

## HAFARY HOLDINGS LIMITED

(Company Registration No. 200918637C)

(Incorporated in the Republic of Singapore)

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### PROPOSED ACQUISITION OF 19.0% OF THE ISSUED SHARE CAPITAL OF WORLD FURNISHING HUB PTE. LTD. BY THE COMPANY'S SUBSIDIARY, HAFARY PTE LTD, BEING AN INTERESTED PERSON TRANSACTION

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#### 1. INTRODUCTION

- 1.1 The Board of Directors (the "**Directors**") of Hafary Holdings Limited (the "**Company**", and, together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Hafary Pte Ltd (the "**Purchaser**") has, on 17 January 2024, entered into a sale and purchase agreement ("**SPA**") with the Company's Non-Independent Non-executive Director and controlling shareholder, Mr Low See Ching (the "**Seller**"), in relation to a proposed acquisition (the "**Proposed Acquisition**") by the Group of the Seller's 19.0% shareholding interest (the "**Target Shares**") in World Furnishing Hub Pte. Ltd. ("**WFH**").
- 1.2 As at the date of this announcement, WFH is a subsidiary of the Group, with the Purchaser having an 81.0% shareholding interest in WFH.
- 1.3 On completion of the Proposed Acquisition ("**Completion**"), WFH will become a wholly-owned subsidiary of the Purchaser.
- 1.4 While the Proposed Acquisition does not constitute a "discloseable transaction" as defined in Chapter 10 of the Singapore Exchange Securities Trading Limited Listing Manual ("**Mainboard Rules**"), the Company is making this announcement as the Proposed Acquisition constitutes an interested person transaction pursuant to Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual ("**Mainboard Rules**") and the Company is required to announce the Proposed Acquisition under Rule 905(1) of the Mainboard Rules.

#### 2. INFORMATION ON WFH, THE TARGET SHARES AND THE SELLER

- 2.1 WFH is a company limited by shares incorporated in Singapore. As at the date of this announcement, the issued and paid-up share capital of WFH is S\$1,000,000, comprising 1,000,000 shares.
- 2.2 WFH's principal asset is the leasehold interest of the property located at 18 Sungei Kadut Street 2, Singapore 729236 (the "**Property**").
- 2.3 Based on the management accounts of WFH for the financial year ended 31 December 2023 ("**FY2023**"), the net tangible liabilities of the Target Shares is S\$0.37 million, the net profits attributable to the Target Shares is S\$0.18 million and, based on a valuation conducted on the Property by Orangetee Advisory Pte Ltd (the "**Independent Valuer**"), the market value of the Property is S\$72 million, which ascribes a value of S\$4.76 million to the Target Shares.
- 2.4 The Seller is a Non-Independent Non-executive Director of the Company and is a controlling shareholder of the Company. The Seller is the son of the Company's Executive Director and CEO and controlling shareholder, Mr Low Kok Ann.

### **3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

#### **3.1 Consideration**

Under the terms of the SPA, the aggregate consideration payable by the Purchaser is S\$4,465,000 (the "**Consideration**").

The Consideration was arrived at on a willing buyer and willing seller basis after arm's length negotiations between the Purchaser and the Seller, taking into account, *inter alia*, the following factors:

- 3.1.1 the prevailing market conditions;
- 3.1.2 the indicative market value of the Property, pursuant to a valuation conducted by the Independent Valuer as of 31 December 2023, being S\$72 million; and
- 3.1.3 the fact that the Proposed Acquisition constitutes a disposal of a minority stake in WFH.

#### **3.2 Material conditions**

Completion of the Proposed Acquisition is conditional upon the fulfilment of the following conditions:

- 3.2.1 the warranties provided by the Purchaser and the Seller in the SPA being true, complete and accurate in all material respects as at the relevant dates of Completion; and
- 3.2.2 all other necessary governmental or regulatory filings, permits or approvals required in connection with the SPA and the transactions contemplated having been made or obtained, and being in full force and effect and not having been withdrawn, suspended, amended, or revoked, and if such approval, consents, and/or waivers are granted or obtained subject to any conditions, and if such conditions affect the Purchaser and/or the Seller, such conditions being reasonably acceptable to the party concerned, and if such conditions are to be fulfilled before specific dates, such conditions being fulfilled before such dates.

#### **3.3 Terms of payment**

The Consideration will be paid in cash by telegraphic transfer to the Seller on Completion.

### **4. RATIONALE FOR THE PROPOSED ACQUISITION**

- 4.1 The Proposed Acquisition represents an opportunity for the Company to increase its stake in WFH at a favourable price.
- 4.2 Upon Completion, the Company's legal and beneficial ownership of the share capital of WFH will increase from 81.0% to 100.0%. This will allow the Company to consolidate a higher percentage of WFH's financial results and performance in the future and may improve the Company's profitability and enhance shareholders' value in the long term.
- 4.3 While WFH is in a net tangible liabilities position (based on the management accounts of WFH for FY2023, the Company recognizes the performance and continuing potential

of the Property and is of the view that the Company will benefit from better operational productivity and cost efficiencies.

Based on the above considerations, the Board believes that the Proposed Acquisition will be beneficial to and is in the best interests of the Company and the Group.

## **5. CURRENT TOTAL VALUE OF INTERESTED PERSON TRANSACTIONS**

As at the date of this announcement:

- 5.1 the current total value of all interested person transactions with the Seller and his associates (excluding transactions less than S\$100,000 and transactions conducted under the shareholders mandate) for the financial year ending 31 December 2024 ("FY2024") is approximately S\$4,657,000 (the "**Total Seller IPTs**");
- 5.2 approximately S\$192,000 of the Total Seller IPTs for FY2024 represents the aggregate rental to be paid by the Seller for FY2024 under a tenancy agreement between the Seller 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 with the Proposed Acquisition pursuant to Rule 916(1) of the Mainboard Rules;
- 5.3 the remaining value of the Total Seller IPTs is approximately S\$4,465,000, which represents 4.82% of the Company's latest audited net tangible assets, being the audited consolidated financial statements for the financial year ended 31 December 2022. The Company's latest audited net tangible assets is approximately S\$92,571,000;
- 5.4 the value of all interested persons transactions (excluding transactions less than S\$100,000 and transactions conducted under the shareholders mandate) for the current financial year ending 31 December 2024 is approximately S\$4,777,000.

## **6. ABSTENTION**

The following persons have abstained from the Board's review and approval process in respect of the Proposed Acquisition:

- 6.1 the Seller, being a Non-Independent Non-executive Director and controlling shareholder of the Company; and
- 6.2 Mr Low Kok Ann, being the Executive Director and CEO and controlling shareholder of the Company and an associate of the Seller.

## **7. STATEMENT OF THE AUDIT COMMITTEE**

The Audit Committee of the Company has reviewed the terms of the Proposed Acquisition and is of the view that the terms of the Proposed Acquisition are on normal commercial terms and the Proposed Acquisition is not prejudicial to the interests of the Company and its minority Shareholders.

**8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed Acquisition.

**By Order of the Board**

Ong Beng Chye  
Independent Non-Executive Chairman  
17 January 2024