

APPENDIX DATED 28 February 2020

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
PLEASE READ IT CAREFULLY**

This Appendix is circulated to the shareholders of Pan Ocean Co., Ltd. (the "Company"). Its purpose is to provide shareholders with information relating to, and the reasons for, the proposed renewal of the IPT Mandate (as defined herein), and to seek shareholders' approval in relation to the same at the Annual General Meeting to be held on 30 March 2020 at 39, Sejongdaero, Jung-gu, Seoul, 04513, Korea.

The Notice of Annual General Meeting and a Proxy Form are enclosed.

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

If you have sold or transferred all your shares in the capital of Pan Ocean Co., Ltd., you should at once hand the Notice of Annual General Meeting, Proxy Form and this Appendix to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.



PAN OCEAN CO., LTD.

(A corporation with limited liability established under the law of the Republic of Korea)
(Company Registration No. 110111-0004286)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

IN RELATION TO

THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

Important Dates and Times:

Last date and time for lodgment of Proxy Form	:	28 March 2020 at 10 a.m. (Korean time) or 9 a.m. (Singapore time)
Date and time of Annual General Meeting	:	30 March 2019 at 10 a.m. (Korean time) or 9 a.m. (Singapore time)
Place of Annual General Meeting	:	39, Sejongdaero, Jung-gu, Seoul, 04513 Republic of Korea

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DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:-

“2019 AGM”	:	Annual general meeting of the Company held on 27 March 2019
“2019 Circular”	:	Has the meaning ascribed to it in paragraph 2.1 of the Appendix
“AGM”	:	The annual general meeting of the Company to be held on 30 March 2020
“Appendix”	:	This appendix to the Notice of AGM dated 28 February 2020
“Associate”	:	(a) in relation to any Director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means:- <ul style="list-style-type: none">(i) his immediate family;(ii) 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(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder or 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
“Audit Committee”	:	The audit committee of the Company comprising of its independent directors, Sueng Hwan Choi (Chairman of the Audit Committee), Keum Seok Oh and Kwang Soo Oh
“CDP”	:	The Central Depository (Pte) Limited
“Chief Financial Officer”	:	Tae Hyung Kim
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Company”	:	Pan Ocean Co., Ltd.
“Condition”	:	Has the meaning ascribed to it in paragraph 8 of the Annex I
“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none">(a) holds directly or indirectly 15% or more of all voting Shares in the Company, unless determined by SGX-ST that such person is not a controlling shareholder; or(b) in fact exercises control over the Company; or(c) such other meaning as the SGX-ST may ascribe to this term from time to time
“Directors”	:	The directors of the Company as at the date of this Appendix

“Farmsco”	: Farmsco Co., Ltd.
“FY2019”	: The financial year ended 31 December 2019
“Group”	: The Company and its subsidiaries
“Harim”	: Harim Co., Ltd.
“Harim Group”	: A Korean enterprise focusing on the food business, comprising of Harim Holdings and its subsidiaries
“Harim Holdings”	: Harim Holdings Corporation
“Interested Persons”	: Has the meaning ascribed to it in paragraph 2 of the Annex I
“IPT Register”	: Has the meaning ascribed to it in paragraph 7.3.2 of Annex I
“Jeil Holdings”	: Jeil Holdings Co., Ltd., Former name of Harim Holdings
“Jeil Feed”	: Jeil Feed Co., Ltd.
“KSD”	: Korea Securities Depository
“Latest Practicable Date”	: The latest practicable date prior to the date of this Appendix, being 28 February 2020
“Listing Manual”	: The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
“Mandated IPTs”	: Has the meaning ascribed to it in paragraph 5 of the Annex I
“Market Day”	: A day on which SGX-ST is open for trading in securities
“NTA”	: Net tangible assets
“President”	: Sung Yob Choo
“IPT Mandate”	: Has the meaning ascribed to it in paragraph 2.1 of the Appendix “Securities Account” : Securities account maintained by a Depositor with CDP (but does not include a sub-securities account maintained with a Depository Agent)
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares, except that (a) where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the persons in the Depository Register maintained by CDP as Depositors whose Securities Account are credited with those Shares, and (b) where the registered holder is KSD, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the persons named as depositors in the relevant depository register maintained by KSD whose securities accounts are credited with those Shares
“Shares”	: Ordinary shares in the capital of the Company
“Sunjin”	: Sunjin Co., Ltd.
“Uninterested Directors”	: Has the meaning ascribed to it in paragraph 10 of the Appendix
“US\$” and “cents”	: United States of America dollars and cents respectively
“%”	: Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act or any statutory modification thereof, as the case may be.

The terms “subsidiary” and “substantial shareholder” shall have the meanings ascribed to them in Sections 5 and 81 of the Companies Act respectively or any statutory modification thereof, as the case may be.

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.

Words importing persons 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 or any statutory modification thereof

and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or any statutory modification thereof, as the case may be.

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

Any discrepancies in figures in tables included in this Appendix between the amounts listed and the total thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

PAN OCEAN CO., LTD

(A corporation with limited liability established under the law of the Republic of Korea)
(Company Registration No. 110111-0004286)

Board of Directors:

Sung Yob Choo (*Chief Executive Officer/President and Executive Director*)
Hong Kuk Kim (*Executive Director*)
Se Gi Cheon (*Executive Director*)
Keum Seok Oh (*Independent Director*)
Kwang Soo Oh (*Independent Director*)
Seung Hwan Choi (*Independent Director*)
Christopher Anand Daniel (*Independent Director*)

Registered Office:

7, Jong-ro 5-gil, Jongno-gu,
Seoul (03157), Korea

28 February 2020

To: The Shareholders of Pan Ocean Co., Ltd

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

1. INTRODUCTION

- 1.1 The Directors have convened the AGM to be held on 30 March 2020 to seek the approval of Shareholders for, *inter alia*, the renewal of the IPT Mandate as explained in paragraph 2 of this Appendix below.
- 1.2 The purpose of this Appendix is to provide Shareholders with information relating to, and the reasons for, the proposed renewal of the IPT Mandate.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix. If a Shareholder is in any doubt as to the action he/she should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Background

At the 2019 AGM, the Shareholders had approved, *inter alia*, the RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE (the “**IPT Mandate**”) to enable the Company, its subsidiaries and associated companies which are considered “entities at risk” within the meaning of Rule 904(2) of the Listing manual or any of them to enter into certain transactions falling within types of interested person transaction described in the Company’s circular to shareholders dated 26 February 2019 (the “**2019 Circular**”) with persons who are considered “interested persons”, provided that such transactions are made on normal commercial terms and in accordance with the guidelines and review procedures for interested person transactions set out in the 2019 Circular.

The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, which is scheduled to be held on 30 March 2020.

2.2 The Proposed Renewal of the IPT Mandate

The Directors propose that the IPT Mandate be renewed at the Annual General Meeting to take effect until the next annual general meeting of the Company. There is no change to

the terms of the IPT Mandate which is proposed to be renewed, that is, there is no change to the Interested Persons (as defined in the IPT Mandate), the Interested Person Transactions (as defined in the IPT Mandate), and the review procedures for Interested Person Transactions subject to the IPT Mandate.

In accordance with the requirements of Chapter 9 of the Listing Manual, Harim Holdings which holds approximately 54.70% of the currently outstanding share capital of the Company shall abstain and shall procure that each of its associates who are Shareholders (if any) abstain, from voting in respect of each of their shareholdings in the Company on the resolution to approve the Proposed Renewal of the IPT Mandate as set out in the Notice of **AGM**.

Harim Holdings and its associates who are Shareholders (if any) will also not accept nominations as proxy or otherwise vote on the said resolution unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast in respect of the said resolution.

2.3 Annexure

Details of the IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with the Interested Persons and other general information relating to Chapter 9 of the Listing Manual, are set out in Annex I to this Appendix

2.4 Audit Committee Statement

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 2019 AGM; and
- (b) the methods or procedures referred to in sub-paragraph (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.

2.5 Validity Period of the IPT Mandate

If approved by Shareholders at the Annual General Meeting scheduled to be held on 30 March 2020, the IPT Mandate will take effect from the date of passing of the ordinary resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the next annual general meeting of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to transactions with the Interested Persons.

2.6 Disclosure in Annual Report

Disclosure will be made in the Company's annual report of the aggregate value of all Interested Person Transactions conducted with the Interested Persons pursuant to the IPT Mandate during the current financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

3. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the terms, rationale and benefits of the proposed renewal of the IPT Mandate, the Directors excluding Hong Kuk Kim (the "**Uninterested Directors**") are of the unanimous opinion that the Proposed IPT Mandate is in the best interests of the Company. Accordingly, the Uninterested Directors recommend that the Shareholders vote in favor of the ordinary resolution in relation to the proposed renewal of the IPT Mandate as set out in the Notice of **AGM**.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the direct and deemed interests and voting rights of the Directors and the substantial Shareholders will be as follows:

Directors	Direct Interests		Deemed Interests		Total Interests	
	No of Shares	%	No of Shares	%	No of Shares	%
Sung Yob Choo	10,273	0.0	-	-	10,273	0.0
Hong Kuk Kim	-	-	292,400,000 ⁽¹⁾	54.70	292,400,000	54.70
Se Gi Cheon	-	-	-	-	-	-
Keum Seok Oh	-	-	-	-	-	-
Kwang Soo Oh	-	-	-	-	-	-
Seung Hwan Choi	-	-	-	-	-	-
Christopher Anand Daniel	-	-	-	-	-	-

Substantial Shareholders

Harim Holdings Co., Ltd.	292,400,000	54.70	-	-	292,400,000	54.70
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(1) Hong Kuk Kim is deemed to have an interest in the 292,400,000 Shares virtue of his interest in Harim Holdings Co., Ltd.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or claims, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group taken as a whole. The Directors have no knowledge of any proceedings or claims pending or threatened against the Company or any of its subsidiaries, or any facts likely to give rise to any such proceedings, which might have a material adverse effect on the financial position of the Group taken as a whole.

6. ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 39, Sejongdaero, Jung-gu, Seoul, 04513, Korea on 30 March 2020 at 10 a.m. (Korean time) or 9 a.m. (Singapore time) for the purpose of considering and, if thought fit, passing with or without modifications, *inter alia*, the ordinary resolution relating to the renewal of the Shareholders' Mandate, set out in the Notice of Annual General Meeting

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the Annual General Meeting to be held on 30 March 2020 and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of Annual General Meeting in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Korea, not less than 48 hours before the time fixed for the Annual General Meeting. The completion and lodgment of the Proxy Form by a Shareholder will not prevent him from attending and voting at the Annual General Meeting in place of his proxy if he so wishes.

In accordance with Article 354 of the Commercial Act of Korea and Article 16 of the Company's Articles of Association, a Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register by 31 December 2019.

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 adoption of the Proposed IPT Mandate and the Group, 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. DOCUMENTS FOR INSPECTION

The following documents may be inspected at the registered office of the Company at 7, Jong-ro 5-gil, Jongno-gu, Seoul (03157), Republic of Korea during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the Memorandum and Articles of Association of the Company and;
- (b) the independent auditors' report on the combined financial statements of the Group for the year ended 31 December 2019

Yours faithfully
For and on behalf of the Board of Directors
PAN OCEAN CO., LTD.

Sung Yob Choo
Executive Director and Chief Executive Officer / President

ANNEX I

THE IPT MANDATE

1 CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual applies to transactions which a corporation listed on the SGX-ST or any of its subsidiaries or associated corporations, which is considered to be an "entity at risk" within the meaning of Rule 904(2) of the Listing Manual, proposes to enter into with a counter-party who is an interested person of the listed corporation within the meaning of Rule 904(2) of the Listing Manual.

1.1 Definitions under Chapter 9 of the Listing Manual

The following definitions are contained in the Listing Manual:

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 of the Listing Manual.

An "associate" in relation to any director, chief executive officer, substantial shareholder or controlling shareholder means (i) his immediate family (that is, his spouse, child, adopted child, step-child, sibling or parent), (ii) 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 (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and, in relation to a substantial shareholder or a controlling shareholder which is a company, means its subsidiary or holding company or a subsidiary of such holding company or a company 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.

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 the group.

A "controlling shareholder" means a person who holds (directly or indirectly) 15% or more of the total number of issued shares excluding treasury shares in the company or one who in fact exercises control over the company.

An "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, provided that the listed group, or the listed group and its interested person(s), has or have control over the associated company.

An "interested person" means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder.

An "interested person transaction" means a transaction between an entity at risk and an interested person.

1.2 General requirements

Rule 905 of the Listing Manual states that a listed company must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group's latest audited net tangible assets, or if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group's latest audited net tangible assets, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Rule 906 of the Listing Manual states that a listed company must also obtain shareholder approval for any interested person transaction of a value equal to, or more than (i) 5% of the group's latest audited net tangible assets; or (ii) 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

Rule 920 of the Listing Manual also permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those 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. Transactions conducted under such a general mandate are not subject to Rules 905 and 906 of the Listing Manual. A general mandate is subject to annual renewal.

1.3 Excluded transactions

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction with a value of less than S\$100,000 is not considered material and is not taken into account for the purposes of this Appendix.

1.4 Illustration

For illustration purposes, based on the audited consolidated accounts of the Group for FY2019, the audited consolidated NTA of the Group as at 31 December 2019 was approximately US\$2,497,617,338

Accordingly, in relation to the Group, for the purpose of Chapter 9 of the Listing Manual in the current financial year:

- (i) an immediate announcement would be required where:
 - (a) the transaction is of a value equal to, or more than, approximately US\$ 74,928,520, being 3% of the latest audited consolidated NTA of the Group; or
 - (b) the transaction, when aggregated with other transactions entered into with the same interested person (in accordance with the definition in Chapter 9 of the Listing Manual) during the same financial year, is of a value equal to, or more than, US\$74,928,520, being 3% of the latest audited consolidated NTA of the Group.
- (ii) Shareholders' approval would be required where:
 - (a) the transaction is of a value equal to, or more than, approximately US\$124,880,867, being 5% of the latest audited consolidated NTA of the Group; or
 - (b) the transaction, when aggregated with other transactions entered into with the same interested person (in accordance with the definition in Chapter 9 of the Listing Manual) during the same financial year, is of a value equal to, or more than, US\$124,880,867, being 5% of the latest audited consolidated NTA of the Group.

2 INTRODUCTION

Interested Persons

As at the Latest Practicable Date, Harim Holdings holds approximately 54.70% of the current total shareholdings of the Company and is a controlling shareholder of the Company. According to Chapter 9 of the Listing Manual, Harim Holdings and its associates are interested persons. Harim Holdings is also a controlling shareholder of Harim Co., Ltd. ("**Harim**"); Farmsco Co., Ltd. ("**Farmsco**"); Sunjin Co., Ltd. ("**Sunjin**"); and Jeil Feed Co., Ltd. ("**Jeil Feed**"). Accordingly, Harim, Farmsco, Sunjin and Jeil Feed are all associates of Harim Holdings and are part of the Harim Group.

Harim Co., Ltd.

Harim was founded in 1990 and is based in Iksan-City, Korea. Harim is in the food business and is the largest chicken company in Korea. It is also the leading company in Korea's vertical broiler integrator business, where it breeds chicken (including manufacturing chicken feed), processes chicken and distributes chicken. Harim is listed on the Korean Stock Exchange.

Farmsco Co., Ltd.

Farmsco was founded in 1967 and is based in Seongnam-City, Korea. It engages in the manufacture and sale of animal feed in Korea. It is also involved in the slaughtering livestock and in the processing and preserving of meat and meat products. Farmsco is listed on the Korean Stock Exchange.

Sunjin Co., Ltd.

Sunjin was founded in 1973 and is based in Seoul, Korea. Sunjin is in the business of manufacturing, including feed for pigs, dairy cows, cattle, poultry and dogs. It also produces meat and processed meat products. Sunjin is the producer of Korea's first pork brand "Sunjin Pork", a top grade pork which is produced through Sunjin's specialised production process which includes the manufacturing of pig feed, pig breeding management, meat processing and sales. Sunjin is listed on the Korean Stock Exchange.

Jeil Feed Co., Ltd.

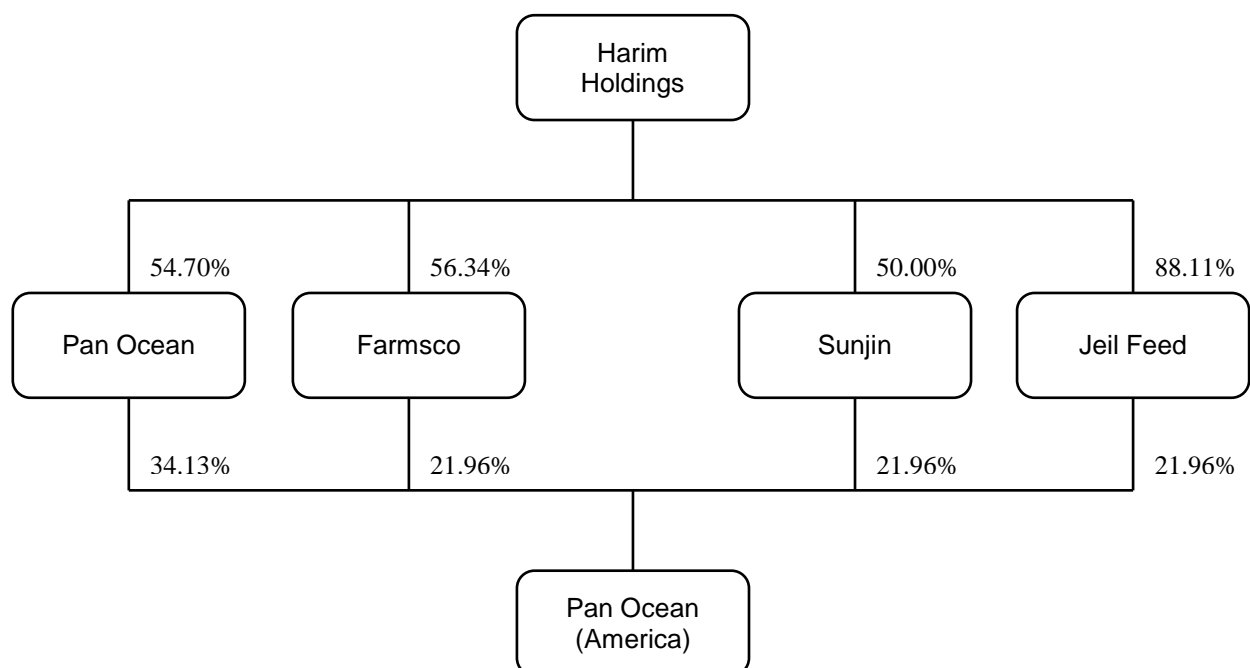
Jeil Feed was founded in 1962 and is based in Daejeon-City, Korea. Jeil Feed is a livestock feed manufacturer.

Pan Ocean (America), Inc.

Pan Ocean (America), Inc. ("**POA**"), is partly owned by various other companies within the Harim Group pursuant to injections of capital and the issuance of POA shares to other associates of Harim Holdings. Even though POA is a subsidiary of the Company by virtue of the Company appointing the entire board of POA, the Company does not have a majority of the shares of POA. As at the Latest Practicable Date the Company owns approximately 34.13% of the shareholdings of POA while each of Farmsco, Sunjin and Jeil Feed each own approximately 21.96% of the shareholdings of POA.

Notwithstanding that POA is a subsidiary of the Company and part of the Group, as at the Latest Practicable Date, Harim Holdings has a deemed interest in 61.37% of POA through the shareholdings of Farmsco, Sunjin and Jeil Feed. Accordingly, POA is also an associate of Harim Holdings and an interested person under Chapter 9 of the Listing Manual when entering into transactions with the Company.

As at the Latest Practicable Date, the shareholding relationship between the Company, Harim Holdings, Farmsco, Harim, Sunjin, Jeil Feed and POA is represented in the diagram below.



Grain Trading Business

The structure of the Company's grain trading business is as follows:

- (i) POA sources for and purchases grain from grain sellers located in the Americas and other countries producing grain.
- (ii) Market practice for grain contracts is that a performance bond/guarantee be provided to secure the purchase of grain until the seller receives payment for the grain. In order for POA to purchase grain, the Company, as the parent company of POA, will provide corporate guarantees to the respective grain sellers.
- (iii) POA charts vessels from the Company, as its exclusive vendor, to transport the purchased grain to Korea.
- (iv) POA appoints the Company to act as its exclusive sales agent to sell the purchased grain to both associates of Harim Holdings and other third party buyers of grain.

To carry out the above plans to enter into the grain trading business, the Directors envisage potential transactions between the Company, POA, Harim, Farmsco, Sunjin, Jeil Feed and/or their respective subsidiaries. Such potential transactions will constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual and will accordingly be subject to Chapter 9 of the Listing Manual.

In view of the time-sensitive nature of the above described transactions, and the need for smooth and efficient conduct of business which may include entering into transactions which are recurring in nature or in the ordinary course of business with certain interested persons, it is essential for the Group to obtain a shareholders' general mandate to enter into certain interested person transactions in its normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

In connection with the foregoing, the Directors propose to seek the approval of the Shareholders for the proposed renewal of the IPT Mandate.

3 ENTITY AT RISK

- (i) the Company;
- (ii) POA, in respect of transactions between POA and companies in the Harim Group;
- (iii) each of the Group companies; and
- (iv) an associated company of the Company, provided that the Group, or the Group and its interested person(s), has control over the associated company.

4 CLASS OF INTERESTED PERSONS

The Proposed IPT Mandate will apply to the transactions that are proposed to be carried out between an entity at risk and:

- (i) the Harim Group (excluding the Company), including Harim Holdings; Farmsco; Harim; Sunjin; and Jeil Feed and their respective subsidiaries and associates (as defined under the Listing Manual); and
- (ii) POA, in respect of transactions between the Company and POA,

(together hereinafter, the "Interested Persons").

The Interested Persons will be deemed to be interested persons under Chapter 9 of the Listing Manual, and any transaction between an entity at risk and an Interested Person, subject to the exceptions provided in Chapter 9, will be deemed an interested person transaction.

5 CATEGORIES OF INTERESTED PERSON TRANSACTION

(i) Vessel Charters

This category relates to the charter of vessels by the Group to the Interested Persons. The purpose of these charters are for the transport of grain and/or other agriculture related commodities and products.

The terms of these vessel charters, as well as the consideration payable in relation thereto, shall be determined according to market practices and prevailing industry norms (including the reasonableness of the terms).

(ii) Corporate Guarantees

This category relates to the granting of guarantees and/or other security that the Company may grant to third parties in relation to the purchase of grain and/or other agriculture related commodities and products from such third parties by POA.

The terms of such corporate guarantees shall be determined according to market practices and prevailing industry norms (including the reasonableness of the terms).

(iii) Agency Agreements

This category relates to the Company acting as the exclusive agent of POA to sell the grain and/or other agriculture related commodities and products that have been transported to Korea in respect of grain sale contracts.

The terms of such agency agreements shall be determined according to market practices and prevailing industry norms (including the reasonableness of the terms).

(iv) Grain Sale Contracts

This category relates to the grain sale contracts whereby POA agrees to sell grain and/or other agriculture related commodities and products to both Interested Persons and unrelated third parties.

The terms of such grain sale contracts shall be determined according to market practices and prevailing industry norms (including the reasonableness of the terms).

(collectively, the “**Mandated IPTs**”).

For the avoidance of doubt, transactions with interested persons that do not fall within the ambit of the Proposed IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual.

6 RATIONALE FOR THE PROPOSED IPT MANDATE AND BENEFITS TO THE GROUP

The Mandated IPTs as set out in paragraph 5 are transactions which the Group has entered into or will enter into in the ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency or arise at any time and from time to time. The Proposed IPT Mandate and any subsequent renewal on an annual basis will eliminate the need for the Company to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

The Proposed IPT Mandate is intended to facilitate these transactions, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders. The Directors are of the view that the Group will be able to benefit from such transactions with the Interested Persons. The Mandated IPTs are necessary if the Company wishes to be able to leverage on both the Company's expertise in shipping and logistics as well as the Harim Group's demand for grain and achieving its eventual goal of becoming the "No. 1 Korean grain trading company".

7 GUIDELINES AND REVIEW PROCEDURES FOR THE MANDATED IPTS

7.1 Review Procedures

Pursuant to Rule 920(1)(b)(iv) of the Listing Manual, a circular to shareholders seeking a general mandate must include the methods or procedures for determining transaction prices.

To ensure that the Mandated IPTs are carried out at arm's length, on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, the Group has put in place the following methods and procedures for determining transaction prices and the review and approval of interested person transactions under the Proposed IPT Mandate:

7.1.1 The guiding principle is that all Mandated IPTs shall be conducted in accordance with the Group's usual business practices and pricing policies, consistent with the usual profit margins or prices extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms are not more favourable to the Interested Person compared to those extended to or received from unrelated third parties and/or are in accordance with published or prevailing rates/prices or applicable industry norms. The Company will use its reasonable endeavours to make comparisons with quotes from unrelated third parties, wherever possible, for the same or substantially similar type of transactions.

7.1.2 Vessel Charters

- (i) Subject to and in accordance with paragraph 7.1.1 above, in the case of the chartering of the Company's vessels in the ordinary course of business of the Company, the charter rate of a vessel shall be no more favourable to the Interested Person than the usual commercial terms extended by the Company to unrelated third parties and/or in accordance with industry norms, taking into account, where applicable, preferential rates or discounts accorded to a class of customers or for long-term charters where the giving of such preferential rates or discounts are commonly practiced within the industry and may be extended to unrelated third parties, or otherwise in accordance with industry norms. The Company will source for documented evidence of market prices and quotations, where practicable, for ascertaining the reasonableness of the pricing.
- (ii) In cases of adverse market conditions when the Company considers it necessary to charter its vessels at a rate which will result in a lower profit margin than the Company's ordinary business practices, such transactions shall be subject to and in accordance with paragraph 7.1.1 above and may only be entered into with the approval of at least one of the executive Directors of the Company with no interest, direct or indirect, in the proposed Mandated Interested Person Transaction. Such executive Director will, subject to the approval thresholds as set out in paragraph 7.3 below, evaluate and weigh the benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transactions are not prejudicial to the Company and its minority Shareholders, taking into account factors such as, but not limited to, charter rate, charter duration, readiness of vessels, potential for future repeat business, and fluctuations in foreign exchange rates.

7.1.3 Corporate Guarantees

- (i) Subject to and in accordance with paragraph 7.1.1 above, in the case of the purchase of grain by POA in the ordinary course of business of the Group, the Company will provide corporate guarantees to such sellers of grain for the benefit of POA. The terms of such corporate guarantees shall be no more onerous to the Company than the usual terms of corporate guarantees granted to such sellers of grain in accordance with industry norms.
- (ii) In cases of adverse market conditions when the Group considers it necessary to accept terms in a corporate guarantee more onerous than is customary under industry norms, such transactions shall be subject to and in accordance with paragraph 7.1.1 above and may only be entered into with the approval of at least

one of the executive Directors of the Company with no interest, direct or indirect, in the proposed Mandated Interested Person Transaction. Such executive Director will, subject to the approval thresholds as set out in paragraph 7.3 below, evaluate and weigh the benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transactions are not prejudicial to the Company and its minority Shareholders, taking into account factors such as, but not limited to the price of the grain, the demand for the grain, and potential for future purchases from said grain seller.

7.1.4 Agency Agreements

- (i) Subject to and in accordance with paragraph 7.1.1 above, in the case of the Company acting as an agent of an Interested Person in the sale of grain, the commercial terms offered by the Company to the Interested Person to act as its agent in the sale of grain shall in accordance with industry norms, taking into account, where applicable, preferential rates or discounts accorded to a class of customers or for long-term contracts where the giving of such preferential rates or discounts are commonly practiced within the industry and may be extended to unrelated third parties, or otherwise in accordance with industry norms. The Company will source for documented evidence of market prices and quotations, where practicable, for ascertaining the reasonableness of the pricing.
- (ii) In cases of adverse market conditions when the Company considers it necessary to enter into an agency contract which will result in a lower profit margin than the Company's ordinary business practices, such transactions shall be subject to and in accordance with paragraph 7.1.1 above and may only be entered into with the approval of at least one of the executive directors of the Company with no interest, direct or indirect, in the proposed Mandated Interested Person Transaction. Such executive director will, subject to the approval thresholds as set out in paragraph 7.3 below, evaluate and weigh the benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transactions are not prejudicial to the Company and its minority Shareholders, taking into account factors such as, but not limited to, commission rate, length of representation, and potential for future repeat business.

7.1.5 Grain Sale Contracts

- (i) Subject to and in accordance with paragraph 7.1.1 above, in the case of the sale of grain by the Group to an Interested Person, the commercial terms offered by the Group to the Interested Person for the purchase of grain shall be no more favourable to the Interested Person than the usual commercial terms extended by the Company to unrelated third parties and/or in accordance with industry norms, taking into account, where applicable, preferential prices or discounts accorded to a class of customers or for long-term contracts where the giving of such preferential prices or discounts are commonly practiced within the industry and may be extended to unrelated third parties, or otherwise in accordance with industry norms. The Company will source for documented evidences of market prices and quotations, where practicable, for ascertaining the reasonableness of the pricing.
- (ii) In cases of adverse market conditions when the Group considers it necessary to enter into a transaction which will result in a lower profit margin than the Group's ordinary business practices, such transactions shall be subject to and in accordance with paragraph 7.1.1 above and may only be entered into with the approval of at least one of the executive Directors of the Company with no interest, direct or indirect, in the proposed Mandated Interested Person Transaction. Such executive Director will, subject to the approval thresholds as set out in paragraph 7.3 below, evaluate and weigh the benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transactions are not prejudicial to the Company and its minority Shareholders, taking into account factors such as, but not limited to, commission rate, length of representation, and potential for future repeat business.

7.2 Approval Threshold

In addition to the review procedures set out in paragraph 7.1 above, the Group will include additional review procedures for Mandated IPTs of the following thresholds:

- 7.2.1 where the aggregate value of any transaction is equal to or more than S\$100,000 but less than 3% of the latest audited consolidated NTA of the Group, such transaction will be reviewed and approved by the heads of the relevant business division of the Group or the Chief Financial Officer;
- 7.2.2 where the aggregate value of any transaction is equal to or more than 3% but less than 5% of the latest audited consolidated NTA of the Group, such transaction will be reviewed and approved by the President or a member of the Audit Committee; and
- 7.2.3 where the aggregate value of any transaction is equal to or more than 5% of the latest audited consolidated NTA of the Group, such transaction will be reviewed and approved by the Audit Committee.

The above approval thresholds are adopted after taking into account, *inter alia*, the nature, volume, recurrent frequency and transaction size as well as the Group's day-to-day operations, administration and business. The approval thresholds act as an additional safeguard to supplement the review procedures to be implemented for the Mandated IPTs.

If any of the persons referred to in paragraph 7.2 is an interested person in respect of that particular Mandated Interested Person Transaction to be reviewed, has an interest, whether direct or indirect, in relation to that particular Mandated Interested Person Transaction, and/or otherwise not considered independent in relation to that particular Mandated Interested Person Transaction, he will, and will undertake that his associates will, abstain from any decision-making in respect of that particular Mandated Interested Person Transaction.

7.3 Other Review Procedures

7.3.1 Interested Persons List

The Chief Financial Officer shall maintain a list of Interested Persons and disclose the list to the relevant personnel to enable identification of interested person transactions. This list is to be updated immediately if there are any changes, and circulated to the Audit Committee and the aforementioned relevant personnel upon the occurrence of any such change. In addition, the list of Interested Persons shall be reviewed on an annual basis by the Audit Committee.

7.3.2 IPT Register

- (i) The Chief Financial Officer (or such other senior executive(s) of the Company designated by the Audit Committee from time to time) shall appoint designated compliance personnel for each of the Group companies. Such designated persons shall identify the Interested Persons and record details of all Interested Person transactions carried out by such Group company, including but not limited to Mandated IPTs. The details to be recorded include the nature and value of the transactions, the basis for the price, rate and other key terms of the transactions and relevant supporting documents to support such basis, such as third party offers/quotations or terms of comparable transactions entered into by the Group with other unrelated third parties, usual business terms of practices of the relevant Group company, and other factors that have been taken into consideration in the evaluation of the terms of the transactions.
- (ii) On a quarterly basis, such designated compliance personnel shall submit the details of all recorded Interested Person transactions to the person appointed by the Chief Financial Officer (or such other senior executive(s) of the Company designated by the Audit Committee from time to time), who shall maintain a register of Interested Person transactions (the "IPT Register").

7.3.3 Review by Internal Auditors

- (i) The Company's internal auditors shall review the IPT Register on a quarterly basis, including all Interested Person transactions included in the IPT Register pursuant to paragraph 7.3.2(ii) above, to ascertain that the guidelines and review procedures established pursuant to the Proposed IPT Mandate, have been complied with.
- (ii) The Company's internal auditors shall also, in their annual internal audit plan, conduct a review of all Mandated IPTs entered into by the Group with the Interested Persons, preparing a report to be submitted to the Audit Committee for its review.

7.3.4 Review by Audit Committee

- (i) The Audit Committee shall review from time to time the guidelines and review the procedures to determine if they are adequate and/or commercially practicable in ensuring that the transactions between the Group and the Interested Persons are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Such review shall include a review of the latest report on the Mandated IPTs submitted by the Company's internal auditors.
- (ii) If the Audit Committee is of the view that the established guidelines and review procedures have become inappropriate or insufficient in view of changes to the nature of, or the manner in which the business activities of the Group are conducted so as to ensure the Mandated IPTs will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, it will in consultation with the then current Directors, take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that future transactions of a similar nature are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. The Company will seek a fresh mandate from the Shareholders based on the new guidelines and review procedures for transactions with the Interested Persons. All subsequent transactions with the Interested Persons shall be reviewed and approved by at least one member of the Audit Committee prior to its entry while a fresh mandate is being sought from Shareholders.

7.4 **Disclosure**

Disclosure will be made in the Company's annual report of the aggregate value of all interested party transactions conducted with the Interested Persons pursuant to the Proposed IPT Mandate and otherwise during the financial year under review, and in the annual reports for the subsequent financial years during which the Proposed IPT Mandate is renewed and remains in force, in accordance with the requirements of Chapter 9 of the Listing Manual

8 **CONDITIONS OF THE PROPOSED IPT MANDATE**

The validity of the Proposed IPT Mandate is subject to the following conditions (each a "**Condition**"):

- (i) The business of grain trading is part of the Company's ordinary course of business.
- (ii) POA is a subsidiary of the Company.
- (iii) POA's primary business is grain trading.
- (iv) POA charters vessels to transport grain exclusively from the Group.
- (v) The Company or one of its wholly owned subsidiaries is the exclusive sales agent for POA's grain trading business.

If at any time during the validity period of the Proposed IPT Mandate, any of the above conditions are not met, the Proposed IPT Mandate will immediately cease or terminate and the Mandated IPTs will be subject to rules 905 and 906 of the Listing Manual.