



HONG FOK CORPORATION LIMITED

(Company Registration No.: 196700468N)

BEST PRACTICES GUIDE (DEALINGS IN COMPANY'S SECURITIES)

22 NOVEMBER 2016

HONG FOK CORPORATION LIMITED

BEST PRACTICES GUIDE (DEALINGS IN COMPANY'S SECURITIES)

1. INTRODUCTION

- 1.1 Pursuant to Rule 1207(19) of the Listing Manual issued by the Singapore Exchange Securities Trading Limited (the "**Exchange**"), Hong Fok Corporation Limited ("**HFC**" or the "**Company**") is encouraged to devise and adopt its own internal compliance code to provide guidance to its officers¹ and employees with regard to dealings by HFC and its officers and employees in the securities of HFC.
- 1.2 These internal guidelines, entitled the Best Practices Guide (Dealings in Company's Securities), apply to dealings in the securities of HFC by the following categories of persons:-
- (a) HFC;
 - (b) directors of HFC;
 - (c) substantial shareholders² of HFC; and
 - (d) officers, management and employees of HFC and its subsidiaries.

2. SHARE PURCHASE BY HFC

2.1 Share Purchase Mandate

- 2.1.1 Subject to the share purchase mandate by the shareholders of HFC being in force and to the trading restrictions set out in Paragraph 6 below, HFC may make purchases of its own shares representing up to a maximum of 10% of the total number of issued shares of HFC (excluding shares held as treasury shares) in accordance with the latest "Guidelines On Share Purchases" issued by HFC and approved by the shareholders of HFC.
- 2.1.2 HFC may purchase its shares by way of:-
- (a) an on-market purchase transacted through the Exchange's trading system ("**Market Purchase**"); or
 - (b) an off-market purchase in accordance with an equal access scheme as defined in Section 76C of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") ("**Off-Market Purchase**").

2.2 Notifying the Exchange

- 2.2.1 HFC must notify the Exchange of any share purchases as follows:-³
- (a) in the case of a Market Purchase, by 9.00 a.m. on the market day following the day on which it purchased shares; and
 - (b) in the case of an Off-Market Purchase, by 9.00 a.m. on the second market day after the close of acceptances of the offer.
- 2.2.2 Notifications of share purchases by HFC must be in the form of Appendix 8.3.1 of the Exchange's Listing Manual. A copy of Appendix 8.3.1 is annexed hereto as "**Annexure A**".

2.3 Notifying the Accounting and Corporate Regulatory Authority ("ACRA")

Within 30 days of any share purchase by HFC, the directors of HFC shall lodge a notice of purchase or acquisition with the ACRA in the prescribed form with the following particulars:-⁴

- (a) the date of the purchase;
- (b) the number of shares purchased;
- (c) the number of shares cancelled;

¹ Officers of HFC includes any director, company secretary or person employed in an executive capacity by HFC, a receiver and manager of any part of the undertaking of HFC appointed under a power contained in any instrument and any liquidator of HFC appointed in a voluntary winding up, but does not include any receiver who is not also a manager, any receiver and manager appointed by the Court, any liquidator appointed by the Court or by the creditors or a judicial manager appointed by the Court under Part VIIIA of the Companies Act.

² A substantial shareholder of HFC is a person who has an interest in 5% or more of the voting shares of HFC.

³ Rule 886 of the Exchange's Listing Manual.

⁴ Section 76B(9)(b) of the Companies Act.

- (d) the number of shares held as treasury shares;
- (e) HFC's issued share capital before the purchase;
- (f) HFC's issued share capital after the purchase;
- (g) the amount of consideration paid by HFC for the purchase of the shares;
- (h) whether the shares were purchased out of the profits or the capital of HFC; and
- (i) such other particulars as may be required in the prescribed form.

3. DEALINGS BY DIRECTORS OF HFC

3.1 The directors of HFC may, subject to the trading restrictions set out in Paragraph 6 below, deal in the securities of HFC.

3.2 Upon any dealings in the securities of HFC, a director must notify HFC of his dealings in accordance with Paragraph 3.3 below, and HFC must make an announcement on the Exchange of his dealings in accordance with Paragraph 3.4 below.

3.3 Notifying HFC

3.3.1 Notice of Acquisition of Interest

A director of HFC is required to give notice in writing to HFC, particulars of the following:⁵

- (a) shares in HFC or its related corporations which the director holds, or in which he has an interest and the nature and extent of that interest;
- (b) debentures of HFC or its related corporations which the director holds, or in which he has an interest and the nature and extent of that interest;
- (c) rights or options, or rights or options of the director and another person or other persons, in respect of the acquisition or disposal of shares in or debentures of HFC or its related corporations;
- (d) contracts to which the director is a party, or under which he is entitled to a benefit, being contracts under which a person has a right to call for or to make delivery of shares in HFC or its related corporations;
- (e) participatory interests made available by HFC or its related corporations, which the director holds, or in which he has an interest and the nature and extent of that interest; and
- (f) such other securities as the Monetary Authority of Singapore ("MAS") may prescribe, which are held, whether directly or indirectly, by him, or in which he has an interest and the nature and extent of that interest.

A notice in respect of the above is to be given to HFC **within 2 business days** after the date on which the director becomes a director or the date on which the director becomes a holder of, or acquires an interest in, the shares, debentures, rights, options, contracts, participatory interests or other securities referred to in Section 133(1) of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), whichever last occurs.⁶

The form of notice can be found on the MAS website at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/disclosure-of-interests/disclosure-of-interests-forms-version-2.aspx>.

3.3.2 Notice of Change in Interest and Cessation of Interest

A director of HFC is required to give notice in writing to HFC, particulars of any change in respect

⁵ Section 133(1) of the SFA.

⁶ Section 133(3)(b)(ii) of the SFA.

of the particulars of any matter mentioned in Paragraph 3.3.1 above. Such changes include a cessation of the interest.

Such notice is required to be given **within 2 business days** after the director becomes aware of the change.⁷

The form of notice can be found on the MAS website at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/disclosure-of-interests/disclosure-of-interests-forms-version-2.aspx>.

3.3.3 Directors' Deemed Interests

For the purposes of the above notices, a director of HFC shall be deemed to have an interest in the securities referred to in Paragraph 3.3.1 above if:-

- (a) a family member of the director (not being himself a director of HFC) holds or has an interest in those securities. Any contract entered into by, any assignment or right of subscription made or exercised by, or any grant made to, a family member of a director (not being himself a director of HFC) shall be deemed to have been entered into by, made or exercised by or made to the director.⁸ A "family member" means a spouse, or a son, adopted son, step-son, daughter, adopted daughter or step-daughter below the age of 21 years;⁹
- (b) a property held in trust consists of or includes those securities and the director knows, or has reasonable grounds for believing, that he has an interest under the trust;¹⁰
- (c) a corporation has, or is deemed to have, an interest in those securities and the corporation is, or its directors are, accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director, or the director has a controlling interest in the corporation;¹¹ or
- (d) a corporation has, or is deemed to have, an interest in those securities and the director and/or his associates¹² are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in the corporation.¹³

3.4 Announcement by HFC

Where HFC has received a notice in writing for securities of HFC described in Paragraph 3.3 above from a director of HFC (save for a notice in respect of Paragraph 3.3.1(e)), HFC shall announce or otherwise disseminate the information stated in the notice to the Exchange as soon as practicable and in any case, **no later than the end of the business day following the day on which HFC received the notice**.¹⁴ For the avoidance of doubt, the requirement for HFC to make an announcement does not apply to dealings in securities of related corporations of HFC.¹⁵

The form of notice can be found on the MAS website at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/disclosure-of-interests/disclosure-of-interests-forms-version-2.aspx>.

3.5 Non-Executive Directors - Cessation of Office

As a policy, non-executive directors should not sell securities (including stock) of HFC prior to leaving HFC if they hold any such securities (including stock) of HFC.

⁷ Section 133(3)(b)(i) of the SFA.

⁸ Section 133(4) of the SFA.

⁹ Section 133(6) of the SFA.

¹⁰ Section 4(3) of the SFA.

¹¹ Section 4(4) of the SFA.

¹² For the purposes of Section 4(5) of the SFA, a person is an associate of another person if the first-mentioned person is:-

- (a) a subsidiary of that other person;
- (b) a person who is accustomed or is under an obligation whether formal or informal to act in accordance with the directions, instructions or wishes of that other person in relation to that security; or
- (c) a corporation that is, or a majority of the directors of which are, accustomed or under an obligation whether formal or informal to act in accordance with the directions, instructions or wishes of that other person in relation to that security.

¹³ Section 4(5) of the SFA.

¹⁴ Section 137G(1)(a) of the SFA.

¹⁵ Related corporations of HFC refer to the holding companies and subsidiaries of HFC and "sister-subsidiaries" with HFC.

4. DEALINGS BY SUBSTANTIAL SHAREHOLDERS OF HFC

4.1 The substantial shareholders of HFC may, subject to the trading restrictions set out in Paragraph 6 below, deal in the securities of HFC. Upon any dealings in the securities of HFC, a substantial shareholder must notify HFC of his dealings in accordance with Paragraph 4.2 below, and HFC must make an announcement on the Exchange of his dealings in accordance with Paragraph 4.3 below.

4.2 Notifying HFC

4.2.1 Notice by Substantial Shareholders

A person who is or (if he has ceased to be one) had been a substantial shareholder in HFC is required to give notice in writing to HFC of particulars of the voting shares in HFC in which he has or had an interest or interests and the nature and extent of that interest or those interests.¹⁶

Such notice is required to be given to HFC **within 2 business days** after the person becomes aware that he is or (if he has ceased to be one) had been a substantial shareholder.¹⁷

The form of notice can be found on the MAS website at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/disclosure-of-interests/disclosure-of-interests-forms-version-2.aspx>.

4.2.2 Notice of Change by Substantial Shareholders

Where there is a change in the percentage level of the interest or interests of a substantial shareholder in voting shares of HFC, he is required to give notice in writing to HFC **within 2 business days** after he becomes aware of the change.¹⁸

The form of notice can be found on the MAS website at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/disclosure-of-interests/disclosure-of-interests-forms-version-2.aspx>.

4.2.3 Cessation by Substantial Shareholders

Where a person ceases to be a substantial shareholder of HFC, he is required to give notice in writing to HFC **within 2 business days** after such person becomes aware that he has ceased to be a substantial shareholder.¹⁹

The form of notice can be found on the MAS website at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/disclosure-of-interests/disclosure-of-interests-forms-version-2.aspx>.

4.2.4 Substantial Shareholder's Deemed Interests

For the purposes of the above notices, a substantial shareholder of HFC shall be deemed to have an interest in securities of HFC if:-

- (a) a property held in trust consists of or includes those securities and the substantial shareholder knows, or has reasonable grounds for believing, that he has an interest under the trust;²⁰
- (b) a corporation has, or is deemed to have, an interest in those securities and the corporation is, or its directors are, accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder, or the substantial shareholder has a controlling interest in the corporation;²¹ or
- (c) a corporation has, or is deemed to have, an interest in those securities and the substantial shareholder and/or his associates are entitled to exercise or control the exercise of not

¹⁶ Section 135(1) of the SFA.

¹⁷ Section 135(2)(b) of the SFA.

¹⁸ Section 136(1) of the SFA.

¹⁹ Section 137(1) of the SFA.

²⁰ Section 4(3) of the SFA.

²¹ Section 4(4) of the SFA.

less than 20% of the votes attached to the voting shares in the corporation.²²

4.3 **Announcement by HFC**

Where HFC has received a notice in writing described in Paragraph 4.2 above from a substantial shareholder in HFC, HFC shall announce or otherwise disseminate the information stated in the notice to the Exchange as soon as practicable and in any case, **no later than the end of the business day following the day on which HFC received the notice.**²³

5. **DEALINGS BY OFFICERS, MANAGEMENT AND EMPLOYEES OF HFC AND ITS SUBSIDIARIES**

5.1 The officers, management and employees of HFC and its subsidiaries may, subject to the trading restrictions set out in Paragraph 6 below, deal in the securities of HFC.

5.2 **Notifying HFC (Chief Executive Officer)**

5.2.1 **Notice of Acquisition of Interest**

A chief executive officer of HFC is required to give notice in writing to HFC, particulars of the following:-²⁴

- (a) shares in HFC or its related corporations which the chief executive officer holds, or in which he has an interest and the nature and extent of that interest;
- (b) debentures of HFC or its related corporations which the chief executive officer holds, or in which he has an interest and the nature and extent of that interest;
- (c) rights or options, or rights or options of the chief executive officer and another person or other persons, in respect of the acquisition or disposal of shares in or debentures of HFC or its related corporations;
- (d) contracts to which the chief executive officer is a party, or under which he is entitled to a benefit, being contracts under which a person has a right to call for or to make delivery of shares in HFC or its related corporations;
- (e) participatory interests made available by HFC or its related corporations, which the chief executive officer holds, or in which he has an interest and the nature and extent of that interest; and
- (f) such other securities as the MAS may prescribe, which are held, whether directly or indirectly, by him, or in which he has an interest and the nature and extent of that interest.

A notice in respect of the above is to be given to HFC **within 2 business days** after the date on which the chief executive officer becomes a chief executive officer or the date on which the chief executive officer becomes a holder of, or acquires an interest in, the shares, debentures, rights, options, contracts, participatory interests or other securities referred to in Section 133(1) of the SFA, whichever last occurs.²⁵

The form of notice can be found on the MAS website at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/disclosure-of-interests/disclosure-of-interests-forms-version-2.aspx>.

5.2.2 **Notice of Change in Interest and Cessation of Interest**

A chief executive officer of HFC is required to give notice in writing to HFC, particulars of any change in respect of the particulars of any matter mentioned in Paragraph 5.2.1 above. Such changes include a cessation of the interest.

Such notice is required to be given **within 2 business days** after the chief executive officer

²² Section 4(5) of the SFA.

²³ Section 137G(1)(b) of the SFA.

²⁴ Section 133(1) of the SFA.

²⁵ Section 133(3)(b)(ii) of the SFA.

becomes aware of the change.²⁶

The form of notice can be found on the MAS website at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/disclosure-of-interests/disclosure-of-interests-forms-version-2.aspx>.

5.2.3 Chief Executive Officer's Deemed Interests

For the purposes of the above notices, a chief executive officer of HFC shall be deemed to have an interest in the securities referred to in Paragraph 5.2.1 above if:-

- (a) a family member of the chief executive officer (not being himself a chief executive officer of HFC) holds or has an interest in those securities. Any contract entered into by, any assignment or right of subscription made or exercised by, or any grant made to, a family member of a chief executive officer (not being himself a chief executive officer of HFC) shall be deemed to have been entered into by, made or exercised by or made to the chief executive officer.²⁷ A "family member" means a spouse, or a son, adopted son, step-son, daughter, adopted daughter or step-daughter below the age of 21 years;²⁸
- (b) a property held in trust consists of or includes those securities and the chief executive officer knows, or has reasonable grounds for believing, that he has an interest under the trust;²⁹
- (c) a corporation has, or is deemed to have, an interest in those securities and the corporation is, or its directors are, accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the chief executive officer, or the chief executive officer has a controlling interest in the corporation;³⁰ or
- (d) a corporation has, or is deemed to have, an interest in those securities and the chief executive officer and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in the corporation.³¹

5.3 **Announcement by HFC**

Where HFC has received a notice in writing for securities of HFC described in Paragraph 5.2 above from a chief executive officer of HFC (save for a notice in respect of Paragraph 5.2.1(e)), HFC shall announce or otherwise disseminate the information stated in the notice to the Exchange as soon as practicable and in any case, **no later than the end of the business day following the day on which HFC received the notice**.³² For the avoidance of doubt, the requirement for HFC to make an announcement does not apply to dealings in securities of related corporations of HFC.

The form of notice can be found on the MAS website at <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/securities-futures-and-funds-management/disclosure-of-interests/disclosure-of-interests-forms-version-2.aspx>.

6. **TRADING RESTRICTIONS**

6.1 **Insider Trading under the SFA**

6.1.1 Insider trading laws under the SFA apply where:-³³

- (a) a person possesses information concerning HFC that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities of HFC; and
- (b) that person knows or ought reasonably to know that:-

²⁶ Section 133(3)(b)(i) of the SFA.

²⁷ Section 133(4) of the SFA.

²⁸ Section 133(6) of the SFA.

²⁹ Section 4(3) of the SFA.

³⁰ Section 4(4) of the SFA.

³¹ Section 4(5) of the SFA.

³² Section 137G(1)(a) of the SFA.

³³ Section 218(1) of the SFA.

- (i) the information is not generally available; and
- (ii) if it were generally available, it might have a material effect on the price or value of the securities of HFC.

6.1.2 Such a connected person **must not** (whether as principal or agent):-

- (a) subscribe for, purchase or sell, or enter into any agreement to subscribe for, purchase or sell, any securities of HFC or procure another person to do any of the aforesaid acts;³⁴ or
- (b) directly or indirectly, communicate the information, or cause the information to be communicated, to another person if he knows, or ought reasonably to know, that the other person would or would be likely to subscribe for, purchase or sell, or enter into any agreement to subscribe for, purchase or sell, any securities of HFC or procure a third person to do any of the aforesaid acts.³⁵

6.1.3 A person who contravenes the above insider trading laws under the SFA is guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 or to imprisonment for a term not exceeding 7 years or to both.³⁶ In addition, civil penalties may also be imposed on the person who contravenes insider trading laws under the SFA.

On the contrary, if a court has made an order against a contravening person for the payment of a civil penalty under Section 232 of the SFA or the contravening person has entered into an agreement with the MAS to pay, with or without admission of liability, a civil penalty under Section 232(5) of the SFA, no criminal proceedings will be instituted against him in respect of the same contravention.³⁷

6.2 Applicability of Law on Insider Trading

The law on insider trading is applicable at all times, notwithstanding that there may be certain window periods during which HFC or its management and officers (including directors and employees) or substantial shareholders are permitted to deal in its securities.

6.3 Other Prohibited Trading Situations

6.3.1 An officer of HFC should not deal in the securities of HFC on short-term considerations.³⁸

6.3.2 HFC and its officers should not deal in the securities of HFC during the period commencing two weeks before the announcement of HFC's financial statements for each of the first three quarters of its financial year and one month before the announcement of HFC's full year financial statements (if required to announce quarterly financial statements).³⁹

6.3.3 In addition to the insider trading laws under the SFA, the SFA also provides that where a person who is not a connected person referred to in Paragraph 6.1.1(a) above possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of those securities, and such a person knows that:-

- (a) the information is not generally available; and
- (b) if it were generally available, it might have a material effect on the price or value of those securities,

such a person **must not** (whether as principal or agent):-

- (i) subscribe for, purchase or sell, or enter into any agreement to subscribe for, purchase or sell, any securities of HFC or procure another person to do any of the aforesaid acts;⁴⁰ or
- (ii) directly or indirectly, communicate the information, or cause the information to be

³⁴ Section 218(2) of the SFA.

³⁵ Section 218(3) of the SFA.

³⁶ Section 221(1) of the SFA.

³⁷ Section 221(2) of the SFA.

³⁸ Rule 1207(19)(b) of the Listing Manual.

³⁹ Rule 1207(19)(c) of the Listing Manual.

⁴⁰ Section 219(2) of the SFA.

communicated, to another person if he knows, or ought reasonably to know, that the other person would or would be likely to subscribe for, purchase or sell, or enter into any agreement to subscribe for, purchase or sell, any securities of HFC or procure a third person to do any of the aforesaid acts.⁴¹

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Hong Fok Corporation Limited
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⁴¹ Section 219(3) of the SFA.

ANNEXURE A
Appendix 8.3.1 of the Exchange's Listing Manual
(Daily Share Buy-Back Notice)

1. Share Buy-Back Authority

Maximum number of shares authorised for purchase

2. Details of Purchases Made

(a) Purchases made by way of market acquisition

1.	Date of Purchases	
2.	(a) Total number of shares purchased (b) Number of shares cancelled (c) Number of shares held as treasury shares	
3.	(a) Price paid per share or (b) - Highest price per share - Lowest price per share	
4.	Total consideration (including stamp duties, clearing charges, etc) paid or payable for the shares	

(b) Purchases made by way of off-market acquisition on equal access scheme

1.	Date of Purchases	
2.	(a) Total number of shares purchased (b) Number of shares cancelled (c) Number of shares held as treasury shares	
3.	Price paid or payable per share	
4.	Total consideration (including stamp duties, clearing charges, etc) paid or payable for the shares	

3. Cumulative Purchases

	By way of market acquisition		By way of off-market acquisition on equal access scheme		Total	
	Number	% ⁴²	Number	%	Number	%
Cumulative number of shares purchased to date ⁴³						

4.	Number of issued shares excluding treasury shares after purchase	
	Number of treasury shares held after purchase	

⁴² Percentage of company's issued shares excluding treasury shares as at the date of the share buy-back resolution.

⁴³ From the date on which the share buy-back mandate is obtained.