

APPENDIX DATED 3 APRIL 2024

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 2023 (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 25 April 2024 at 12.00 p.m.

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.**

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



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:

"Act"	: The Companies Act 1967 of Singapore, as amended, supplemented or modified from time to time
"AGM"	: The Annual General Meeting of the Company to be held on 25 April 2024 at 12.00 p.m.
"Annual Report"	: Means the annual report of the Company for the financial year ending 31 December 2023
"Appendix"	: This appendix to the Notice of AGM dated 3 April 2024
"Audit Committee"	: The audit committee of the Company as at the date of this Appendix, comprising audit committee chairman Mr. Ong Beng Chye, Mr. Terrance Tan Kong Hwa and Mr. Foo Yong How (Fu Yonghao)
"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
"Company"	: Hafary Holdings Limited
"CPF"	: Central Provident Fund
"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.
"Group"	: The Company and its subsidiaries
"HSBC"	: HSBC International Trustee Limited
"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 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
"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 Rules, permitting the Company, its subsidiaries and associated companies to enter into the Interested Person Transactions with the Interested Persons. Such general mandate was most recently adopted by Shareholders on 28 April 2023 and renewal of the said general matter is now being sought at the AGM
"Latest Practicable Date"	: 28 March 2024, being the latest practicable date prior to the publication of this Appendix
"Listing Rules" or "Rules"	: The Mainboard Listing Rules of the SGX-ST
"Lower Financial Limit"	: Where the value of any individual transaction, when aggregated with other transactions entered into with the same Mandated Interested Person during the same financial year, is equal to or exceeds 15.0% of the listed group's latest audited consolidated NTA
"Mandated Interested Persons"	: Means the entities set out in Section 2.2.3 of this Appendix
"Mandated Transactions"	: Means the transactions set out in Section 2.3.1 of this Appendix
"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 and Renewal of the IPT General Mandate"	: The proposed renewal of the IPT General Mandate pursuant to Chapter 9 of the Listing Rules, 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
"Relevant Intermediary"	: Has the meaning ascribed to it in Section 181 of the Act
"Request Form"	: The request form sent together with the Notice of AGM and Proxy Form to be filled up and returned by Shareholders who would like a printed copy of the Annual Report and this Appendix

"RM"	: Ringgit Malaysia, being the lawful currency of Malaysia
"Securities Account"	: The securities account maintained by a depositor with the CDP
"SFA"	: The Security and Futures Act 2001 of Singapore, as amended, supplemented or modified from time to time
"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
"SRS"	: Supplementary Retirement Scheme
"S\$"	: Singapore dollars, being the lawful currency of Singapore
"Upper Financial Limit"	: Where the value of any individual transaction, when aggregated with other transactions entered into with the same Mandated Interested Person during the same financial year, is less than 30.0% of the listed group's latest audited consolidated NTA
"%"	: Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meaning ascribed to them respectively in Section 81SF of the SFA.

The term "**subsidiary**" shall have the meaning ascribed to it by Section 5 of the Act.

The term "**treasury shares**" shall have the meaning ascribed to it in Section 4 of the Act.

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

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

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

Where any word or expression is defined in this Appendix, such definition shall extend to the grammatical variations and cognate expressions of such word or expression.

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 (Fu Yonghao) (*Independent Director*)

Registered Office:

Hafary Centre
105 Eunos
Avenue 3
Singapore
409836

Date: 3 April 2024

To: The Shareholders of the Company

Dear Sir/Madam

PROPOSED RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

- 1.1 On 26 October 2022, 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 28 April 2023. The AGM will be held, in a wholly physical format, at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on 25 April 2024 at 12.00 p.m. 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 Rules, 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 Mandated Interested Persons, as set out in Section 2.2.3 of this Appendix. Information on the Mandated 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 Mandated 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 127 subsidiaries, and the core businesses of the HSCB Group are:-

- (a) plantation;
- (b) property division (comprising property investment, development and hospitality);
- (c) credit financing;
- (d) automotive;
- (e) trading; and
- (f) building materials.

As at the Latest Practicable Date, HSCB owns the entire issued share capital of HSIHPL, which has a 50.82% direct interest in the issued share capital of the Company. As such, HSCB is a controlling shareholder, and, together with its associates, are deemed interested persons for purposes of Chapter 9 of the Listing Rules, and accordingly, any transactions entered into between the Group and HSCB or its associates will be regarded as Interested Person Transactions for the purposes of Chapter 9 of the Listing Rules.

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 RM 300,000,000 comprising 300,000,000 ordinary shares. The MMSB Group is a wholly-owned subsidiary of HSCB and is principally engaged in manufacture and sale of porcelain and ceramic tiles, property investment and investment holding.

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 Rules. 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 Rules.

2.2.3 **The Mandated Interested Persons**

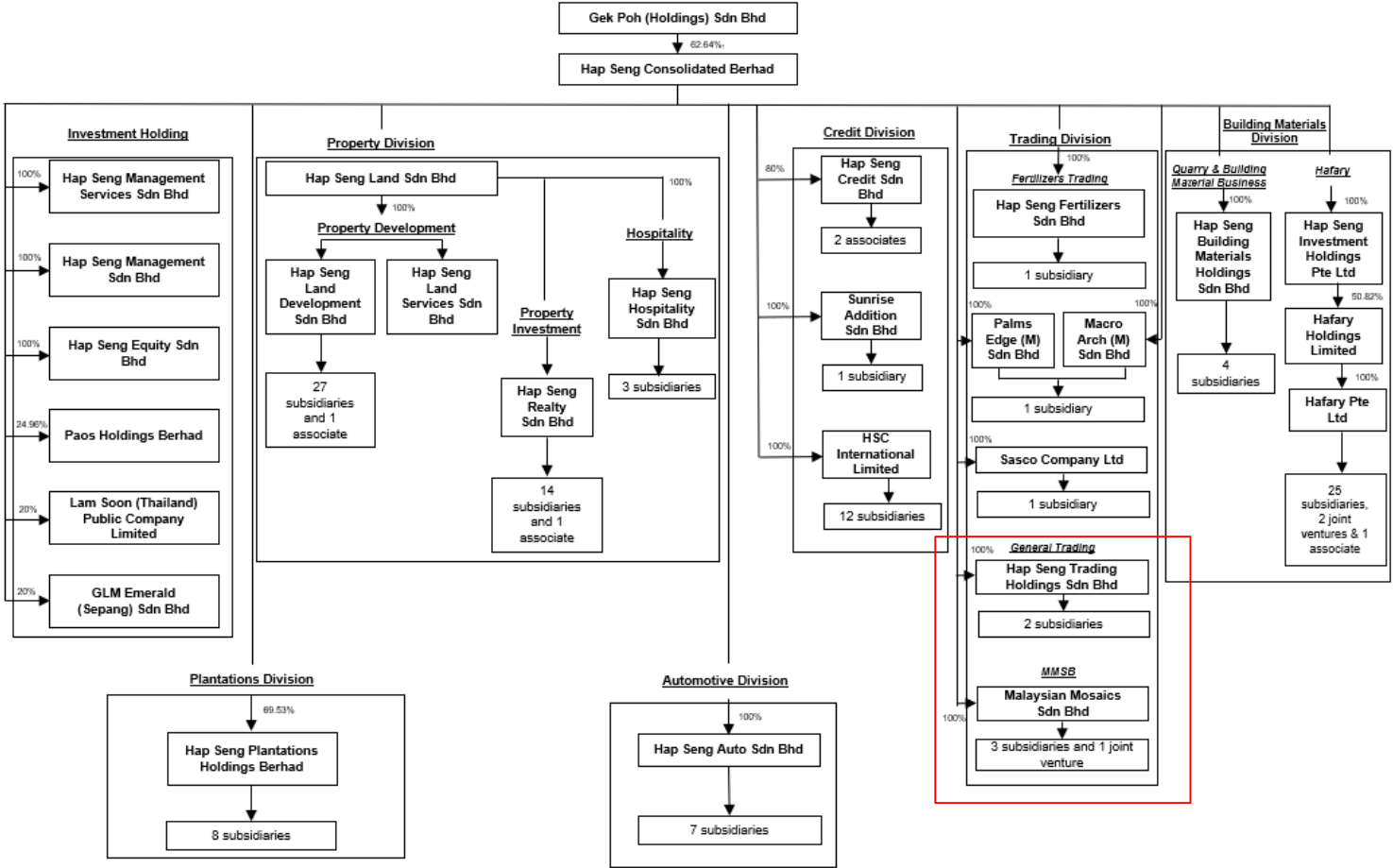
The interested persons to be covered under the IPT General Mandate are set out in the table below (collectively, the "**Mandated Interested Persons**"):

Name of entity	Relationship with HSCB	Country of incorporation	Principal business
MMSB	Wholly-owned subsidiary of HSCB ⁽¹⁾	Malaysia	Investment holding, manufacture and sale of porcelain and ceramic tiles.
MML (Shanghai) Trading Co., Ltd. (" MML Shanghai ")	Wholly-owned subsidiary of MMSB ⁽²⁾	China	Trading and distribution of porcelain and ceramic tiles and fertilisers.
Hap Seng Trading (BM) Sdn. Bhd. (" HSTBM ")	Wholly-owned subsidiary of Hap Seng Trading Holdings Sdn. Bhd. (" HSTH ") which is in turn a wholly-owned subsidiary of HSCB ⁽³⁾	Malaysia	Trading in building materials.

Notes:

- (1) MMSB is an associate of HSCB and is deemed an interested person for purposes of Chapter 9 of the Listing Rules.
- (2) MML Shanghai is an associate of HSCB and is deemed an interested person for purposes of Chapter 9 of the Listing Rules.
- (3) HSTBM is an associate of HSCB and is deemed an interested person for purposes of Chapter 9 of the Listing Rules.

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 the Latest Practicable Date, Gek Poh Holdings has an aggregate shareholding of 62.64% in HSCB, comprising a 54.63% direct shareholding and an 8.01% indirect shareholding via HSIS, a wholly-owned subsidiary of Gek Poh Holdings.
- (2) The Mandated Interested Persons are represented by the entities in the boxed section, being MMSB, MML Shanghai, a wholly-owned subsidiary of MMSB, and HSTBM, a wholly-owned subsidiary of HST

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

2.3.1 The categories of interested person transactions which will be covered by the IPT General Mandate are:

- (a) the sale and purchase of products, including but not limited to:-
 - (i) tiles;
 - (ii) ceramics;
 - (iii) stone;
 - (iv) wood flooring; and
 - (v) 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;
 - (iii) transport and logistics services; and
 - (iv) management and technical services, including technical advisory services in relation to the operation of tile manufacturing plants;
- (c) the payment of royalty fees by the Group to Mandated Interested Persons for the Group's use of the Mandated Interested Persons' intellectual property,

to and from the Mandated Interested Persons, as the case may be (collectively, the "**Mandated Transactions**").

2.3.2 The IPT General Mandate will not cover any interested person transaction which has a value below S\$100,000 as, pursuant to Rules 905(3) and 906(2) of the Listing Rules, the threshold and aggregation requirements of Chapter 9 of the Listing Rules do not apply to such transactions. However, as stated under Section 3.1.2 of this Appendix, the SGX-ST may aggregate any such transactions below S\$100,000 that are entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Listing Rules.

Transactions with interested persons (including the Mandated 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 Rules and/or other applicable provisions of the Listing Rules.

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 Mandated 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 Mandated 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 Mandated 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(e) 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.

2.5 **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 (including management services) from the Mandated 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 Mandated 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 Mandated 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 Mandated Interested Persons, the Group will only enter into leases or renew existing leases with the Mandated 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) in relation to royalty fees paid by the Group to Mandated Interested Persons for the utilisation of the Mandated Interested Person's intellectual property in the Group's manufacturing activities, any such royalty fee payable will be set out in a licensing agreement between the Group and the relevant Mandated Interested Person. The terms of the licensing agreement (including the royalty fee payable) shall be approved by any two of the Independent Directors, Executive Directors and/or executive officers of the Group with no interest, direct or indirect, in the Mandated Transaction prior to the Group's entry into such licensing agreement, with input from independent professionals on the range of similar royalty fees. This is to ensure that the royalty fees or rates are not less favourable than comparable royalty fees or rates offered by unrelated third parties;
- (e) 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 for certain brands of products manufactured solely by the Mandated Interested Persons, where the purchase of such products from the Mandated 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 under brands solely manufactured by the Mandated 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 a Mandated 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;

- (viii) availability of preferential rates (whether for bulk purchases or otherwise)
- (ix) the cost of provision of such service and any applicable transfer pricing requirements guidelines issued by the relevant authorities; and/or
- (x) gross profit margin test.

2.5.2 **Approval and review thresholds**

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
Mandated Transactions not exceeding S\$1,000,000 ⁽¹⁾	CEO or Financial Controller. Failing which, an Executive Officer of the Group who: <ul style="list-style-type: none"> 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 Mandated Interested Person
Mandated Transactions exceeding S\$1,000,000	Approval by the Audit Committee.

Note:

- (1) S\$1,000,000 equates to approximately 0.85% of the Group's audited consolidated NTA for FY2023. This threshold was adopted when the Company sought Shareholders' approval for its previous IPT general mandate first adopted in 2016 and was determined by the Company after having considered the anticipated value of the Mandated Transactions balanced with the need for the smooth and efficient conduct of business. The Company has reviewed its operations and transactions with the Mandated Interested Persons annually since and has determined that the threshold is still relevant and appropriate for the IPT General Mandate.
- (b) where the value of any individual transaction, when aggregated with other transactions entered into with the same Mandated Interested Person during the same financial year, is equal to or exceeds 15.0% of the listed group's latest audited consolidated NTA (the "**Lower Financial Limit**") but is less than 30.0% of the listed group's latest audited consolidated NTA (the "**Upper Financial Limit**"), it must be approved by both the CEO and the Financial Controller or any two executive officers of the Group who (i) do not have any interest (direct or indirect) in relation to the transaction; (ii) is not from the relevant department which raised the purchase request; and (iii) is not a director of a Mandated Interested Person;

- (c) where the value of any individual transaction, when aggregated with other transactions entered into with the same Mandated Interested Person during the same financial year is equal to or exceeds 30.0% of the listed group's latest audited consolidated NTA (i.e. the Upper Financial Limit), it must be approved by the Audit Committee prior to entry. The Lower Financial Limit and the Upper Financial Limit were determined taking into account the nature and frequency of the Mandated Transactions. The Audit Committee, having considered the foregoing factors as well as the financial risk arising from the Group's exposure to the Mandated Interested Persons, are of the view that the Lower Financial Limit and the Upper Financial Limit are reasonable;
- (d) where the value of any individual transaction, when aggregated with other transactions entered into with the same Mandated Interested Person during the same financial year, is below the Lower Financial Limit, it must be approved in accordance with the approval limits and corresponding approving authority as described in Section 2.5.2(a); and
- (e) any transaction to be made with a Mandated 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 Mandated 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(e) 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(e) of this Appendix are properly taken into account and documented.

For the purposes of this Section, 15.0% of the latest audited NTA of the Group (being the Lower Financial Limit) would be S\$17,722,200 and 30.0% of the latest audited NTA of the Group (being the Upper Financial Limit) would be S\$35,444,400.

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 half-yearly basis to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Rules) 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 Mandated 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 Mandated Interested Persons;
- (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 Mandated Transactions. The register shall be prepared, maintained and monitored by personnel of the Company (who shall not be interested in any of the Mandated 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 have 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 Rules, 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 Rules) 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 Rules:

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)
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3. **CHAPTER 9 OF THE LISTING RULES**

3.1 **Background**

3.1.1 Chapter 9 of the Listing Rules 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 purposes of Chapter 9 of the Listing Rules:

- (a) "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Rules;
- (b) an "**associate**" in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family (i.e. spouse, children, adopted children, step-children, siblings and parents), the trustees of any trusts 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 substantial shareholder or 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;
- (c) 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;
- (d) a "**chief executive officer**" means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company;
- (e) a "**controlling shareholder**" is a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the listed company (unless otherwise excepted by the SGX-ST) or in fact exercises control over a company;
- (f) "**entity at risk**" means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) 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.
- (g) "**interested person**" means:
 - (i) a director, chief executive officer, or controlling shareholder of the listed company; or
 - (ii) an associate of any such director, chief executive officer, or controlling shareholder.

The SGX-ST may deem any person or entity to be an interested person if the person

or entity has entered into, or proposes to enter into: (a) a transaction with an entity at risk; and (b) an agreement or arrangement with an interested person in connection with that transaction.

- (h) "**interested person transaction**" means a transaction between an entity at risk and an interested person, and a "transaction" includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of goods or 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.

3.1.2 An immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

In particular, an immediate announcement is required where:

- (a) the value of the proposed transaction is equal to or more than 3% of the latest audited NTA of the listed group; or
- (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year is equal to or more than 3% of the latest audited NTA of the listed group.

In addition to an immediate announcement, shareholders' approval is required where:

- (a) the value of the proposed transaction is equal to or more than 5% of the latest audited NTA of the listed group; or
- (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year is equal to or more than 5% of the latest audited NTA of the listed group.

In interpreting the term "**same interested person**" for the purpose of aggregation, the following applies:

- (a) 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. Transactions between (X) an entity at risk and a primary interested person; and (Y) 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;
- (b) 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
- (c) 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 and risk committees whose members are completely different.

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000 and certain transactions such as those set out in Rules 915 and 916 of the Listing Rules. However, while such transactions below S\$100,000 are not normally aggregated under Rules 905(3) of the Listing Rules, the SGX-ST may aggregate any such transactions entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Listing Rules.

3.1.3 Based on the latest audited consolidated financial statements of the Company and the Group for FY2023, the latest audited NTA of the Group was S\$118,148,000. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Rules, in the current financial year and until such time as the audited consolidated financial statements of the Group for the current financial year are published, Shareholders' approval is required where:

- (a) the transaction is of a value equal to, or more than, approximately S\$5,907,400, being 5% of the Group's latest audited NTA as at 31 December 2023; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, S\$5,907,400. 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 approved by Shareholders.

3.1.4 Rule 920 of the Listing Rules permits a listed company to seek a general mandate from its shareholders for recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, which may be carried out with interested persons of the listed company. It should be noted that no such mandate can be sought for the purchase or sale of assets, undertakings or businesses. In addition, a general mandate is subject to annual renewal.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 *Directors' Interests*

The interest of the Directors in the Shares as recorded in the Register of Directors' Shareholdings of the Company as at the as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Indirect Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Mr Ong Beng Chye	-	-	-	-	-	-
Mr Low Kok Ann	36,847,403	8.56	-	-	36,847,403	8.56
Datuk Edward Lee Ming Foo, JP	-	-	-	-	-	-
Mr Low See Ching	109,547,280	25.44	-	-	109,547,280	25.44
Ms Cheah Yee Leng	-	-	-	-	-	-
Mr Yong Teak Jan @ Yong Teck Jan	-	-	-	-	-	-
Mr Terrance Tan Kong Hwa	-	-	-	-	-	-

Directors	Direct Interest		Indirect Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Mr Foo Yong How (Fu Yonghao)	-	-	-	-	-	-

4.2 **Interests of Substantial Shareholders**

The interest of the Substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at as at the Latest Practicable Date are set out below:

Substantial shareholders (other than Directors)	Direct Interest		Indirect Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
HSIHPL	218,790,000	50.82	-	-	218,790,000	50.82
HSCB ⁽¹⁾	-	-	218,790,000	50.82	218,790,000	50.82
Gek Poh Holdings ⁽¹⁾	-	-	218,790,000	50.82	218,790,000	50.82
Magic Principle Assets Limited ("MPAL") ⁽²⁾	-	-	218,790,000	50.82	218,790,000	50.82
HSBC International Trustee Limited ("HSBC") ⁽¹⁾	-	-	218,790,000	50.82	218,790,000	50.82
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ⁽³⁾	-	-	218,790,000	50.82	218,790,000	50.82
Ms Low Bee Lan Audrey	22,133,857	5.14	-	-	22,133,857	5.14

Notes:

- (1) Gek Poh Holdings holds a 62.64% comprising direct and indirect interest of 54.63% and 8.01% respectively in HSCB, which wholly-owns HSIHPL. Gek Poh Holdings 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 Act.
- (2) MPAL holds a 44% interest in Gek Poh Holdings, and is wholly-owned by HSBC. MPAL and HSBC are deemed interested in the 218,790,000 Shares which HSIHPL is interested in, pursuant to Section 7 of the Act.
- (3) Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak holds a 56% interest in Gek Poh Holdings, and is deemed to be interested in the 218,790,000 Shares which HSIHPL is interested in, pursuant to Section 7 of the Act.

5. ABSTENTION FROM VOTING

5.1 Rule 919 of the Listing Rules 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 Rules, nor accept appointments as proxies unless specific instructions as to voting are given.

5.2 HSIHPL, being the controlling shareholder which the Mandated 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 Rules, also confirms that:-

- (a) the methods or procedures for determining the transaction prices under the IPT General Mandate have not changed since Shareholders adopted the IPT General Mandate at the extraordinary general meeting held on 26 October 2022; 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 are 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. ANNUAL GENERAL MEETING

9.1 The AGM will be held, in a wholly physical format, at 8 Wilkie Road, #03-08, Wilkie Edge,

Singapore 228095 on 25 April 2024 at 12.00 p.m. **There will be no option for Shareholders to participate virtually.**

9.2 While Printed copies of the Notice of AGM, the Proxy Form and the Request Form will be sent to members via post, printed copies of the Annual Report and this Appendix will NOT be sent to Shareholders. Instead, the Annual Report and this Appendix will be made available to Shareholders by electronic means via publication on the Company's corporate website <https://www.hafary.com.sg/>. The Annual Report and this Appendix will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Members who wish to obtain a printed copy of the Annual Report and the Appendix should complete the Request Form and return it by post to the registered office address of the Company at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836 or via email to enquiry@hafary.com.sg no later than 12.00 p.m. on 11 April 2024.

9.3 **Submission of Questions in Advance of the AGM**

9.3.1 All Shareholders may submit substantial and relevant questions relating to the business of the AGM up till 11 April 2024 at 12.00 p.m., being seven (7) calendar days from the date of this Notice of AGM either:

(a) via post to Company's registered office at 105 Eunos Avenue 3, Singapore 409836; or

(b) via electronic mail to enquiry@hafary.com.sg.

9.3.2 Shareholders who submit questions in advance of the AGM should provide their full name, address, contact number, email and the manner in which they hold Shares (if you hold Shares directly, please provide your account number with CDP; otherwise, please state if you hold your Shares through CPF or SRS or another Relevant Intermediary), for our verification purposes.

9.3.3 The Company will endeavour to address all substantial and relevant questions:

(a) (if received by the deadline set out in Section 9.3.1 above) by 20 April 2024 before 12.00 p.m. (being more than 48 hours prior to the closing date and time for the lodgment of the forms of proxy), via an announcement on SGXNet and the Company's website; or

(b) (if received after the deadline set out in Section 9.3.1 above) during the AGM.

9.3.4 The Company will also, within one (1) month after the date of the AGM, publish the minutes of the AGM on SGXNet and the Company's website, and the minutes will include the responses to the questions referred to above.

9.4 **Voting**

9.4.1 Shareholders who wish to exercise their voting rights at the AGM may:

(a) (where the Shareholder is an individual) attend and vote at the AGM; or

(b) (where the Shareholder is an individual or a corporate) appoint a proxy to vote on their behalf. Each of the resolutions to be put to the vote of members at the AGM (and at

any adjournment thereof) will be voted on by way of a poll.

9.4.2 Shareholders (including Relevant Intermediaries) who wish to vote on any or all of the resolutions at the AGM via proxy must submit a Proxy Form. The Proxy Form must be submitted to the Company in the following manner:

- (a) if submitted by post, be lodged at the Company's registered office at 105 Eunos Avenue 3, Singapore 409836; or
- (b) if submitted electronically, be submitted via email to enquiry@hafary.com.sg,

in either case by no later than 12.00 p.m. on 22 April 2024, being more than 48 hours before the time appointed for the AGM.

The accompanying Proxy Form for the AGM may be accessed via the Company's corporate website <https://www.hafary.com.sg/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

9.4.3 A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory. A proxy need not be a member of the Company.

In the case of submission of the Proxy Form appointing the Chairman of the AGM as proxy, it must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

9.4.4 A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9.4.5 An investor who holds shares through the CPF or the SRS and wishes to vote, should approach their respective CPF Agent Banks (i.e. the agent banks approved by CPF) or SRS Operators (i.e. the agent banks included in the SRS) to submit their votes to appoint the Chairman of the AGM as their proxy, at least 7 working days before the AGM (i.e. **by 5.00 p.m. on 15 April 2024**).

9.4.6 The name of a Depositor (as defined under Section 81SF of the SFA) must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

9.5 **Voting Results**

An independent scrutineer will be appointed by the Company to direct and supervise the counting and validation of all valid votes cast at the AGM. The voting results will be announced during the AGM and the Company will also issue an announcement on SGXNet on the results of the resolutions put to vote at the AGM.

Yours faithfully

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

Low Kok Ann
Executive Director and CEO