

**HAFARY HOLDINGS LIMITED**

(Company Registration No: 200918637C)

(Incorporated in the Republic of Singapore)

---

**RESPONSE TO QUERY FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ("ANNUAL REPORT 2019")**

---

The Board of Directors (the "**Board**") of Hafary Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to provide the following response to the query raised by SGX-ST on 11 May 2020 in connection with the Company's Annual Report 2019 released via SGXNet on 15 April 2020:-

**SGX Query:**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "**Code**"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.1 of the Code with regards to the disclosure of remuneration. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

**Response:**

The Company has on page 45 of the Annual Report 2019 disclosed the names, amounts and a breakdown of the remuneration of each director in bands of S\$250,000, including a percentage breakdown of the variable and fixed remuneration received by our Executive Director and CEO. The variation from Provision 8.1 of the Code of not disclosing the exact remuneration of each of the directors is in view of the niche market of the Group's business. The Group believes that the exact disclosure of remuneration of directors who hold knowledge particular to this market and to the Group would significantly increase the risk of poaching by other competitors of this market and may affect the competitive edge as well as the proprietary knowledge within the Group.

The Company has on page 43 of the Annual Report 2019 disclosed the remuneration policy for the Executive Director and CEO, including the formula determining the variable component of the Executive Director and CEO's remuneration. The variable component is in the form of a cash bonus which is linked solely to the Group's profit before income tax for a particular financial period.

In addition, the Company has on page 45 of the Annual Report 2019 disclosed the names, amount and breakdown of its top five key management personnel in percentage bands no wider than S\$250,000, and the variable component of the remuneration and in aggregate the total remuneration paid to these key management personnel.

The Company is of the view that the information disclosed provides investors with insights as to the remuneration policies, procedure of setting remuneration and the relationships between remuneration, performance and value creation, and is of the view that the intent of Principle 8 of the Code is met as the remuneration policy, relationships between remuneration, performance and value creation and procedure for setting remuneration applicable to the Executive Director and CEO and the level and mix of remuneration is disclosed on pages 43 to 45 of the Annual Report FY2019.

By Order of the Board

Low Kok Ann  
Executive Director and CEO  
14 May 2020