

**INTERESTED PERSON TRANSACTIONS
ENTRY INTO PROPERTY MANAGEMENT AGREEMENTS**

1. Introduction

The Board of Directors (the "**Board**") of Hafary Holdings Limited (the "**Company**", together with its subsidiary companies, the "**Group**") wishes to announce that the Group has on 16 July 2024 entered into the following property management agreements (the "**Property Management Agreements**") with TAP Co-Livings Pte. Ltd. ("**TAP**"):

- (i) a property management agreement, under which TAP will provide property management services to the Group in relation to the residential units at 161 Lavender Street, Lavender Place, Singapore 338750 (the "**Property**") for an initial one-year term (the "**PMA (Residential)**"); and
- (ii) a property management service agreement, under which TAP will provide property management services to the Group in relation to the unutilised commercial units¹ at the Property for an initial one-year term (the "**PMA (Commercial)**"),

(collectively, the "**Property Management IPTs**").

2. Details of the interested person

TAP is a private company incorporated in Singapore that is wholly-owned by The Assembly Place Holdings Pte. Ltd. ("**TAPH**"). The Company's Non-Independent Non-Executive Director and controlling shareholder, Mr Low See Ching ("**Mr Low**"), has a controlling interest in TAPH, and as such, TAP is Mr Low's associate.

Accordingly, all transactions entered into between the Group and TAP (including transactions under the Property Management IPTs) are interested person transactions and are subject to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX Rules**").

For the purposes of Rules 905 and 906 of the SGX Rules, Mr Low and his associates are treated as the same interested person, and the transactions entered into between (i) the Group on one hand; and (ii) Mr Low and his associates on the other hand, are aggregated in determining whether the prescribed financial thresholds under Rules 905 and 906 of the SGX Rules are triggered.

¹ As announced by the Group on 9 November 2022, the Group acquired the Property to establish a flagship store and has commenced addition and alteration works. The property management services provided by TAP will be in respect of the portion of the Property that is not utilised for the Group's flagship store operations.

3. Details of the Group's interested person transactions with Mr Low and his associates as at the date of this announcement

Name of interested person(s)	Details of interested person transactions	Aggregate value of the interested person transactions in the financial year ending 31 December 2024 ("FY2024") (S\$'000)
Mr Low	Acquisition by Hafary Pte Ltd, a wholly-owned subsidiary of the Company, of Mr Low's 19.0% shareholding interest in World Furnishing Hub Pte. Ltd.	4,465
TAP	PMA (Commercial)	294 ^{(1), (3)}
	PMA (Residential)	426 ^{(2), (3)}
Total		5,185 ⁽⁴⁾

Notes:

- (1) Under the terms of the PMA (Commercial), the Group is obligated to pay, on a monthly basis, fixed management service fees. In addition to such fixed management service fees, the Group is obligated to pay a commission to TAP upon the successful introduction of potential tenants. The PMA (Commercial) is for an initial 1-year term, and any renewal is subject to the mutual agreement of the parties. This figure assumes all commercial units are tenanted out to tenants introduced by TAP during the initial term of the PMA (Commercial) at anticipated rent rates provided by TAP each for a term of three years.
- (2) Under the terms of the PMA (Residential), the Group is obligated to pay, on a monthly basis, management service fees to TAP which is calculated based on the total rent chargeable to tenants in respect of the residential units managed by TAP. In addition, the Group expects to pay a fixed monthly housekeeping fee. The PMA (Residential) is for an initial 1-year term, and any renewal is subject to the mutual agreement of the parties. This figure assumes all residential units are tenanted out to tenants introduced by TAP during the initial term of the PMA (Residential) at anticipated rent rates provided by TAP each for a term of two years.
- (3) As (i) the Group's entry into the Property Management Agreements constitute interested person transactions under Chapter 9 of the Listing Manual; and (ii) given the variable component relating to the amounts to be paid by the Group under each of the Property Management Agreements, in order to cap the value at risk to the Group, the parties have agreed that the maximum amount of service fees and commissions payable by the Group under the Property Management Agreements shall not exceed S\$930,000 in aggregate during the initial term or such other amount as may be notified by the Group to TAP, such amount being the maximum amount at risk which would cause the aggregate value of all transactions entered into between (i) the Group on one hand; and (ii) Mr Low and his associates on the other, to exceed 5.0% of the Group's latest audited net tangible assets. Parties have also agreed that such cap will not affect TAP's existing service obligations under the Property Management Agreement during the initial term. For the avoidance of doubt, TAP has not provided any profit guarantee. Assuming the amount of service fees and commissions payable by the Group under the Property Management Agreements is S\$930,000, the aggregate value of interested person transactions in FY2024 with Mr Low and his associates will be S\$5,395,000, representing approximately 4.57 per cent. of the Group's latest audited net tangible assets of approximately S\$118,148,000 as at 31 December 2023.

- (4) As announced by the Company on 17 January 2024, Mr Low's associate has also entered into a tenancy agreement with the Group. As the tenancy agreement was for a term of not more than 3 years, and which rent rate was supported by a valuation carried out by an independent valuer, the fees payable by Mr Low's associate under the tenancy agreement was not aggregated with the above transactions.

As at the date of this announcement:

- (a) the current total value of all interested person transactions with Mr Low and his associates (excluding transactions less than S\$100,000 and transactions conducted under the shareholders mandate) for FY2024 is approximately S\$5,377,000 (the "**Total Relevant IPTs**");
- (b) approximately S\$192,000 of the Total Relevant IPTs for FY2024 represents the aggregate rental to be paid by Mr Low's associate for FY2024 under a tenancy agreement between Mr Low's associate and the Group (the "**Excluded IPT**"). As the Excluded IPT relates to a tenancy agreement with a term that is not more than 3 years and which rent rate was supported by a valuation carried out by a property valuer, the Excluded IPT was not aggregated pursuant to Rule 916(1) of the SGX Rules;
- (c) the remaining value of the Total Relevant IPTs is approximately S\$5,185,000, which represents 4.39% of the Company's latest audited net tangible assets, being the audited consolidated financial statements for the financial year ended 31 December 2023. The Company's latest audited net tangible assets is approximately S\$118,148,000;
- (d) the value of all interested persons transactions (excluding transactions less than S\$100,000 and transactions conducted under the shareholders mandate) for FY2024 is approximately S\$7,972,000.

4. Rationale for the Property Management IPTs

The Company has commenced addition & alteration works in order to operate its flagship store at the Property. Notwithstanding this, the Property currently has unutilised residential and commercial units. The Company is entering into the Property Management IPTs in order to optimise the Property's earning capacity.

The Board (with Mr Low, Mr Low Kok Ann and Mr Darrell Lim Chee Lek abstaining) believes that TAP has the competence and resources to manage the Property for and on behalf of the Group.

5. Audit Committee Statement

The audit committee of the Company (the "**Audit Committee**") has reviewed the above interested person transactions as well as the rationale for and benefits of the Property Management IPTs.

The Audit Committee is of the view that the Property Management IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

6. Abstention

The following persons have abstained from the Board's review and approval process in respect of the Property Management IPTs:

- (i) Mr Low, being a Non-Independent Non-Executive Director and controlling shareholder of the Company;
- (ii) Mr Low Kok Ann, being the Executive Director and CEO and substantial shareholder of the Company and an associate of Mr Low; and
- (iii) Our Independent and Non-Executive Director, Mr Darrell Lim Chee Lek, has an approximately 2.0% interest in the issued share capital of Tap Venture Two Pte. Ltd., which in turn, will have an approximately 0.2% direct interest in TAPH, upon completion of the necessary regulatory filings. In light of such interests and in line with Principle 1 of the Code of Corporate Governance 2018, Mr Lim has recused himself in respect of the Board's review and approval process in respect of the Property Management IPTs.

7. Interests of Directors and Controlling Shareholders

Saved as disclosed above and save for their shareholdings in the Company, none of the directors or controlling shareholders of the Company have any interest, direct or indirect, in the Property Management IPTs.

By Order of the Board

Tay Eng Kiat Jackson
Company Secretary
16 July 2024