registration for the live webcast or live audio feed**

Shareholders will be able to watch the AGM proceedings through a live webcast via their mobile phones, tablets or computers or listen to the AGM proceedings through a live audio feed via telephone. In order to do so, shareholders must follow these steps:-

Shareholders who wish to watch the live webcast or listen to the live audio feed of the AGM must pre-register at https://live.motionmediaworks.com/hafary_reg_form by **10.00 a.m. on 4 April 2022** (the "**Registration Deadline**") to enable the Company to verify their status as shareholders.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (other than CPF or SRS Investors) will not be able to pre-register at the above website, for the live webcast or live audio feed of the AGM. An Investor (other than CPF or SRS Investors) who wish to participate in the live webcast or live audio feed of the AGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company via email to enquiry@hafary.com.sg no later than the Registration Deadline.

Following the verification, authenticated shareholders will receive an email by **10.00 a.m. on 6 April 2022**. The email will contain user ID and password, as well as the details to access the live webcast and live audio feed of the AGM proceedings. As this is a private AGM, shareholders must not disclose such details to others. Shareholders who have registered by the Registration Deadline but have not received the confirmation email by **10.00 a.m. on 6 April 2022**, should contact the Company by telephone at +65 6383 2314 during Monday to Friday between 9.00 a.m. to 5.00 p.m. (excluding Public Holidays) or by email to enquiry@hafary.com.sg for assistance. **The Company advises all shareholders to register as early as possible.**

Shareholders who would have been able to be appointed as proxies by relevant intermediaries under Section 181(C) of the Companies Act, such as CPF or SRS investors, should approach their CPF agent banks or SRS Approved Banks, to participate in the AGM via live webcast or live audio feed.

9.3.3 **Submission of Questions**

Please note that shareholders will not be able to ask questions during the live webcast and the live audio feed. Shareholders and Investors may submit questions related to resolution to be tabled at the AGM at least seven (7) calendar days after publication of the Notice of AGM, **i.e. by 5.00 p.m. on 31 March 2022**:

(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; or

(c) via the AGM registration website at the URL https://live.motionmediaworks.com/hafary_reg_form

The Board of Directors of 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, at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, **i.e. by 3 April 2022**. Where substantial relevant questions submitted by shareholders could not be addressed prior to the Meeting, the Company will address them during the Meeting through the live webcast and live audio feed.

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 AGM via SGXNet on SGX website and the Company's website within one (1) month from the date of the AGM.

The Company would like to remind shareholders that, with the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are encouraged to check the Company's website or announcements released on SGXNet regularly for the latest updates on the status of the AGM.

Yours faithfully

For and on behalf of the Board of Directors of
Hafary Holdings Limited

Low Kok Ann
Executive Director and CEO