

DYNA-MAC HOLDINGS LTD.

Co. Reg. No. 200305693E
(Incorporated in Singapore)

RESPONSE TO SGX QUERIES

The Board of Directors (the “**Board**”) of Dyna-Mac Holdings Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 6 May 2020 regarding the Company’s Annual Report for the financial year ended 31 December 2019 (the “**FY2019 Annual Report**”) and set out the Company’s response as follows:

SGX Query (1):

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

Provision 8.1 of the Code states that:

“The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.”

We note the Company’s disclosure on remuneration at pages 29 and 30 of the annual report for FY2019. Where the Company’s practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company’s Response to Query (1):

As explained on page 29 of our FY2019 Annual Report, although the 2018 Code recommends full disclosure of the remuneration of each individual director and CEO, the Company needs to consider the commercial sensitivity and confidentiality attached to remuneration matters in a highly competitive industry. As such, the Company discloses the actual remuneration paid to each director and the CEO in a narrower band of \$100,000 to improve transparency. In this way, the Company believes the practices it had adopted are consistent with the intent of Principle 8 of the Code.

SGX Query (2):

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Where the internal audit function is outsourced, please provide information on the relevant experience of the professional firm and the engagement team.

Company's Response to Query (2):

As stated on page 32 of our FY2019 Annual Report, the Company outsourced its internal audit function to external audit professionals, Shinnes Consulting and Advisory Pte. Ltd. ("Shinnes Consulting").

The Audit Committee confirmed that the internal audit function is independent, effective and adequately resourced.

Led by Ms Chua Chin Ting, Shinnes Consulting began its professional practice in 2011. Its focus over the past years has been predominantly in internal audit.

Ms Chua is a member of Chartered Accountants (Australia), Chartered Accountants (Malaysia), Certified Internal Auditor (Singapore) and Certified Internal Auditor (Malaysia). The engagement team was led by Ms Cerby Wong. Cerby has been performing internal audit since 2008. Cerby graduated with a Bachelor of Arts in Accounting and Finance from the Oxford Brookes University.

BY ORDER OF THE BOARD

Lim Ah Cheng
Executive Director / Chief Executive Officer
Date: 11 May 2020