

**APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING DATED 10 APRIL 2019**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**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 forward this Appendix, the Company’s Annual Report dated 4 April 2019 for the financial year ended 31 December 2018 and the Notice of Annual General Meeting and accompanying Proxy Form which have been sent to you together with this Appendix, immediately to the purchaser or transferee or to the bank, stockbroker or agent through which you effected the sale, for onward transmission to the purchaser or transferee.

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 MODIFICATION TO, AND RENEWAL OF  
THE KEPPEL IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	22 April 2019 at 4.00 pm
Date and time of Annual General Meeting	:	25 April 2019 at 4.00 pm
Place of Annual General Meeting	:	Dyna-Mac Holdings Ltd Corporate Office Building 45 Gul Road Singapore 629350

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## DEFINITIONS

“2018 AGM”	:	Has the meaning ascribed thereto in Section 2.1 of this Appendix
“2019 AGM”	:	Has the meaning ascribed thereto in Section 1.1 of this Appendix
“Act”	:	The Companies Act (Cap 50) of Singapore, as amended, varied or supplemented from time to time
“AGM”	:	The annual general meeting of the Company
“Audit Committee”	:	The audit committee of the Company, comprising Mr Tan Soo Kiat as Chairman, Mr Chor How Jat, Dr Ong Seh Hong and Ms Lee Kim Lian Juliana as members as at the date of this Appendix
“Board”	:	The board of Directors of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Chief Financial Officer”	:	The chief financial officer of the Group
“Chief Marketing Officer”	:	The chief marketing officer of the Group
“Company”	:	Dyna-Mac Holdings Ltd.
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial or 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
“Directors”	:	The directors of the Company for the time being
“EGM”	:	An extraordinary general meeting of the Company
“entity at risk”	:	Means:  (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 Keppel 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 Keppel 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 Interested Person”	:	Has the meaning ascribed thereto in Section 2.5 of this Appendix
“Keppel IPT Mandate”	:	Has the meaning ascribed thereto in Section 2.1 of this Appendix
“Keppel IPTs”	:	Has the meaning ascribed thereto in Section 2.1 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
“KOM”	:	Keppel Offshore & Marine Limited
“KS”	:	KS Investments Pte Ltd
“KSL”	:	Keppel Shipyard Limited
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Appendix, being 4 April 2019
“Listing Manual”	:	The Listing Manual of the SGX-ST, as may be amended, varied or supplemented from time to time

“ <i>Module Business</i> ”	:	The business of fabrication and assembly of topside modules for FPSO and FSO
“ <i>Notice of 2019 AGM</i> ”	:	Has the meaning ascribed thereto in Section 1.1 of this Appendix
“ <i>NTA</i> ”	:	Net tangible assets
“ <i>Securities Account</i> ”	:	A securities account held directly with the CDP
“ <i>SGX-ST</i> ”	:	Singapore Exchange Securities Trading Limited
“ <i>Share</i> ”	:	An ordinary share in the issued share capital of the Company
“ <i>Shareholders</i> ”	:	Registered holders of Shares except where the registered holder is CDP, the term “ <b>Shareholders</b> ” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
“ <i>Substantial Shareholder</i> ”	:	A person (including a corporation) who holds directly or indirectly 5% or more of the total issued voting Shares
“ <i>yard facilities</i> ”	:	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 Tze Jong (*Executive Chairman and Chief Executive Officer*)  
Lim Tjew Yok (*Executive Director and Chief Operating Officer*)  
Chor How Jat (*Non-Executive Director*)  
Tan Soo Kiat (*Lead Independent Director*)  
Dr Ong Seh Hong (*Independent Director*)  
Lee Kim Lian Juliana (*Independent Director*)  
Teo Boon Hwee (*Alternate Director to Lim Tze Jong*)

### Registered Office

59 Gul Road  
Singapore 629354

4 April 2019

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 10 April 2019 (“**Notice of 2019 AGM**”) convening the AGM of the Company to be held on 25 April 2019 (“**2019 AGM**”) at 4.00 pm, and Ordinary Resolution No. 8 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 2018, is to provide Independent Shareholders with relevant information pertaining to the modification to, and renewal of the Keppel IPT Mandate as interested person transactions, and to seek Independent Shareholders’ approval for the resolutions relating to the same.

### 2. THE PROPOSED MODIFICATION TO, AND RENEWAL OF, THE KEPPEL 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 25 April 2018 (“**2018 AGM**”). Particulars of the Keppel IPT Mandate and the Keppel IPTs were set out in the Appendix to Notice of the 2018 AGM dated 3 April 2018.

## 2.2 Proposed Modification to the Keppel IPT Mandate

In conjunction with the renewal of the Keppel IPT mandate, the Company is proposing certain modifications to the Keppel IPT Mandate, as described below. Following a review by the Company of the monitoring and review procedures of the Keppel IPT Mandate, the proposed amendments to the Keppel IPT Mandate, struck through for deletions and underlined for insertions, are set out in Section 3.3 of this Appendix.

## 2.3 Proposed Renewal of the Keppel IPT Mandate

The Keppel IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the 2019 AGM which is scheduled to be held on 25 April 2019. Pursuant to Chapter 9 of the Listing Manual, the Company will seek Independent Shareholders' approval for the proposed modification to, and renewal of the Keppel IPT Mandate.

The proposed modification to, and renewal of the Keppel IPT Mandate will enable the Company and the Group, in their ordinary course of business to enter into Keppel IPTs with specified classes of interested persons as set out in Section 2.5 of this Appendix.

Save as set out above, there is no change to the scope of the Keppel IPT Mandate, the entities at risk and interested persons in the proposed renewal of the Keppel IPT Mandate.

## 2.4 Information on Interested Person

KSI is wholly-owned subsidiary of KOM, which is in turn a wholly-owned subsidiary of KCL. KSI is a controlling shareholder of the Company. As at the Latest Practicable Date, KSI holds 250,000,000 Shares representing approximately 24.43% of the total issued Shares of the Company.

Pursuant to Chapter 9 of the Listing Manual, for so long as KSI 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".

## 2.5 Scope of the Keppel IPT Mandate

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

The Keppel IPT Mandate (as modified) will not cover any transaction by a company in the Group with a Keppel 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.

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



## 2.6 Classes of Interested Persons

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

## 2.7 Rationale for and benefits of the Keppel IPT Mandate (as modified)

### (a) *Supply and procurement of raw materials and manpower to and/or from the Keppel Group and rental of yard facilities to and/or from the Keppel Group*

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

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

In respect of works that the Keppel Group subcontracts to the Group, the Group may procure the raw materials from its own suppliers and charge the Keppel Group for the purchases. A handling fee will be imposed by the Group for such purchases made on behalf of the Keppel 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 Keppel Group. The Group may also secure yard facilities and/or manpower from other parties, including the Keppel 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 Keppel Group to support and facilitate the Keppel Group's operations.

### (b) *Subcontracting of projects to and/or from the Keppel 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 Keppel 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 Keppel Interested Persons if a project awarded by the Keppel 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 Keppel IPTs. It is likely that such transactions will occur with some degree of frequency and could arise at any time. Among other things, the Keppel IPT Mandate (as modified) will benefit the Group, as the Group will have access to competitive quotes from the Keppel 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 Keppel Group, the Keppel IPT Mandate (as modified) would also allow the Group to enter into transactions in connection with projects subcontracted by the Keppel Group, and vice versa.

In view of the time-sensitive nature of commercial transactions, it would be advantageous to the Company to obtain the Keppel IPT Mandate (as modified) to enter into Keppel IPTs, provided that all Keppel IPTs are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. The Keppel IPT Mandate (as modified, and 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 Keppel 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 Keppel IPT Mandate

If approved by Independent Shareholders at the 2019 AGM, the Keppel IPT Mandate (as modified) 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 Keppel IPTs entered into from the date of receipt of Independent Shareholders' approval. Approval from Independent Shareholders will be sought for the renewal of the Keppel IPT Mandate (as modified) at each subsequent AGM, subject to review by the Audit Committee of its continued application to the Keppel IPTs.

## 2.9 Disclosure

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the Keppel IPTs conducted under the Keppel IPT Mandate (as modified) during the financial year, and in the annual reports for the subsequent financial years during which the Keppel IPT Mandate (as modified) is in force.

In addition, the Company will announce the aggregate value of the Keppel IPTs conducted pursuant to the Keppel IPT Mandate (as modified) for the financial periods which it is required to report on within the time required for the announcement of such report. These disclosures will be in the form set out in the Listing Manual.

## 2.10 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 2019 AGM for the renewal of the Keppel IPT Mandate (as modified).

### 3. REVIEW PROCEDURES FOR THE KEPPEL IPTS

3.1 Prior to entering into any contract or transaction with the Keppel Group in connection with a Keppel 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:

#### 3.2 Review of price and terms

##### A. *Subcontract of project works from the Keppel Group*

- (i) A senior commercial manager or other employee of the Group with an equivalent designation (with no interest, direct or indirect, in the Keppel IPTs) and who is familiar with the terms and complexity of contracts of similar nature to that of Keppel IPTs, shall compare the terms of the Keppel 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 Keppel Group is not lower than that charged to unrelated third parties; and (ii) the terms of the contract with the Keppel 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 Keppel 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.
- (iii) In evaluating the terms of the contract entered with the Keppel 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.
- (iv) The Chief Marketing Officer of the Group will prepare a recommendation paper to enter into contract, with the Keppel 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 Keppel 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.
- (v) 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. Mr Chor How Jat, who is a director of companies of the Keppel Group, will not participate in the review and approval of the transactions under the Keppel IPT Mandate (as modified).

B. *Subcontract of project works to the Keppel Group*

- (i) A subcontracting manager or other employee of the Group with an equivalent designation (with no interest, direct or indirect, in the Keppel IPTs) and who is familiar with the terms and complexity of contracts of similar nature to that of the Keppel IPTs, shall compare the terms of the Keppel 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 Keppel Group is not higher than that charged by unrelated third parties; and (ii) the terms of the contract with the Keppel 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 Keppel 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 Keppel 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. Mr Chor How Jat, who is a director of companies of the Keppel Group, will not participate in the review and approval, of the transactions under the Keppel IPT Mandate (as modified).

C. *Supply of raw materials and manpower to Keppel Group*

- (i) A senior commercial manager or other employee of the Group with an equivalent designation (with no interest, direct or indirect, in the Keppel IPTs) shall compare the terms of the Keppel 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 Keppel Group is not lower than that charged to unrelated third parties; and (ii) the terms of the transaction with the Keppel 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 Keppel 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 Keppel 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 Keppel 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. Mr Chor How Jat, who is a director of companies of the Keppel Group, will not participate in the review and approval of the transactions under the Keppel IPT Mandate (as modified).

D. *Procurement of raw materials and manpower from Keppel 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 Keppel IPTs) shall compare the terms of the Keppel 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 Keppel Group is not higher than that charged by unrelated third parties; and (ii) the terms of the contract with the Keppel 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 Keppel 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. Mr Chor How Jat, who is a director of companies of the Keppel Group, will not participate in the review and approval of the transactions under the Keppel IPT Mandate (as modified).

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

- (i) A finance manager or other employee of the Group with an equivalent designation (with no interest, direct or indirect, in the Keppel IPTs) shall compare the terms of the Keppel 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 Keppel 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 Financial 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 Financial 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. Mr Chor How Jat, who is a director of companies of the Keppel Group, will not participate in the review and approval of the transactions under the Keppel IPT Mandate (as modified).

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 Keppel IPT Mandate (as modified) 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 Keppel IPTs) to maintain a register of all interested person transactions carried out with interested persons (including the Keppel Group). The register shall include all information pertinent to the evaluation of transactions entered into with the interested person (including the Keppel 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 Keppel IPTs). The register is subject to review by the Audit Committee on at least a **quarterly 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 **quarterly half-yearly** basis and present a **quarterly half-yearly** internal audit report to the Audit Committee for review.
- (ii) If, in reviewing the **quarterly 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 Keppel Group. During the transition period prior to obtaining a fresh mandate from Shareholders, all transactions with Keppel 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 **quarterly half-yearly** basis and present a **quarterly 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 Keppel 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 Keppel 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 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 **quarterly half-yearly** basis by the Audit Committee. “Category one” transactions must be reviewed and approved by the Audit Committee prior to entry.

Mr Chor How Jat, who is a director of companies of the Keppel Group, or any other member of the Audit Committee who is interested in any transaction under the Keppel IPT Mandate (as modified) will abstain from reviewing the transaction.

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

#### **4. OPINION OF THE AUDIT COMMITTEE**

Mr Chor How Jat, who is a member of the Audit Committee and a director of companies of the Keppel Group, will abstain from making any recommendations on the Keppel IPT Mandate. 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 Keppel IPTs on a half-yearly basis instead of on a quarterly basis. In the event that the frequency and value of Keppel 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 (as modified) have not been changed since the Keppel IPT Mandate was first approved by the Independent Shareholders at the EGM held on 11 September 2011. The Audit Committee is also of the view that the review procedures for the Keppel IPTs (as modified) as well as the reviews made by the Audit Committee in relation thereto, are adequate to ensure that the Keppel IPTs will be transacted on normal commercial terms and will not be prejudicial to the interest of the Company and the Independent Shareholders.

To ensure that the Keppel IPTs will be conducted based on normal commercial terms and hence, will not be prejudicial to the interests of the Company and the Independent Shareholders, if during these reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated in Section 3 above (as modified) 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 Keppel Interested Persons to ensure that the Keppel 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 Keppel IPTs will be subject to prior review and approval by the Audit Committee.

#### **5. RECOMMENDATION BY THE DIRECTORS**

As the Company's Non-Executive Director, Mr Chor How Jat, who is a director of companies of the Keppel Group, will abstain from making any recommendations on the approval of the renewal of the Keppel IPT Mandate to be proposed at the 2019 AGM to be held on 25 April 2019.

Save as disclosed above, none of the Directors have any interest, direct and indirect, in the Keppel IPT Mandate (as modified).



The Independent Directors, having reviewed and considered the guidelines and review procedures in relation to the Keppel IPT Mandate (as modified), the rationale for and benefits of Keppel IPT Mandate (as modified), the Independent Directors are of the view that the Keppel IPT Mandate (as modified) is in the best interests of the Company and recommend that the Independent Shareholders vote in favour of the resolution approving the modification and renewal of the Keppel IPT Mandate as set out in Ordinary Resolution No. 8 under the heading “Special Business” set out in the Notice of AGM.

## 6. ABSTENTION FROM VOTING

KSI, any other Keppel Interested Persons and any Shareholder who is an interested person and is interested in the Keppel IPT Mandate (as modified) 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 Keppel IPT Mandate (as modified) to be proposed at the AGM.

Mr Chor How Jat 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 Keppel IPT Mandate (as modified), 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:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b><u>Directors</u></b>						
Lim Tze Jong <sup>(1)</sup>	417,776,000	40.83	–	–	417,776,000	40.83
Lim Tjew Yok	2,000,000	0.20	–	–	2,000,000	0.20
Chor How Jat	–	–	–	–	–	–
Tan Soo Kiat	–	–	–	–	–	–
Ong Seh Hong	–	–	–	–	–	–
Teo Boon Hwee	1,500,000	0.15	–	–	1,500,000	0.15
Lee Kim Lian Juliana	–	–	–	–	–	–
<b><u>Substantial Shareholder (other than Directors)</u></b>						
KSI <sup>(2)</sup>	250,000,000	24.43	–	–	250,000,000	24.43
KOM <sup>(2)(3)</sup>	–	–	250,000,000	24.43	250,000,000	24.43
KCL <sup>(2)(3)</sup>	–	–	250,000,000	24.43	250,000,000	24.43
Temasek Holdings (Private) Limited <sup>(3)(4)</sup>	–	–	255,443,000	24.96	255,443,000	24.96

**Notes:**

- (1) Lim Tze Jong's direct interest in the 417,776,000 Shares comprise of 93,000 shares registered under his name and the remaining 417,683,000 shares are held through Raffles Nominees (Pte) Ltd.
- (2) KOM owns 100% of KSI and accordingly is deemed by virtue of section 7(4) of the Act to have an interest in Shares held by KSI.
- (3) KCL owns 100% of KOM and accordingly is deemed by virtue of section 7(4) of the Act to have an interest in Shares held by KOM.
- (4) Temasek Holdings (Private) Limited's deemed interest arises from the aggregation of the deemed interest held by Fullerton Fund Management Company Ltd and KCL by virtue of section 7(4A) of the Act.

**8. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the 2019 AGM and who wish to appoint a proxy to attend and vote at the 2019 AGM on their behalf should complete, sign and return the proxy form attached to the Notice of 2019 AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company at 59 Gul Road, Singapore 629354 not less than 72 hours before the time fixed for the 2019 AGM. The completion and return of the proxy form by such Shareholder will not prevent him from attending and voting in person at the 2019 AGM in place of his proxy should he subsequently wishes to do so.

A Depositor will not be regarded as a member of the Company entitled to attend the 2019 AGM and to speak and vote thereat unless his name appears of the Depository Register as at 72 hours before the 2019 AGM.

**9. 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 Keppel IPT Mandate (as modified), the Keppel 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.

Yours faithfully

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

Lim Tze Jong  
Executive Chairman and Chief Executive Officer

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