

APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING DATED 3 APRIL 2023

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

If you have sold all your shares in the share capital of Dyna-Mac Holdings Ltd. (the “**Company**”), please inform the purchaser or transferee or bank or stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Appendix (together with the Notice of Annual General Meeting and accompanying proxy form) and the Company’s Annual Report dated 3 April 2023 for the financial year ended 31 December 2022 (and updated shareholding statistics as at 29 March 2023) may be accessed at Dyna-Mac Holdings Ltd.’s website at URL <https://investor.dyna-mac.com/annual-general-meeting.html> and SGXNet.

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



DYNA-MAC HOLDINGS LTD.

(Company Registration No. 200305693E)

(Incorporated in the Republic of Singapore)

**THE PROPOSED RENEWAL AND MODIFICATION OF THE MANDATE FOR
INTERESTED PERSON TRANSACTIONS**

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DEFINITIONS

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| “2019 AGM” | : | Has the meaning ascribed thereto in Section 4 of this Appendix |
| “2022 AGM” | : | Has the meaning ascribed thereto in Section 2.1 of this Appendix |
| “2023 AGM” | : | Has the meaning ascribed thereto in Section 1.1 of this Appendix |
| “Act” | : | The Companies Act, 1967 of Singapore, as amended, varied or supplemented from time to time |
| “AGM” | : | The annual general meeting of the Company |
| “associate” | : | any other company which is Temasek 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 |
| “associated company” | : | a company in which at least 20% but not more than 50% of its shares are held by the listed company or listed group |
| “Audit Committee” | : | The audit committee of the Company, comprising Mr Henry Tan Song Kok as Chairman, Ms Lee Kim Lian, Juliana, Mr Tan Poh Lee Paul and Ms Lim Rui Ping as members as at the date of this Appendix |
| “Board” | : | The board of Directors of the Company |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Chief Marketing Officer” | : | The Chief Marketing Officer of the Group, or such key executive holding similar position or performing similar roles and responsibilities (regardless of the actual title of such key executive) |
| “Company” | : | Dyna-Mac Holdings Ltd. |
| “control” | : | The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company |
| “controlling shareholder” | : | A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in a company; or (b) in fact exercises control over the company |

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| “Directors” | : | The directors of the Company for the time being |
| “EGM” | : | An extraordinary general meeting of the Company |
| “entity at risk” | : | Means: <ul style="list-style-type: none"> (i) the Company; (ii) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or (iii) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group, or the Group and its interested person(s), has or have control over the associated company |
| “FPSO” | : | A floating, production, storage and offloading vessel used by offshore oil and gas industry for the production, storage and offloading of oil and gas from offshore oil and gas fields |
| “FSO” | : | A floating, storage and offloading vessel used by offshore oil and gas industry for the storage and offloading of oil and gas from offshore oil and gas fields |
| “FY” | : | Financial year ended or ending 31 December, as the case may be |
| “Group” | : | The Company and its subsidiaries |
| “Independent Directors” | : | Directors of the Company who are independent for the purposes of the IPT Mandate |
| “Independent Shareholders” | : | The Shareholders other than KSI, any other Keppel Interested Persons and any Shareholder who is an interested person and is interested in the IPT Mandate |
| “interested persons” | : | A Director, Chief Executive Officer, or controlling shareholder of the Company, or an associate (as defined in the Listing Manual) of any such Director, Chief Executive Officer, or controlling shareholder |
| “interested person transaction(s)” | : | Interested person transactions (within the meaning of Chapter 9 of the Listing Manual) entered or to be entered between an entity at risk and an interested person |
| “KCL” | : | Keppel Corporation Limited |
| “Keppel IPT Mandate” | : | Has the meaning ascribed thereto in Section 2.1 of this Appendix |

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| “Keppel IPTs” | : | Has the meaning ascribed thereto in Section 2 of this Appendix |
| “Keppel Group” | : | KCL and its subsidiaries and any associate company in which KCL and/or its subsidiaries hold, directly or indirectly, an interest of 30% or more |
| “KIH” | : | Kepinvest Holdings Pte Ltd |
| “KCL” | : | Keppel Corporation Limited |
| “KOM” | : | Keppel Offshore & Marine Limited |
| “KSI” | : | KS Investments Pte Ltd |
| “KSL” | : | Keppel Shipyard Limited |
| “Latest Practicable Date” | : | The latest practicable date prior to the printing of this Appendix, being 29 March 2023 |
| “Listing Manual” | : | The Listing Manual of the SGX-ST, as may be amended, varied or supplemented from time to time |
| “Module Business” | : | The business of fabrication and assembly of topside modules for FPSO and FSO |
| “Notice of 2023 AGM” | : | Has the meaning ascribed thereto in Section 1.1 of this Appendix |
| “NTA” | : | Net tangible assets |
| “SCM” | : | Sembcorp Marine Ltd |
| “SCM Group” | : | SCM and its subsidiaries and any associate company in which SCM and/or its subsidiaries hold, directly or indirectly, and interest of 30% or more |
| “Securities Account” | : | A securities account held directly with the CDP |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Share” | : | An ordinary share in the issued share capital of the Company |
| “Shareholders” | : | Registered holders of Shares except where the registered holder is CDP, the term “ Shareholders ” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares |
| “ST” | : | Singapore Technology Engineering Ltd |

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| “ST Group” | : | ST and its subsidiaries and any associate company in which ST and/or its subsidiaries hold, directly or indirectly, an interest of 30% or more |
| “ST Marine” | : | ST Engineering Marine Ltd., a wholly-owned subsidiary of Singapore Technology Engineering Ltd |
| “Substantial Shareholder” | : | A person (including a corporation) who holds directly or indirectly 5% or more of the total issued voting Shares |
| “Temasek” | : | Temasek Holdings (Private) Limited |
| “Temasek Group” | : | Hereinafter refers to: <ul style="list-style-type: none"> (i) Keppel Corporation Limited group of companies (KCL Group) (ii) Sembcorp Marine Ltd group of companies (SCM Group) (iii) Singapore Technologies Engineering Ltd group of companies (ST Group) |
| “yard facilities” | : | Has the meaning ascribed thereto in Section 2.1(c) of this Appendix |
| “%” | : | Percentage or per centum |
| “S\$” and “cents” | : | Singapore dollars and cents, respectively, unless otherwise stated |

The terms “subsidiary” and “substantial shareholder” shall have the meanings ascribed to them in Sections 5 and 81 of the Act, respectively, and the terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them in Section 81 of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons, where applicable, shall 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 term defined under the Act or the Listing Manual or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Act or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

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

Any reference to a time of day and date in this Appendix shall be a reference to Singapore time and date respectively, unless otherwise stated.

DYNA-MAC HOLDINGS LTD.

(Company Registration No. 200305693E)
(Incorporated in the Republic of Singapore)

Directors

Lim Ah Cheng (Executive Chairman and Chief Executive Officer)
Henry Tan Song Kok (Lead Independent Director)
Lee Kim Lian, Juliana (Independent Director)
Tan Poh Lee Paul (Independent Director)
Lim Rui Ping (Non-Executive Director)

Registered Office

59 Gul Road
Singapore 629354

3 April 2023

To: The Shareholders of Dyna-Mac Holdings Ltd.

Dear Sir/Madam

1. INTRODUCTION

1.1 The Board refers to the Notice of Annual General Meeting of the Company dated 3 April 2023 (“**Notice of 2023 AGM**”) convening the AGM of the Company to be held by way of electronic means on Tuesday, 25 April 2023 (“**2023 AGM**”) at 10.00 a.m., and Ordinary Resolution No. 12 under the heading “Special Business” set out in the Notice of AGM.

1.2 The purpose of this Letter to the Shareholders, together with the Company’s annual report for the financial year ended 31 December 2022, is to provide Independent Shareholders with relevant information pertaining to the IPT Mandate as interested person transactions, and to seek Independent Shareholders’ approval for the resolutions relating to the same.

2. THE PROPOSED RENEWAL AND MODIFICATION OF THE IPT MANDATE

2.1 Background

At an EGM of the Company held on 11 September 2011, the Independent Shareholders of the Company approved a mandate (“**Keppel IPT Mandate**”) to enable the Group to, in the ordinary course of business and from time to time, enter into transactions with KSL and/or other members of the Keppel Group relating to:

- (a) supply and procurement of raw materials and manpower to and/or from the Keppel Group;
- (b) subcontract of project works to and/or from the Keppel Group; and/or
- (c) rental of yard, equipment and/or machinery (collectively, “**yard facilities**”) to and/or from the Keppel Group

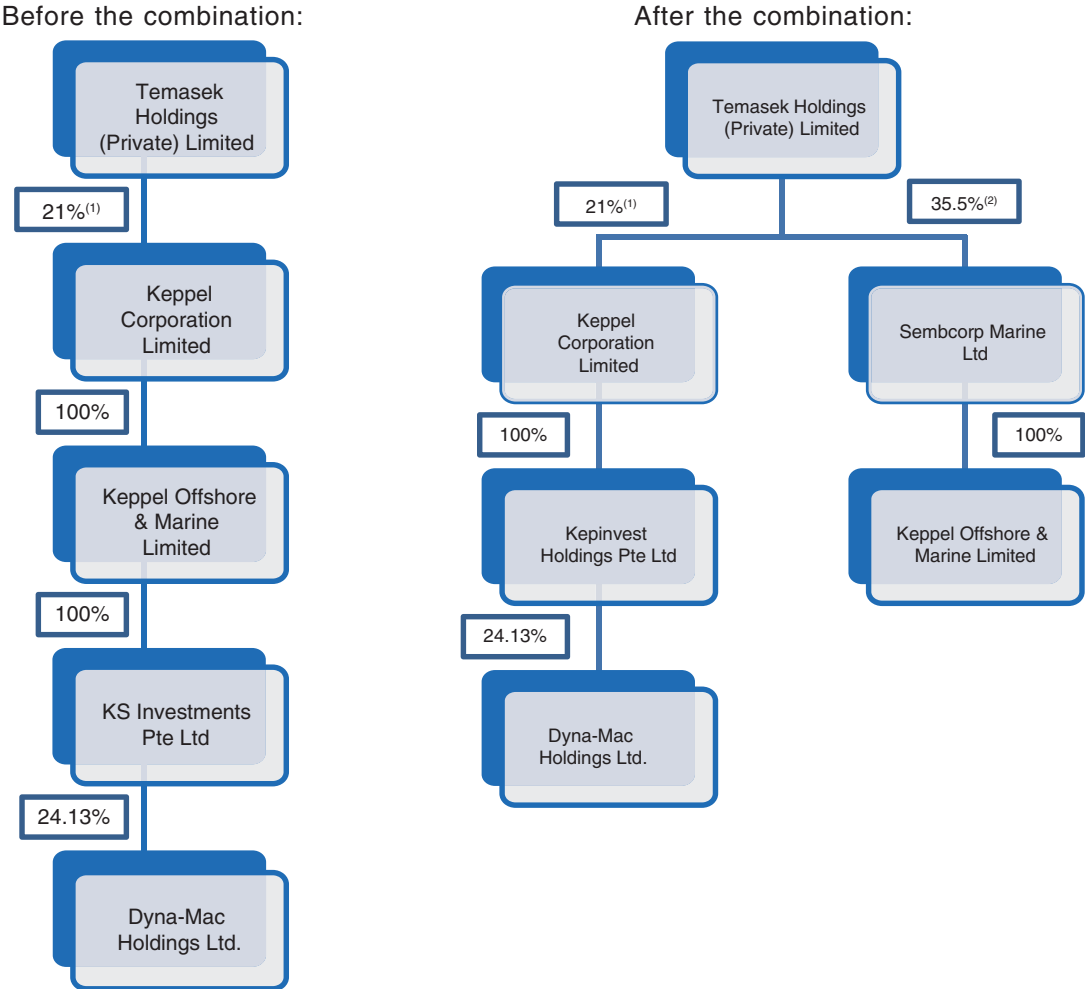
(collectively, “**Keppel IPTs**”). Approval for the renewal of the Keppel IPT Mandate was subsequently obtained from Independent Shareholders in succeeding AGMs convened by the Company, the last of which was the AGM held on 28 April 2022 (“**2022 AGM**”). Particulars of the Keppel IPT Mandate and the Keppel IPTs were set out in the Appendix to Notice of the 2022 AGM dated 6 April 2022.

2.2 Contain information on changes in the group structure since 2022 AGM

Following the combination of the Sembcorp Marine Ltd (SCM) with Keppel Offshore & Marine Limited (KOM), the following, among others took place:

- (a) KSI entered into a restructuring agreement dated 27 February 2023 with, among others, KIH pursuant to which KSI agreed to sell 250,000,000 Shares of the Company to KIH. Upon the entry into the abovementioned agreement and upon the completion of the transfer of Shares, KIH will have a direct interest in the Shares. KCL owns 100% of KIH and accordingly is deemed by virtue of Section 7(4) of the Act to have an interest in Shares held by KIH, while Temasek’s deemed interest arises from the deemed interest held by KCL by virtue of Section 7(4A) of the Act.
- (b) KOM becomes a wholly-owned subsidiary of SCM and no longer part of Keppel Group upon the completion of the combination on 1 March 2023.
- (c) The combination does not affect ST Group directly but indirectly. KOM sold one of its yards to ST Marine. The combination has somewhat changed the landscape of O&M sector in Singapore. The Group is in discussion with ST Marine to execute a potential project together.

Please find below for the diagrammatic illustration of the shareholdings of the Group and its substantial shareholders:



(1) Extracted from Temasek website for shareholding before the combination, assumed there is no change in the shareholding as confirmation was given by Temasek to the Company that it is having deemed interest in the Company which arise from the deemed interest held by KCL by virtue of Section 7(4A) of the Act.

(2) Extracted from announcement made by SCM on 13 March 2023 on its Extraordinary General Meeting held on 16 February 2023.

2.3 About the new Interested Persons

Temasek Holdings (Private) Limited (“Temasek”), which is a controlling shareholder of a number of publicly-listed companies, is a controlling shareholder of KCL and the Company. Pursuant to Chapter 9 of the Listing Rule, all transactions with Temasek and its associates are considered as Interested Person Transactions (“IPT”).

For the purpose of this IPT Mandate, the following groups of entities included are:

| | Type of Interested Persons | Group of Companies | Basis for them being primary interested persons and interested persons. |
|---|-----------------------------------|---|---|
| 1 | Primary Interested Persons | Keppel Corporation Limited group of companies (KCL Group) including KIH | <p>Pursuant to Listing Rule 904(4B), controlling shareholder of the Company is a primary interested person.</p> <p>KCL and KIH would both be considered interested persons under Chapter 9 of the Listing Manual. KCL would be considered as the primary interested person under Chapter 9 of the Listing Manual.</p> <p>Pursuant to Chapter 9 of the Listing Manual, for so long as KIH or any other member of the Keppel Group remains a controlling shareholder of the Company and a subsidiary within the Keppel Group, the members of the Keppel Group will be deemed an “interested person”, and any transaction with a member of the Keppel Group will be deemed an “interested person transaction”.</p> |
| 2 | Interested Persons | Sembcorp Marine Ltd group of companies (SCM Group) | <p>Pursuant to Listing Rule 904(4)(a)(ii), an associate of a controlling shareholder is an interested person. By virtue of both SCM and ST being associates of Temasek, they are considered the Group’s interested person.</p> |
| | | Singapore Technologies Engineering Ltd group of companies (ST Group) | <p>As long as SCM and ST remain listed respectively, SCM and ST can be availed to the exception under Listing Rule 908(2) and Interested Person Transactions (“IPTs”) with the enlarged SCM Group and ST Group respectively do not have to be aggregated with transactions with other Temasek entities.</p> |

Group of companies hereinafter refers to the holding company and its associates.

KCL Group, SCM Group and ST Group are collectively referred to as “Temasek Group” in this IPT Mandate.

2.4 Proposed IPT Mandate

The Keppel IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the 2023 AGM which is scheduled to be held by way of electronic means on Tuesday, 25 April 2023. Pursuant to Chapter 9 of the Listing Manual, the Company will seek Independent Shareholders' approval for the proposed IPT Mandate.

The proposed IPT Mandate will enable the Company and the Group, in their ordinary course of business to enter into IPTs with specified classes of interested persons as set out in Section 2.6 of this Appendix.

The categories/types of IPTs under section 2.1, scope of the IPT Mandate, rationale of the IPT Mandate and the benefit to Shareholders and the methods or procedures for determining the transaction prices for Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged from latest Keppel IPT Mandate approved by the shareholders in the 2022 AGM. The classes of Interested Persons were changed from Keppel Group from the latest IPT Mandate approved by the shareholder in the 2022 AGM to Temasek Group.

The Board assessed and is of the opinion that the change in the classes IPs is not material on the basis that it was arising wholly on combination of the Sembcorp Marine Ltd and Keppel Offshore & Marine Limited.

2.5 Scope of the IPT Mandate

The IPT Mandate applies to the Interested Person Transactions (as described in Section 2.1 of this Appendix) which are carried out with Temasek Group.

The IPT Mandate (as modified) will cover the IPTs entered into between entities within the Group and entities within the Temasek Group ("Temasek Group **Interested Person**") in the normal course of their business operations which are of a revenue or trading nature.

The IPT Mandate will not cover any transaction by a company in the Group with a Temasek Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions. The IPT Mandate would, however, cover Interested Person Transactions with values below S\$100,000 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 of the Listing Manual and treated as if they were one Interested Person Transaction which has a value of S\$100,000 or more.

Transactions with interested persons (including the Temasek Group Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

Transactions conducted under a general mandate are not separately subject to Rules 905 and 906.

2.6 Classes of Interested Persons

The IPT Mandate will apply to IPTs that are carried out between (i) any member of the Group, with (ii) any Temasek Group Interested Person.

Such IPTs only relate to recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations as disclosed under section 2.1 in this Appendix.

2.7 Rationale for and benefits of the IPT Mandate

- (a) Supply and procurement of raw materials and manpower to and/or from the Temasek Group and rental of yard facilities to and/or from the Temasek Group

The Group's industry is labour intensive and dependent on the supply and availability of raw materials and availability of yard facilities.

The Temasek Group bulk purchases the raw materials required for its operations. To take advantage of the favourable pricing which the Temasek Group may obtain from suppliers, the Group may, from time to time, procure raw materials through the Temasek Group.

In respect of works that the Temasek Group subcontracts to the Group, the Group may procure the raw materials from its own suppliers and charge the Temasek Group for the purchases. A handling fee will be imposed by the Group for such purchases made on behalf of the Temasek Group. The handling fee is charged based on a percentage of the value of such purchases handled by the Group. The percentage charged varies on a case by case basis.

As yard facilities and manpower are limited in Singapore, the Group would occasionally lease, rent or procure yard facilities and/or manpower from other parties, including the Temasek Group. The Group may also secure yard facilities and/or manpower from other parties, including the Temasek Group, to support and facilitate projects in locations or regions where the Group has limited resources. Additionally, to ensure that its resources are fully utilised, the Group may lease or supply yard facilities and/or manpower to the Temasek Group to support and facilitate the Temasek Group's operations.

- (b) Subcontracting of projects to and/or from the Temasek Group

Depending on scope and location of projects and the expertise required, the Group may, from time to time, subcontract part of its existing or potential projects to other parties, including the Temasek Group. This will ensure that the Group would have the support and capability to secure potential projects which may otherwise be outside its business and expertise.

It will also be beneficial to the Group to accept a subcontract from the Temasek Group Interested Persons if a project awarded by the Temasek Group Interested Person offers the similar terms (taking into consideration, inter alia, the contract value, profit margin, potential for future repeat business, project scheduling as well as availability of other potential contracts) compared to other available projects.

It is anticipated that the Group would, in the ordinary course of its business, enter into the Temasek Group IPTs. It is likely that such transactions will occur with some degree of frequency and could arise at any time. Among other things, the IPT Mandate will benefit the Group, as the Group will have access to competitive quotes from the Interested Persons in addition to obtaining quotes from, or transacting with, unrelated third parties. Given that the Group may, from time to time, be appointed as the subcontractor of the Temasek Group, the IPT Mandate would also allow the Group to enter into transactions in connection with projects subcontracted by the Temasek Group, and vice versa.

In view of the time-sensitive nature of commercial transactions, it would be advantageous to the Company to obtain the IPT Mandate to enter into Temasek Group IPTs, provided that all Temasek Group IPTs are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. The IPT Mandate (if approved and renewed on an annual basis) will eliminate, among others, the need for the Company to convene separate general meetings on each occasion to seek Independent Shareholders' approval as and when potential IPTs arise. This will reduce substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising its corporate objectives and adversely affecting its business opportunities.

2.8 Expiry and Renewal of the IPT Mandate

If approved by Independent Shareholders at the 2023 AGM, the IPT Mandate will take effect from the date of receipt of Independent Shareholders' approval, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier, and will apply to IPTs entered into from the date of receipt of Independent Shareholders' approval. Approval from Independent Shareholders will be sought for the renewal of the IPT Mandate at each subsequent AGM, subject to review by the Audit Committee of its continued application to the IPTs.

2.9 Disclosure

Pursuant to Listing Rule 920(1)(a), the Company will:

- (i) disclose the general mandate in the annual report, giving details of the aggregate value of transactions conducted pursuant to the general mandate during the financial year. The disclosure must be in the form set out in Rule 907; and
- (ii) announce the aggregate value of transactions conducted pursuant to the general mandate for the financial periods which it is required to report on pursuant to Rule 705 within the time required for the announcement of such report. The disclosure must be in the form set out in Rule 907.

2.10 Audit Committee's Statements

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 for Interested Person Transactions have not changed since Shareholders approved the IPT Mandate at the 2022 AGM; and
- (b) the methods or procedures in Rule 920(1)(c)(i) 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 issuer and its minority shareholders.

The Audit Committee also confirm that:

- (a) the methods or procedures are sufficient to ensure that transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders; and
- (b) the changes are in the best interest of the Company and it will not be prejudicial to the issuer and its minority shareholders.

2.11 Independent Shareholders' Approval

Pursuant to Rule 920 of the Listing Manual, a general mandate from Shareholders may be sought for recurrent transactions 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. Such a general mandate is subject to annual renewal.

Therefore approval of the Independent Shareholders is sought at the 2023 AGM for the renewal of the IPT Mandate.

3. REVIEW PROCEDURES FOR THE IPTS

3.1 Prior to entering into any contract or transaction with the Temasek Group in connection with a IPT, the relevant employee or Audit Committee (as the case maybe) shall follow certain review procedures as set out below in Sections 3.2 to 3.3, which remain unchanged from the Keppel IPT Mandate approved in 2022 AGM.

3.2 Review of price and terms

A. Subcontract of project works from the Temasek Group

A senior marketing manager or other employee of the Group with an equivalent designation (with no interest, direct or indirect, in the IPTs) and who is familiar with the terms and complexity of contracts of similar nature to that of IPTs, shall compare the terms of the IPTs against the terms of at least two (2) other similar contracts entered into with unrelated third parties. The comparison will be based on whether (i) the price that the Group can obtain for its work to be completed under the contract with the Temasek Group is not lower than that charged to unrelated third parties; and (ii) the terms of the contract with the Temasek Group is not less favourable to the Group than that entered into with unrelated third parties.

- (i) In evaluating the price of the contract with the Temasek Group, the Group's usual business practices and policies shall be taken into consideration, to ensure that the price to be received or the margin that can be earned under the contract is consistent and/or not less favourable than those similar type of transactions or contracts between the Group and unrelated third parties.
- (ii) In evaluating the terms of the contract entered with the Temasek Group, the Group's template contract shall be taken into consideration, to ensure that the terms are not less favourable than that of the template contract. All pertinent factors shall also be taken into consideration, including but not limited to delivery milestones, payment milestones, size of the transaction or contract, customer's credit standing, potential for future repeat business and availability of other potential contracts with unrelated third parties.

- (iii) The Chief Marketing Officer of the Group will prepare a recommendation paper to enter into contract, with the Temasek Group, supported by:
 - (a) the evaluation of the price and terms performed by the senior commercial manager in parts (i), (ii) and (iii) above;
 - (b) a budget which projects gross revenue, expenditure, gross operating profit, and profit margin that can be obtained from the contracts with Temasek Group; and
 - (c) any other available contracts or transactions that can be signed or secured with unrelated third parties which can be completed at a higher margin.
- (iv) In the event the Chief Marketing Officer of the Group determines that it is not possible to carry out the abovementioned procedures in parts (i), (ii) and (iii) due to no similar or comparable contracts or transactions for comparison, the Group shall refer to the Audit Committee and the Audit Committee will determine whether the price and terms are fair and reasonable and consistent with the Group's usual business practices. A Director of the Company, if any, who is nominated by any member of the Temasek Group to the Board of the Company will not participate in the review and approval of the transactions under the IPT Mandate.

B. Subcontract of project works to the Temasek Group

- (i) A subcontracting manager or other employee of the Group with an equivalent designation (with no interest, direct or indirect, in the IPTs) and who is familiar with the terms and complexity of contracts of similar nature to that of the IPTs, shall compare the terms of the IPTs against the terms of at least two (2) other similar contracts entered into with unrelated third parties. The comparison will be based on whether (i) the price that the Group can obtain for its work to be completed under the contract with the Temasek Group is not higher than that charged by unrelated third parties; and (ii) the terms of the contract with the Temasek Group is not less favourable to the Group than that entered into with unrelated third parties.
- (ii) In evaluating the price of the contract with the Temasek Group, the Group's usual business practices and policies shall be taken into consideration, to ensure that the cost to the Group is consistent and/or not less favourable with that for similar type of transactions or contracts between the Group and unrelated third parties.
- (iii) In evaluating the terms of the contract entered with the Temasek Group, the Group's template contract shall be taken into consideration, to ensure that the terms are not less favourable than that of the template contract. All pertinent factors shall also be taken into consideration, including but not limited to ability to deliver the project on schedule, credit terms, availability of manpower, yard space and facilities to carry out the project, track record of similar project and technical capability and expertise.
- (iv) The Chief Marketing Officer will review the evaluation of the price and terms performed by the subcontracting manager or other employee of the Group with an equivalent designation (with no interest in above parts (i), (ii) and (iii)).

- (v) In the event the Chief Marketing Officer determines that it is not possible to carry out the above mentioned procedures in parts (i), (ii) and (iii) due to no similar or comparable contracts or transactions for comparison, the Group shall refer to the Audit Committee and the Audit Committee will determine whether the price and terms are fair and reasonable and consistent with the Group's usual business practices. A Director of the Company, if any, who is nominated by any member of the Temasek Group to the Board of the Company will not participate in the review and approval of the transactions under the IPT Mandate.

C. Supply of raw materials and manpower to Temasek Group

- (i) A senior marketing manager or other employee of the Group with an equivalent designation (with no interest, direct or indirect, in the IPTs) shall compare the terms of the IPTs against the terms of at least two (2) other similar transactions entered into with unrelated third parties. The comparison will be based on whether (i) the price that the Group can charge Temasek Group is not lower than that charged to unrelated third parties; and (ii) the terms of the transaction with the Temasek Group is not less favourable to the Group than that entered into with unrelated third parties.
- (ii) In evaluating the terms of the purchase order or works order entered with the Temasek Group, the Group's prior similar purchase order or works order shall be taken into consideration, to ensure that the terms are not less favourable than such purchase order or works order. All pertinent factors shall also be taken into consideration, including but not limited to cost of raw materials and manpower, delivery milestones, customer's credit standing and timing and duration of manpower required.
- (iii) The Chief Marketing Officer of the Group will prepare a recommendation paper to enter into purchase order or works order with the Temasek Group, supported by:
 - (a) the evaluation of the price and terms performed by the senior commercial manager in above parts (i) and (ii); and
 - (b) a budget which projects gross revenue, expenditure, gross operating profit, and profit margin that can be obtained from the supply to Temasek Group.
- (iv) In the event the Chief Marketing Officer of the Group determines that it is not possible to carry out the above mentioned procedures in parts (i) and (ii) due to no similar or comparable transactions for comparison, the Group shall refer to the Audit Committee and the Audit Committee will determine whether the price and terms are fair and reasonable and consistent with the Group's usual business practices. A Director of the Company, if any, who is nominated by any member of the Temasek Group to the Board of the Company will not participate in the review and approval of the transactions under the IPT Mandate.

D. Procurement of raw materials and manpower from Temasek Group

- (i) A subcontracting or procurement manager or other employee of the Group with an equivalent designation (with no interest, direct or indirect, in the IPTs) shall compare the terms of the IPTs against the terms of at least two (2) other similar transactions entered into with unrelated third parties. The comparison will be based on whether (i) the price that the Group can obtain from Temasek Group is not higher than that charged by unrelated third parties; and (ii) the terms of the contract with the Temasek Group is not less favourable to the Group than that entered into with unrelated third parties.

- (ii) In evaluating the terms of the purchase order or works order entered with the Temasek Group, the Group's template purchase order or works order shall be taken into consideration, to ensure that the terms are not less favourable than that of the template purchase order or works order. All pertinent factors shall also be taken into consideration, including but not limited to ability to deliver the raw materials and manpower on schedule, credit terms, quality of raw material and technical capability and expertise of manpower.
- (iii) The Chief Marketing Officer will review the evaluation of the price and terms performed by the subcontracting or procurement manager or other employee of the Group with an equivalent designation in above parts (i) and (ii).
- (iv) In the event the Chief Marketing Officer determines that it is not possible to carry out the above mentioned procedures in parts (i) and (ii) due to no similar or comparable contracts or transactions for comparison, the Group shall refer to the Audit Committee and the Audit Committee will determine whether the price and terms are fair and reasonable and consistent with the Group's usual business practices. A Director of the Company, if any, who is nominated by any member of the Temasek Group to the Board of the Company will not participate in the review and approval of the transactions under the IPT Mandate.

E. Rental of yard facilities to and/or from Temasek Group

- (i) A marketing/procurement manager or other employee of the Group with an equivalent designation (with no interest, direct or indirect, in the IPTs) shall compare the terms of the IPTs against the prevailing market rates of similar yard facilities. The comparison will be based on whether the price and the terms of the transaction with the Temasek Group is not less favourable to the Group than that of the prevailing market rates.
- (ii) In evaluating the terms of the lease, the Group shall take into consideration all pertinent factors, including but not limited to loading capacity, availability of waterfront facilities, equipment and machineries, length and depth of waterfront facilities, timing and duration of the lease, credit terms and credit standing, as the case may be.
- (iii) The Chief Marketing Officer will review the evaluation of the price and terms performed by the financial manager in above parts (i) and (ii).
- (iv) In the event the Chief Marketing Officer determines that it is not possible to carry out the above mentioned procedures in parts (i) and (ii) due to no prevailing market rate, the Group shall refer to the Audit Committee and the Audit Committee will determine whether the price and terms are fair and reasonable and consistent with the Group's usual business practices.

A Director of the Company, if any, who is nominated by any member of the Temasek Group to the Board of the Company will not participate in the review and approval of the transactions under the IPT Mandate.

3.3 Other Monitoring and Review Procedures

A. Register of Interested Person Transactions

- (i) The subsidiaries and associated companies of the Group are required to inform the Finance Department of any significant upcoming transactions with interested persons so as to obtain the prior approval from the Audit Committee or Independent Shareholders, and in accordance with the IPT Mandate or provisions of Chapter 9 of the Listing Manual, as the case may be.
- (ii) The Audit Committee will designate a senior executive (with no interest, direct or indirect, in the IPTs) to maintain a register of all interested person transactions carried out with interested persons (including the Temasek Group). The register shall include all information pertinent to the evaluation of transactions entered into with the interested person (including the Temasek Group) such as, but not limited to the price or value of the contract, the budget and its basis, the key terms of the contract and supporting evidence such as similar contracts that had been used to evaluate the interested person transaction (including the IPTs). The register is subject to review by the Audit Committee on at least a half yearly basis (or whenever deemed necessary by the Audit Committee) and by external auditors on an annual basis.

B. Review by Audit Committee

- (i) The internal auditor of the Group ("**Internal Auditor**") shall review all interested person transactions on a half yearly basis and present a half yearly internal audit report to the Audit Committee for review.
- (ii) If, in reviewing the half yearly internal audit reports, or at any time that the Audit Committee is of the view that the review procedures are not sufficient or become inappropriate to ensure that the interested person transactions will be on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from its Independent Shareholders based on new guidelines and procedures for transactions with Temasek Group. During the transition period prior to obtaining a fresh mandate from Shareholders, all transactions with Temasek Group will be subject to prior review and approval by the Audit Committee or Independent Shareholders as deemed necessary by the Listing Manual.
- (iii) In the event that a member of the Audit Committee is interested in any interested person transaction, he/she will abstain from the deliberation of the transaction to ensure that the interested person transaction will not be prejudicial to the interests of the Company and its minority Shareholders. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

C. Review by Internal and External Auditors

- (i) As mentioned above, the Internal Auditor shall review all the interested person transactions on a half yearly basis and present a half yearly internal audit report to the Audit Committee for review. The annual internal audit plan shall also include a review of the established review procedures for the monitoring of such interested person transactions entered into during the current financial year. As part of the Company's annual audit, external auditors will review all interested person transactions with Temasek Group on an annual basis. The Internal Auditors shall report directly to the Audit Committee. The external auditors will review and confirm the interested person transactions under the notes to the financial statements.
- (ii) The Board will ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, will be complied with. In addition, such transactions will also be subject to Independent Shareholders' approval if deemed necessary by the Listing Manual.

D. Threshold Limits

In addition to the above review procedures, the Group has strengthened its internal systems by setting the following threshold limits to its transactions, to ensure that transactions entered into between the Group and Temasek Group are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders:

- (i) A "category one" interested person transaction is one where the value of the transaction or contract is in excess of 3% of the latest audited NTA of the Group; and
- (ii) A "category two" interested person transaction is one where the value of the transaction is below or equal to 3% of the latest audited NTA of the Group.

"Category two" transactions shall be reviewed and approved by the Chief Executive Officer before entry. In the event the Chief Executive Officer is interested in a "category two" transaction, such transaction shall be reviewed and approved by the Audit Committee. Save for the aforesaid instance, "category two" transactions do not require the prior review and approval of the Audit Committee before entry but shall be reviewed on a half yearly basis by the Audit Committee. "Category one" transactions must be reviewed and approved by the Audit Committee prior to entry.

A Director of the Company, if any, who is nominated by any member of the Temasek Group to the Board of the Company will not participate in the review and approval of the transactions under the IPT Mandate. Any member of the Audit Committee who is interested in any transaction under the IPT Mandate will abstain from reviewing the transaction.

Approval of the transaction with Temasek Group will accordingly be undertaken by the members of the Audit Committee.

4. OPINION OF THE AUDIT COMMITTEE

A Director of the Company, if any, who is nominated by any member of the Temasek Group to the Board of the Company will not participate in the review and approval of the transactions under the IPT Mandate.

In 2019 AGM, the shareholders approved that:

- (i) Due to the low frequency and value of the interested person transactions for the past three years, the Audit Committee has resolved that going forward they shall conduct the review of the register of all IPTs on a half yearly basis instead of on a quarterly basis.
- (ii) In the event that the frequency and value of IPTs subsequently increases, the Audit Committee shall revert to conducting such review on a quarterly basis (or whenever deemed necessary by the Audit Committee).

The Audit Committee is satisfied that the review procedures as set out in Section 3 above have not been changed since the Keppel IPT Mandate was last approved by the Independent Shareholders at the AGM held on 28 April 2022. The Audit Committee is also of the view that the review procedures for the IPTs as well as the annual reviews made by the Audit Committee in relation thereto, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.

To ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the minority shareholders, if during these annual reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated in Section 3 above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company and the Group are conducted, the Company will then revert to the Independent Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the Interested Persons to ensure that the IPTs will be on arms' length basis and on normal commercial terms. During the period prior to obtaining a fresh mandate from the Independent Shareholders, all IPTs will be subject to prior review and approval by the Audit Committee.

5. RECOMMENDATION BY THE DIRECTORS

None of the Directors have any interest, direct and indirect, in the IPT Mandate.

The Independent Directors, having reviewed and considered the guidelines and review procedures in relation to the IPT Mandate, the rationale for and benefits of IPT Mandate, the Independent Directors are of the view that the IPT Mandate is in the best interests of the Company and recommend that the Independent Shareholders vote in favour of the resolution approving the renewal and modification of the IPT Mandate as set out in Ordinary Resolution No. 12 under the heading "Special Business" set out in the Notice of AGM.

6. ABSTENTION FROM VOTING

KIH, any other Interested Persons and any Shareholder who is an interested person and is interested in the IPT Mandate will abstain, and will procure that each of its associates will abstain from voting in respect of each of their shareholdings in the Company on the approval for the renewal of the IPT Mandate to be proposed at the AGM and shall also not accept nominations to act as proxy, corporate representative or attorney for any Shareholder in relation to the ordinary resolutions relating to the approval for the renewal of the IPT Mandate, unless the Shareholder appointing him indicates clearly how his vote is to be cast in respect of such ordinary resolution.

7. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Company on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the Latest Practicable Date are as follows:

| Directors | Direct Interest No. of Shares | Deemed Interest No. of Shares | Total Interest No. of Shares | % |
|--|--------------------------------------|--------------------------------------|-------------------------------------|----------|
| Lim Ah Cheng | 7,364,000 | – | 7,364,000 | 0.71 |
| Henry Tan Song Kok | 500,000 | – | 500,000 | 0.05 |
| Lee Kim Lian, Juliana | – | – | – | – |
| Tan Poh Lee Paul | 100,000 | – | 100,000 | 0.01 |
| Lim Rui Ping | – | – | – | – |
| Substantial Shareholders (other than Directors) | | | | |
| Estate of Lim Tze Jong ⁽¹⁾ | 334,220,800 | – | 334,220,800 | 32.25 |
| Lim Lie Tjing @ Lim Lee Cheng ⁽¹⁾ | 41,777,600 | 356,609,600 | 398,387,200 | 38.45 |
| Lee Soo Chye ⁽¹⁾ | – | 334,220,800 | 334,220,800 | 32.25 |
| KIH ⁽²⁾ | 250,000,000 | – | 250,000,000 | 24.13 |
| KCL ^{(2)&(3)} | – | 250,000,000 | 250,000,000 | 24.13 |
| Temasek Holdings (Private) Limited ⁽³⁾ | – | 250,000,000 | 250,000,000 | 24.13 |

Notes:

- (1) The Estate of Lim Tze Jong has a direct interest in the 334,220,800 shares comprises of 134,220,800 shares registered under the Estate and the remaining 200,000,000 shares held through Raffles Nominees (Pte) Ltd.

The Joint Executors, Lim Lie Tjing @ Lim Lee Cheng and Lee Soo Chye are deemed interest in their capacity as Joint Executors of the Estate of Lim Tze Jong in the 334,220,800 ordinary shares in which the Estate has a direct interest in. Lim Lie Tjing @ Lim Lee Cheng has additional deemed interest of 22,388,800 from shares held by her spouse.

- (2) KCL owns 100% of KIH and accordingly is deemed by virtue of Section 7(4) of the Act to have an interest in Shares held by KSI.
- (3) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by KCL by virtue of Section 7(4A) of the Act.

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, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the IPT Mandate, the IPTs, the Company and its subsidiaries, 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 these sources and/or reproduced in the Appendix in its proper form and context.

9. INSPECTION OF DOCUMENTS

The Annual Report 2022 and the proposed IPT Mandate (Appendix to Notice of the AGM) maybe be assessed at the Company's Website at the URLs <https://investor.dyna-mac.com/ar.html> and <https://investor.dyna-mac.com/annual-general-meeting.html>.

Yours faithfully

For and on behalf of the Board of Directors of
DYNA-MAC HOLDINGS LTD.

Lim Ah Cheng
Executive Chairman and Chief Executive Officer