精砺 DYNA-MAC
beyond your expectations

TAKING THE BUSINESS TO THE NEXT LEVEL

2023 ANNUAL REPORT

CONTENTS

01 Corporate Profile, Our Vision, Our Mission and Core Values
02 Corporate Structure
03 Corporate Information
04 Executive Chairman and Chief Executive Officer's Letter to Shareholders
07 Operations Review
08 Group Financial Highlights
10 Financial Review
12 Board of Directors
14 Senior Management
16 Sustainability Overview
20 Corporate Governance
41 Human Capital
52 Workplace Safety and Health
56 Shareholders' Information
57 Financial Statements
127 Interested Person Transactions

CORPORATE PROFILE

Dyna-Mac is a global multi-disciplinary contractor who undertakes the detailed engineering, procurement and modular construction of energy equipment and services. Dyna-Mac's focus on excellence, high safety and quality standards enable Dyna-Mac to build its track record to execute and deliver offshore projects, such as for FPSOs (Floating Production Storage and Offloading Vessels), onshore projects for land-based facilities and with focus on LNG, hydrogen and ammonia products.

Headquartered in Singapore, Dyna-Mac is listed on the Main Board of Singapore Exchange.

OUR VISION

To grow as a leading global provider of modular construction and sustainable energy products.

OUR MISSION

To be the partner of choice in the industries we serve by our commitment to high safety standard, on-time delivery and continuous innovation and solutions that ensure quality products.

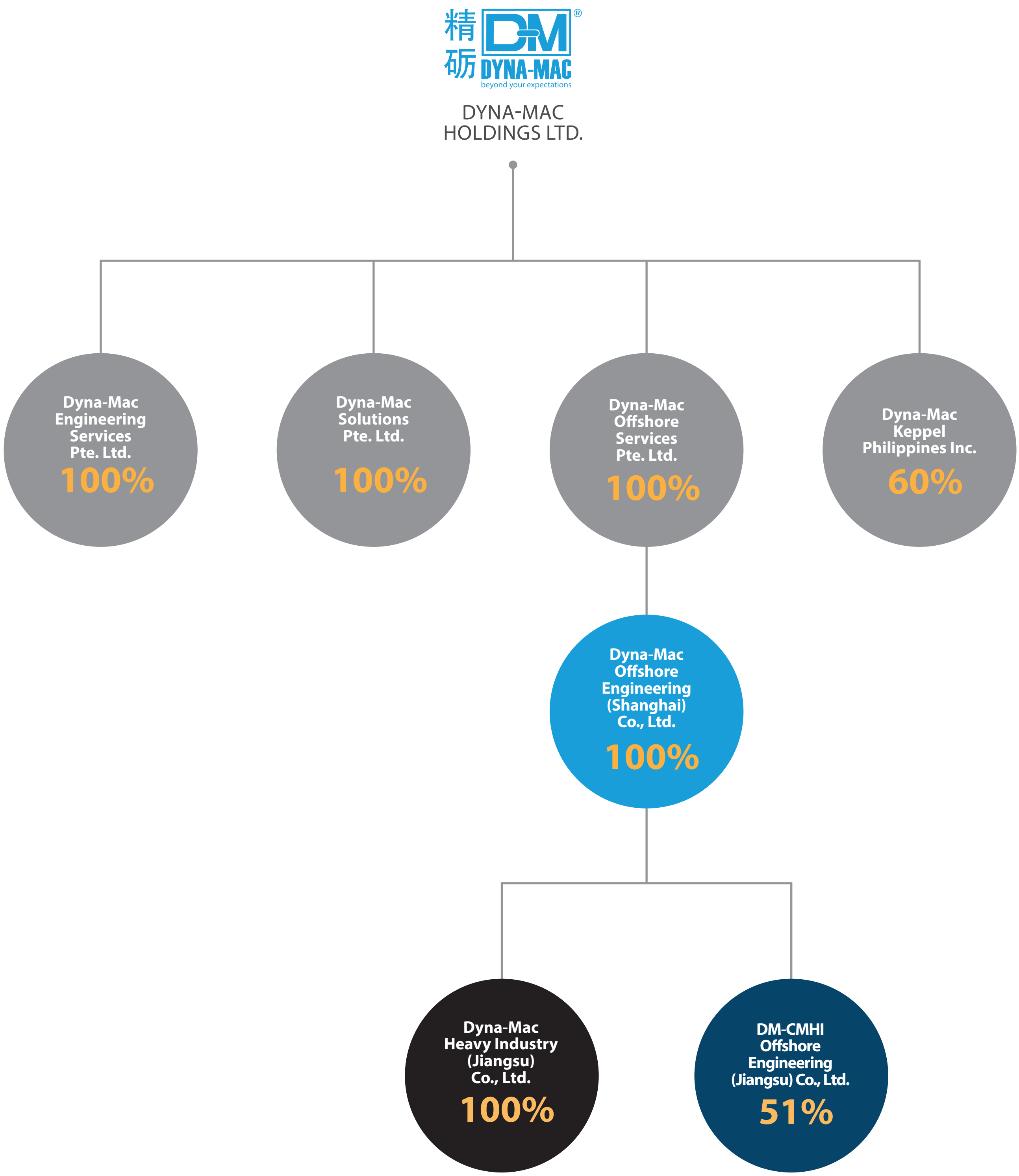
CORE VALUES

Our 6 core values support our vision, shape the culture and chart the direction for Dyna-Mac. We strongly believe in fostering a safe working environment with Zero Harm to people, property and the environment. Our positive attitudes and strong teamwork are key to the success of the business and achieving total customer satisfaction. We put these values into practice to create benefits for our customers, employees, partners and the communities we serve. We are committed to build sustainable businesses that deliver long-term growth and value for all our stakeholders.

CORE VALUES

- HEALTH, SAFETY AND ENVIRONMENT
- CUSTOMER FOCUS
- INTEGRITY
- PEOPLE DEVELOPMENT
- POSITIVE ATTITUDE
- TEAMWORK

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS
Lim Ah Cheng
Executive Chairman and Chief Executive Officer

Henry Tan Song Kok
Lead Independent Director

Lee Kim Lian, Juliana
Independent Director

Lim Rui Ping
Non-Independent Non-Executive Director

AUDIT COMMITTEE
Henry Tan Song Kok (Chairman)
Lee Kim Lian, Juliana
Lim Rui Ping

REMUNERATION COMMITTEE
Lee Kim Lian, Juliana (Chairperson)
Henry Tan Song Kok
Lim Rui Ping

NOMINATING COMMITTEE
Lee Kim Lian, Juliana (Chairperson)
Henry Tan Song Kok
Lim Rui Ping

REGISTERED OFFICE
DYNA-MAC HOLDINGS LTD.
Company Registration Number: 200305693E
59 Gul Road
Singapore 629354
Tel: +65 6415 0880
Fax: +65 6762 3465
Website: www.dyna-mac.com

COMPANY SECRETARY
Liew Meng Ling, ACS, ACG

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

PRINCIPAL BANKERS
Oversea-Chinese Banking Corporation, Limited
United Overseas Bank Limited

AUDITOR
Ernst & Young LLP
Public Accountants and Chartered Accountants
Audit Partner: Tan Po Hsiong Jonathan
(Appointed since the financial year
ended 31 December 2019)

SOLICITOR
Eng and Co LLC

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S LETTER TO SHAREHOLDERS

DEAR VALUED SHAREHOLDERS

In 2023, the Group attained several meaningful milestones, including the direct allocation of 4.2-hectare JTC land, initiated the acquisition of Exterran Offshore which was completed subsequent to the financial year, and the signing of contracts for Uaru and Raia. In addition, the Group also posted a stronger financial results and position the Group to capture maximum shareholder value.

In the face of competition from Chinese mega yards, we prioritize safety, quality, and on-time delivery to enhance our competitive edge. The demand for FPSO remains strong, and as we ride this wave, we continue to develop skillsets for new modular products and renewable projects. Our core business focus is complemented by sustainable growth through collaboration with key stakeholders. Simultaneously, we expand our yard capacity while executing cost-reduction strategies. To mitigate revenue volatility, we explore recurring income opportunities in oil & gas plant services and maintenance. Through strategic expansion, risk management, and a skilled team, we aim to strengthen our industry position.

Below is our order book for 2023, comprising backlogs from 2022 and new projects which commenced in 2023 and 2024.

SN	Project Name	Client	Scope of work	Commence-ment date	Expected completion date
1	FPSO Barossa	BW Offshore EPC FZCO	Fifteen units of topside module fabrication	2Q2021	2Q2024
2	FPSO One Guyana	Single Buoy Moorings Inc.	Seven units of topside module fabrication	2Q2022	2Q2024
3	FPSO Uaru	Offshore Frontier Solutions Pte Ltd	Eight units of topside module fabrication	3Q2023	3Q2025
4	FPSO Raia	Offshore Frontier Solutions Pte Ltd	Four units of topside module fabrication	1Q2024	3Q2025

LEVERAGING TRENDS FOR SUCCESS

We are pleased to present to you our annual report for the year ended 31 December 2023 (FY2023). This year has been marked by significant achievements, strategic partnerships, and notable milestones that have positioned us for continued success.

With our main business revolving around the fabrication of topside modules for Floating Production Storage and Offloading Vessels (FPSOs), the FPSO market in Asia is anticipated to grow at a Compound Annual Growth Rate (CAGR) of over 10% between 2020 and 2025. FPSO units are the region's most popular floating production systems because of their adaptability, capturing more than 60% of market share. Rising energy demand is driving the floating production systems market as new exploration activities reach all-time highs, often in deeper waters requiring sophisticated technology[1].

The growth for the FPSO market from 2024 to 2030 is expected to remain resilient, underpinned by stable crude oil usage growth. Oil demand is forecast to peak at around 108MMBls/d by 2030[2]. As of July 2023, 140 FPSOs are currently in the Bidding & Final Design as well as planning stages[3].

Taking into account the Group's current year strong performance, the Board of Directors is pleased to propose a final cash dividend of 0.83 cents per share, subject to the shareholders' approval during the upcoming Annual General Meeting.

TRANSFORMATION THROUGH EXPANSION AND DIVERSIFICATION

We aim to embark on a transformative journey of growth and diversification to deliver excellence and drive positive changes across our operations. In response to the evolving landscape of our industry, Dyna-Mac is committed to maintaining a competitive edge by capitalising on our purpose-built module fabrication facilities, skilled competencies, and diverse strengths, as well as harnessing the strengths of our strategic partners.

In line with our growth strategy, we have acquired additional land parcels to expand our production capabilities, enabling us to accommodate larger order backlogs and scale our operations accordingly. This expansion increases our capacity and positions us to potentially improve efficiency through a reorganisation of our manufacturing workflow, aimed at reducing costs and generating higher margins.

1 Mordor Intelligence: Asia-Pacific FPSO Market Size & Share Analysis – Growth Trends & Forecasts (2024 – 2029)
2 Reuters (October 2023): World oil, gas, coal demand to peak by 2030, IEA says
3 Modec, EMA July 2023 Floating Production Systems Report

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S LETTER TO SHAREHOLDERS

We secured a long-term lease for a 4.2-hectare land parcel along Gul Road from JTC, enhancing fabrication capacity and efficiency for current and future projects. The strategic reorganisation, including the installation of solar panels, aligns with our move into exotic piping construction for Carbon Capture and Storage (CCS) and green hydrogen/ammonia production modules.

Dyna-Mac further strengthened its operational capabilities by securing a long-term lease for 8.7 hectares of additional yard space along Gul Road, following the completion of the Exterran Offshore acquisition. This expansion positions the Group for future growth and allows us the flexibility and ability to pursue larger contract-sized projects to further build on our robust order backlog, which as of end-2023, amounted to $438.2 million with deliveries into 2025.

With our expanded production capabilities, we plan to accelerate our diversification efforts into adjacent sectors such as 1) LNG modules and renewable energy, focusing on decarbonisation through the production of green hydrogen/ammonia modules, 2) exotic piping construction in carbon capture and storage projects and 3) exploring new sectors such as pharmaceutical module construction and plant maintenance. By expanding and diversifying through leveraging on our core capabilities, we aim to ascend the value chain and meet the changing demands of the energy industry.

POWERING AHEAD WITH STRATEGIC COLLABORATIONS

To fortify our strategic footprint, we seek to actively engage in partnerships with leading institutes, specialists abroad, and world engineering leaders. These collaborations empower us to execute large projects in both local and international markets, expanding our operations to align with our clients' needs. It also enables us to develop new capabilities, offer training opportunities, and expand our production capacity without the need for excessive capital expenditure, with the goal of undertaking larger and more complex projects in the future.

By joining forces with key partners, we aim to drive sustainable growth, foster innovation, and make meaningful contributions to the energy and marine sectors on a global scale.

"WE ARE ON THE LOOKOUT FOR OPPORTUNITIES TO FURTHER EXPAND OUR YARD AND BUSINESS OPERATIONS AND TO POSITION THE GROUP TO PURSUE NEW BUSINESSES TO ACHIEVE SUSTAINABLE GROWTH. WE WILL ALSO EXPLORE INORGANIC GROWTH OPPORTUNITIES."

LIM AH CHENG
Executive Chairman and Chief Executive Officer
11 March 2024

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S LETTER TO SHAREHOLDERS

OUTLOOK AND PROSPECTS – FOCUS ON GROWTH AND EXPANSION

Moving forward, Dyna-Mac has set ambitious goals to drive growth and broaden our market presence by venturing into emerging sectors such as ammonia and hydrogen production, Carbon Capture and Storage (CCS) projects, and specialised piping fabrication. To bolster our capabilities, we intend to continue forging strategic partnerships and alliances with industry leaders.

In addition to growing organically through capacity expansion and strategic alliances, Dyna-Mac also has the intention to grow inorganically through mergers and acquisitions. We are actively seeking suitable candidates that will provide synergies to our existing operations, with a focus on cultivating recurring income streams. In doing so, we will be able to diversify our revenue sources and reduce dependency on project-specific revenues that tend to be one-off or lumpy in nature.

This strategic approach aligns with our long-term vision for expansion, innovation, and sustainable business practices within the energy and marine engineering industries.

ELEVATING EMPLOYEE DEVELOPMENT

Dyna-Mac remains steadfast in our mission to prioritise employee welfare and foster a conducive working environment. Through collaborative efforts with unions, government agencies, and industry partners, we continue to set benchmarks for excellence and drive positive change within the maritime engineering sector.

We received the Medal of Commendation at the May Day Awards 2023 from the National Trades Union Congress (NTUC) for significant contributions to improving workers' wages and prospects, impacting over 400 workers, including foreign workers. This is through active engagement with the Shipbuilding and Marine Engineering Employees Union (SMEEU) and support for NTUC initiatives. Dyna-Mac's leadership also facilitated our participation in NTUC's Better Workplace Campaign and the adoption of Tripartite Standards.

Minister Dr Tan See Leng's visit to Dyna-Mac underscored the company's commitment to employees' development, particularly through the successful implementation of the Workforce Singapore (WSG) Career Conversion Programme (CCP). This visit highlighted Dyna-Mac's efforts to address manpower challenges and enhance productivity, emphasising the importance of strategic collaboration with government schemes for sustainable solutions in the industry.

COMMITMENT TO SOCIAL RESPONSIBILITY

We demonstrated a strong commitment to corporate social responsibility (CSR) through various initiatives aimed at benefiting the community and the environment.

One notable initiative involved a successful fund-raising campaign that raised $122,000 to support the Singapore Christian Home (SCH), a not-for-profit nursing home serving diverse residents. The campaign, conducted with staff and corporate partners, aimed to enhance SCH residents' well-being.

Dyna-Mac also actively participates in capacity-building efforts to monitor and reduce carbon emissions, earning recognition through the LowCarbonSG logo award. By engaging in meaningful CSR activities, we aim to make a positive and lasting impact on the community and environment, aligning our business practices with social and environmental responsibility.

APPRECIATION

As we progress through 2024, the company remains optimistic about the opportunities ahead and acknowledges the importance of upholding core values like safety, quality, and on-time delivery. In a dynamic and competitive market, our focus remains on leveraging our strengths, forming strategic alliances, and embracing innovation to remain leaders in our industry.

Our recent achievements, such as the Exterran Offshore acquisition and various strategic collaborations, underscore Dyna-Mac's commitment to excellence and sustainability efforts. We prioritise agility, adherence to principles, and a culture of continuous improvement to navigate challenges effectively.

With our shareholder-centric approach, including the launch of a bonus warrant scheme, we aim to reward investors for their enduring support, enhance shareholder value, and nurture a mutually beneficial relationship.

We extend our heartfelt appreciation to our customers, associates, the Board, senior management, employees, unions, subcontractors, and partners for their ongoing support. With confidence in our dedicated team and the Group's strategic vision, we anticipate continued success and remain committed to sustainable growth and value creation for all stakeholders.

OPERATIONS REVIEW

PROJECTS DELIVERED IN 2023

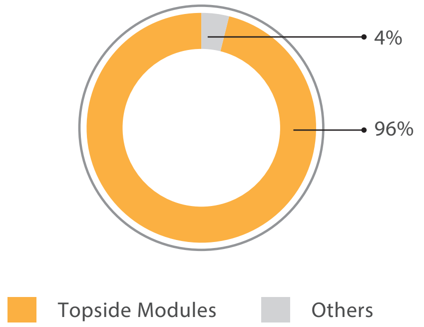
Project Description	No. of modules delivered
FPSO ALMIRANTE TAMANDARE (BUZIOS AT)	
Topside Modules Fabrication	8

PROJECTS WORK-IN-PROGRESS IN 2023/2024

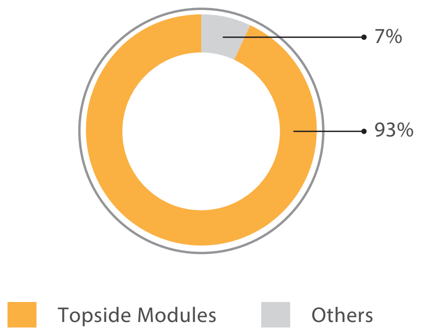
Project Description	No. of modules work-in-progress
FPSO BAROSSA	15
FPSO ONE GUYANA	7
FPSO UARU	8
FPSO RAIA	4

REVENUE CONTRIBUTIONS BY SEGMENTS:

FY2023

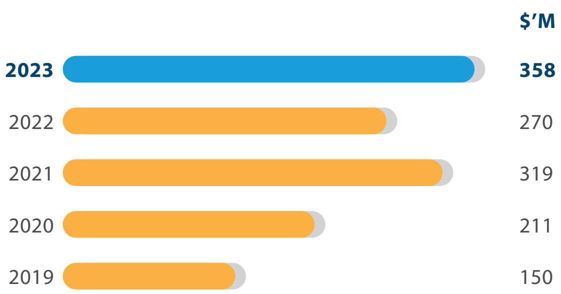


FY2022

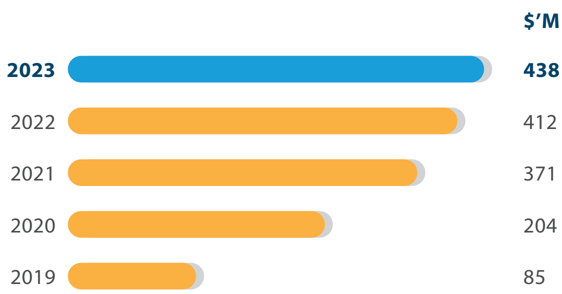


CONTRACTS SECURED VS NET ORDER BOOK

CONTRACTS SECURED



NET ORDER BOOK AT FINANCIAL YEAR ENDED



GROUP FINANCIAL HIGHLIGHTS

REVENUE ($'000)

NET PROFIT ($'000)

EBITDA ($'000)

EARNINGS PER SHARE (CENTS)

RETURN ON EQUITY (%)

GROUP FINANCIAL HIGHLIGHTS

	2023	2022
GROUP INCOME STATEMENT		
Revenue	385,171	291,473
Gross Profit	50,091	31,623
Profit before tax	25,061	11,811
Net Profit	28,691	13,405
Profit attributable to equity holders of the Company	28,488	13,068
EBITDA	27,406	16,652
Dividend – Final (cents)	0.83*	0.29
GROUP BALANCE SHEET		
Currents assets	255,979	220,147
Non-current assets	89,156	55,465
Total assets	**345,135**	**275,612**
Current liabilities	229,033	209,244
Non-current liabilities	45,813	22,368
Total liabilities	**274,846**	**231,612**
Net assets	**70,289**	**44,000**
Share capital	147,080	146,096
Other reserves	924	705
Accumulated losses	(78,106)	(103,589)
Non-controlling interest	391	788
Total equity	**70,289**	**44,000**
PER SHARE		
Earnings per share – basic (cents)	2.75	1.27
Earnings per share – diluted (cents)	2.50	1.25
Net asset value (cents)	6.74	4.19
FINANCIAL RATIOS		
Return on equity (%)	40.76	30.24
Return on total assets (%)	8.31	4.86
Current ratio (times)	1.12	1.05
Gearing ratio (%)	40	36
GROUP CASH FLOW STATEMENT		
Net cash flows generated from operating activities	49,359	88,568
Net cash flows used in investing activities	(11,667)	(2,176)
Net cash flows used in financing activities	(6,176)	(7,139)
Cash and cash equivalents	216,103	185,432

* The final tax-exempt one-tier cash dividend has been proposed for approval by shareholders at the next annual general meeting to be convened on 25 April 2024.

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OVERVIEW

Revenue

Revenue increased by $93.7 million or 32.1% from $291.5 million in FY2022 to $385.2 million in FY2023. The increase was mainly due to higher progress achieved for the projects carried out.

Gross profit

Gross profit increased by $18.5 million from $31.6 million in FY2022 to $50.1 million in FY2023. The increase was mainly due to higher revenue recognised coupled with higher profit margin achieved.

Other income

Other income increased by $1.5 million or 26.6% from $5.9 million in FY2022 to $7.4 million in FY2023. The increase was mainly due to higher interest income, higher income earned from scrap and partially offset by a decrease in government grants.

Other expenses

Other expenses increased by $0.2 million or 112.6% from $0.2 million in FY2022 to $0.4 million in FY2023. The increase was attributable mainly to higher forex loss.

Administrative expenses

Administrative expenses increased by $6.2 million or 24.6% from $25.5 million in FY2022 to $31.7 million in FY2023. The increase was mainly due to higher staff costs.

Income tax credit

Income tax credit of $3.6 million arose from the recognition of deferred tax asset for carried forward tax losses that the Group expects to utilise and partially offset by income tax provision by its subsidiary.

BALANCE SHEETS OVERVIEW

Current assets

Total current assets increased by $35.9 million from $220.1 million as at 31 December 2022 to $256.0 million as at 31 December 2023.

Cash and cash equivalents increased by $30.7 million from $185.4 million as at 31 December 2022 to $216.1 million as at 31 December 2023 mainly due to net cash flows generated from operating activities of $49.4 million, offset by net cash flows used in investing activities and financing activities of $17.9 million with negative effect of currency translation of $0.8 million.

FINANCIAL REVIEW

Trade and other receivables increased by $7.8 million from $30.1 million as at 31 December 2022 to $37.9 million as at 31 December 2023 mainly due to higher project progress achieved.

Contract assets decreased by $2.4 million from $3.4 million as at 31 December 2022 to $1.0 million as at 31 December 2023 mainly due to billings offset by project progress during the year.

Non-current assets

Total non-current assets increased by $33.7 million from $55.5 million as at 31 December 2022 to $89.2 million as at 31 December 2023 mainly due to recognition of new right-of-use assets and advance payment made for acquisition of a subsidiary which completed subsequent to the financial year.

Current liabilities

Total current liabilities increased by $19.8 million from $209.2 million as at 31 December 2022 to $229.0 million as at 31 December 2023.

Trade and other payables increased by $1.0 million from $79.0 million as at 31 December 2022 to $80.0 million as at 31 December 2023 mainly due to higher payables recorded in line with higher progress achieved from the projects carried out.

Contract liabilities increased by $19.8 million from $127.6 million as at 31 December 2022 to $147.4 million as at 31 December 2023 mainly due to increase in advanced billings to customers.

Non-current liabilities

Total non-current liabilities increased by $23.4 million from $22.4 million as at 31 December 2022 to $45.8 million as at 31 December 2023 mainly due to recognition of new lease liabilities.

CONSOLIDATED CASH FLOW STATEMENT OVERVIEW

The Group registered an increase in cash and cash equivalent of $30.7 million from $185.4 million as at 31 December 2022 to $216.1 million as at 31 December 2023.

Net cash flows generated from operating activities in FY2023 were $49.4 million mainly due to higher cash inflow from working capital.

Net cash flows used in investing activities in FY2023 were $11.7 million mainly due to additions to property, plant and equipment and advance payment made for acquisition of a subsidiary which completed subsequent to the financial year.

Net cash flows used in financing activities in FY2023 were $6.2 million mainly due to dividend payment, repayment of lease liabilities and interest expense.

BOARD OF DIRECTORS

MR LIM AH CHENG
Executive Chairman and Chief Executive Officer
Executive Director
Appointed on 1 March 2020

As Executive Chairman and Chief Executive Officer, Mr Lim oversees the overall organisation, management and marketing of the Group. He is responsible for steering the strategic directions and growth of the Group.

Mr Lim has more than 20 years of extensive working experience in project management, commercial management, yards operations and design engineering in the Oil and Gas Industries. Mr Lim was a Keppel Corporation Scholarship recipient and prior to joining Dyna-Mac, he has held various Senior Management positions in Keppel Offshore and Marine (KOM) group.

Mr Lim obtained his Master of Engineering degree from the National University of Singapore and he is also a member of the Institution of Engineers, Singapore, Society of Naval Architects and Marine Engineers, Singapore and Singapore Institute of Directors.

MR HENRY TAN SONG KOK
Independent Non-Executive Director
Chairman, Audit Committee
Appointed on 1 February 2021

Mr Henry Tan Song Kok was appointed as Independent Director on 1 February 2021. He chairs the Board's Audit Committee and is a member of its Nominating Committee and Remuneration Committee.

He is the Group CEO & Chief Innovation Officer of CLA Global TS Group and Director of the global board of CLA Global Limited, CLA Global Brand Limited and CLA Global Services Limited. Mr Tan currently sits as an independent director on the boards of Asia Vets Holdings Ltd, BH Global Corporation Ltd, Penguin International Limited and Trans-China Automotive Holdings Limited, companies listed on the SGX, as well as China New Town Development Co. Ltd, a company listed on the Hong Kong Stock Exchange.

Mr Tan is a member of AFA Working Committee 2 of ASEAN Federation of Accountants, a member of The Green Skills Committee's Sub-Workgroup on Sustainability Reporting and Assurance and a member of Certification & Disciplinary Working Group (CDWG). He is also a Council Member of Singapore-Jiangsu Cooperation Council (SJCC). He was previously on the EXCO and served as Treasurer of Singapore Fintech Association and ASEAN Federation of Accountants, President of Spirit of Enterprise, Chapter President of Entrepreneurs' Organisation, Council Member of ISCA and Chairman of Nanyang Business School Alumni Advisory Board.

Mr Tan holds a Bachelor of Accountancy (First Class Honours) from National University of Singapore. He also attended the Advanced Executive Management Development Program at Beijing Tsinghua University. He is a Fellow of the ISCA, Institute of Chartered Accountants of Australia and New Zealand, CPA Australia, Insolvency Practitioners Association of Singapore Limited, ASEAN CPA and ISCA Financial Forensic Professional Credential. He is also an Associate Member of Singapore Institute of Internal Auditors, Singapore Institute of Directors and Singapore Chartered Tax Professionals. Mr Tan is a Chartered Valuer and Appraiser and sits as a Council Member of the Institute of Valuers and Appraiser, Singapore. He is an Approved Liquidator registered with the Accounting & Corporate Regulatory Authority (ACRA) and a licensed Insolvency Practitioner by Ministry of Law.

BOARD OF DIRECTORS

MS LEE KIM LIAN, JULIANA

Independent Non-Executive Director
Chairperson, Nominating Committee and Remuneration Committee
Appointed on 1 June 2018

Ms Juliana Lee was appointed as an Independent Director on 1 June 2018. She chairs the Board's Nominating Committee and Remuneration Committee, and is a member of its Audit Committee.

Juliana is a Director of Aptus Law Corporation, a law firm in Singapore. She has more than 25 years of experience in legal practice and currently heads the corporate practice of Aptus Law Corporation. Her main areas of practice are corporate law, corporate finance, mergers and acquisitions and venture capital. She also presently serves as an Independent Director on the Boards of Nordic Group Limited, Uni-Asia Group Ltd and VCPlus Limited.

Juliana holds a Bachelor of Laws (Honours) degree from the National University of Singapore and is a member of the Singapore Institute of Directors.

MS LIM RUI PING

Non-Independent Non-Executive Director
Appointed on 12 November 2019

Ms Lim was appointed as Non-Independent Non-Executive Director on 12 November 2019.

She is a member of the Board's Audit Committee, Nominating Committee and Remuneration Committee. Ms Lim has more than 15 years of experience in the fields of business development, corporate management and real estate management. Currently, she is the Managing Director of Prominent Land Pte Ltd, a premier boutique private property developer in Singapore.

Ms Lim graduated from the University of Melbourne, with an Honours Degree in Commerce (Management) in 2007. She obtained her Master of Science in Project Management from the National University of Singapore in 2013. She is a member of the Singapore Institute of Directors.

SENIOR MANAGEMENT

MR LIM AH CHENG
Chief Executive Officer
Master of Engineering, National University of Singapore
Member, Institution of Engineers, Singapore
Member, Society of Naval Architects and
Marine Engineers, Singapore
Member, Singapore Institute of Directors Member,
Singapore Institute of Directors

MR JERALD LEE QUAN TI
Vice-President (Finance, IT & Corporate Communications)
Bachelor of Arts (Hons) in Business Administration
(majoring in Accounting), Coventry University,
UK International Executive Program, INSEAD,
France & Singapore

MS CHONG SWEE LEE
Senior Vice-President
(Human Resources, Administration & Group Payroll)
Bachelor of Business Administration,
National University of Singapore
Professional Member, Singapore Human Resource Institute

SENIOR MANAGEMENT

MR IAN CHIN WOON KWONG
Vice-President (Commercial)
Master of Business Administration, University of Leicester, UK
Bachelor of Engineering in Aeronautical Engineering, The Queen's University, Northern Ireland, UK

MR ANG TING YANG
Vice-President (Marketing & Corporate Development)
Master of Science in Innovation in Manufacturing Systems and Technology, Nanyang Technological University (Singapore-MIT Alliance Program),
Bachelor of Engineering (Mechanical Engineering) from National University of Singapore

MR LEE JIAQING
Vice-President (Operations, Projects, Planning & Control)
Bachelor of Engineering in Mechanical Engineering, Nanyang Technological University
Project Management Professional (PMP)®

SUSTAINABILITY OVERVIEW

BOARD STATEMENT

At Dyna-Mac, sustainability means building businesses that deliver long-term shareholder value and growth. In order to achieve this, we aim to adopt a disciplined and accountable approach founded on high standards of corporate governance and integrity.

The Board of Directors ("Board") incorporates long-term consideration of environmental, social and governance ("ESG") issues when formulating Dyna-Mac's sustainability strategies. In doing so, we strive to create value for our shareholders, as well as customers, employees, suppliers, contractors, partners and the communities in which we operate in.

In the process of formulating our sustainability report, the Board recognises the importance of sustainability practices and how they can benefit our business operations and performance, and oversees the identification of ESG material topics that are pertinent to our business and align with our long-term business targets. For more details on the Board's commitment to sustainability, please refer to the sustainability report.

OUR APPROACH

Sustainability Leadership

At Dyna-Mac, sustainability leadership starts with a tone at the top. We believe that every individual in Dyna-Mac plays an important role in ensuring that sustainability is embedded deeply within everything we do. To that end, we have taken steps to put in place a systematic monitoring and reporting process.

We are committed to conduct our business in a responsible and sustainable manner. We do so by starting from the top through the Board of Directors. The Board maintains oversight for sustainability at Dyna-Mac and is regularly updated on sustainability topics and performance through the Sustainability Steering Committee. A Sustainability Steering Committee comprising senior management was set up to drive sustainability efforts within the Group. It is supported by a Sustainability Working Committee comprising the various heads of department who gather and verify the performance data, as well as introduce initiatives to drive the management of our material issues.

Board of Directors	• Ultimate accountability for integration of sustainability within Dyna-Mac, setting tone at the top • Oversees sustainability matters, strategies and performance
Sustainability Steering Committee (Senior Management) ("SSC")	• Advises and supports the Board on sustainability matters, strategies and policies • Overall management and monitoring of sustainability performance and targets
Sustainability Working Committee (Heads of Departments) ("SWC")	• Reports sustainability performance to SSC • Communicates and provides training on sustainability, policies and initiatives to each department
Departments (Employees & Workers)	• Reports department sustainability performance to SWC • Implement sustainability initiatives and provide feedback on improvements

SUSTAINABILITY OVERVIEW

Stakeholder Engagement

Dyna-Mac constantly strives to create value for all of our stakeholders. Regular engagement is critical for us to understand their needs and key concerns so that we can work towards addressing them.

Effective stakeholder engagement is critical to ensuring Dyna-Mac's continued success as it allows us to be responsive to their evolving needs. We interact with them regularly and a summary of their key interests and the Company's engagement approach are presented in the table below.

Dyna-Mac's Stakeholder Engagement

Stakeholders	Approach to meaningful stakeholder engagement	Key topics and concerns raised	Dyna-Mac's response
Employees	• Meetings, calls, and conferences • Interviews and surveys • Trainings and courses • Newsletters and campaigns • Policies and procedures • Appreciation dinners and other festive events	• Vision, strategy, and direction • Training and development • Occupational health and safety • Equal opportunities • Fair remuneration and progression • Job stability	• Annual engagement and long service award ceremony • Ongoing training programmes • Annual appraisal
Customers	• Meetings, calls, and conferences • Site visits • Feedbacks channels	• Product and service quality • Innovation • Occupational health and safety	• Rigorous project engagement and planning • Post-projects surveys
Investors	• Dedicated Investor Relations • Annual General Meetings, meetings, calls, conferences • Annual Reports	• Vision, strategy, and direction • Economic performance • Corporate governance	• Timely and transparent disclosures
Vendors	• Meetings, calls, and conferences • Interview and surveys • Site visits • Trainings and courses	• Occupational health and safety • Corporate governance • Compliance	• Fair selection process • Efficient processing of payments • Constant engagement with vendors and subcontractors
Communities	• Corporate website • Annual Reports • SGX announcements • Community involvement activities	• Social responsibility and impact • Support for community development	• Regular update on Company website • Employment for locals, including internships • Employee volunteering, blood donation drive
Government and Regulators	• Meetings, calls, and briefings • Site visits • Industry networking functions	• Corporate governance • Compliance • Socioeconomic, environmental impact • Business collaboration and investment • Sharing of industry best practices	• Proactive engagements with various government bodies and regulators

SUSTAINABILITY OVERVIEW

Materiality Assessment

Dyna-Mac values the alignment of its material topics with business objectives. For us, a sustainability topic is significant if it reflects our economic, environmental, and social impacts or influences stakeholder decisions. This determination considers our mission, competitive strategy, operational impacts, global sustainability context, and common sector disclosures. Understanding stakeholder concerns is crucial. To achieve this, we conducted a survey to grasp their perspectives on sustainability. Furthermore, we engaged in benchmarking exercises with industry peers. This year, based on a review of emerging issues and stakeholder interests, we added one new material topic, namely Economic Performance.

1 IDENTIFICATION AND ANALYSIS

We work closely with an independent team of sustainability consultants on a list of potential sustainability matters identified through:

- Analysis of trends and developments pertinent to Dyna-Mac and the industry it operates in
- Analysis of commonly reported sustainability matters amongst Dyna-Mac's peer groups and leading reporters in Singapore

2 EVALUATION AND PRIORITISATION

Dyna-Mac has undertaken a comprehensive stakeholder engagement initiative by conducting surveys using questionnaires. This strategic approach involves gathering insights from both internal and external stakeholders to enhance the company's understanding of their perspectives and expectations. Stakeholders prioritize material topics by assigning importance ratings on a scale.

3 VALIDATION AND ASSIMILATION

The process and the result were presented to a representative of Dyna-Mac's Board of Directors for their validation and approval.

SUSTAINABILITY OVERVIEW

Material topics and management

The materiality assessment is a yearly process aimed at identifying reporting topics crucial for the Group while remaining attentive to emerging issues. In FY2023, this evaluation solely engaged internal stakeholders, resulting in a comprehensive list of material matters significant for both Dyna-Mac and its stakeholders. The Board discussed and validated sustainability topics relevant to the Company.

List of Material Topics

No.	Material Sustainability Matter	Category	Mapping GRI Standards Topics
1	**Corporate governance**	Governance	GRI 205: Anti-Corruption
2	**Employment**	Social	GRI 401: Employment GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination GRI 409: Forced or Compulsory Labour
3	**Health and safety**	Social	GRI 403: Occupational Health and Safety
4	**Energy and carbon footprint**	Environment	GRI 302: Energy GRI 305: Emissions
5	**Waste**	Environment	GRI 306: Waste
6	**Economic Performance**	Economic	GRI 201: Economic Performance

ABOUT THE REPORT

Dyna-Mac demonstrates our commitment to its seventh sustainability report for the period 1 January 2023 to 31 December 2023 (“FY2023”) and shall publish its report by April 2024. The report will focus on our sustainability strategies and covers our ESG performance across our operations in Singapore for FY2023.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Dyna-Mac Holdings Ltd. (the "Company") is strongly committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"). The Board of Directors of the Company (the "Board") recognises the importance of good corporate governance and the offering of high standards of accountability to the shareholders.

This report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and provisions of the Code of Corporate Governance 2018, as amended (the "2018 Code"). Where the Company's practices differ from the principles and provisions under the 2018 Code, the Company's position and reasons in respect of the deviation are explained in this report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board aims to protect and enhance shareholders' value and to ensure long-term success of the Group. In addition to its statutory duties, the Board focuses on:–

a. providing entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

b. establish a framework of prudent and effective controls which enables risk to be assessed and managed;

c. review the Management performance; and

d. set the Company's core values and standards and ensure that obligations to shareholders and stakeholders are understood and met.

To fulfill its role, the Board would carry out the following activities regularly:–

a. reviewing and approving corporate strategies, financial plans including any investments and divestments;

b. monitoring and reviewing the performance of the business and annual budgets;

c. approving the release of the financial results and annual reports of the Group to shareholders;

d. providing guidance in the overall management of the business and affairs of the Group;

e. reviewing and approving the recommended remuneration framework and packages for the Board and key executives; and

f. ensuring the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct; and approving the nominations to the Board of Directors by NC.

The Board has adopted a set of explicit guidelines on matters that require its approval. Matters of strategic importance that require Board approval include:

- The Group's strategic plans
- The Group's annual operating plan and budget
- Half year and full year financial statements
- Dividend policy and payout
- Issue of shares
- Board succession plans
- Succession plans for senior management, including appointment of and compensation for Group CEO
- Underlying principles of long-term incentive schemes for employees
- Acquisitions and disposals of investments exceeding material limits
- Capital expenditures exceeding certain material limits

CORPORATE GOVERNANCE

Board Meetings

The Board conducts regular scheduled meetings on a quarterly basis to coincide with the announcements of the Group's half year and full year results as well as to review the quarterly performance of the Group. Ad-hoc meetings will be convened from time to time as warranted by circumstances to discuss and update on matters including the development of major investments, strategic plans, evaluating the adequacy of internal controls, risk management and brainstorm on strategic decisions and governance issues. Directors are also invited to visit the Group's operational facilities and to strategy meetings at least twice a year where they will meet with the Management to gain a better understanding of the Group's business operations from time to time.

All Board and Board Committee meetings are scheduled well in advance of each year in consultation with the Directors. The Non-Executive Directors and Independent Directors set aside time for discussion without the presence of Management at least once a year. Board meetings may include presentations by senior executives and/or external consultants. The Board meets at least 4 times a year and on an ad-hoc basis as warranted by particular circumstances.

The number of Directors and Board Committees meetings and the record of attendance of each Director during the financial year ended 31 December 2023 ("FY2023") are as follows:

			Board Committee Meeting		
Name	**Shareholders' Meeting**	**Board Meeting**	**Audit**	**Nominating**	**Remuneration**
Lim Ah Cheng	1	4	4*	3*	3*
Henry Tan Song Kok	1	4	4	3	5
Lee Kim Lian, Juliana	1	4	4	3	5
Lim Rui Ping	1	4	4	3	5
Tan Poh Lee Paul(1)	–	1	1	1	2
Number of meetings held	**1**	**4**	**4**	**3**	**5**

(1) Tan Poh Lee Paul retired on 25 April 2023.

(2) * Attendance by invitation:

The Company permits Directors to attend meetings by way of telephone or video conference under its Constitution. Directors who are unable to attend a Board meeting are provided with briefing materials and can discuss issues relating to the matters to be discussed at the Board meeting with Chairman or the Group CEO. The Board and Board committees may also make decisions by way of circulating resolutions.

CORPORATE GOVERNANCE

Access to Information

Management recognises that the provision of complete, adequate and timely information on an ongoing basis to the Board is essential for them to make informed decisions and discharge their duties and responsibilities. These information may also be in the form of briefings to the Directors or formal presentations made by the Executive Directors or senior management staff in attendance at Board meetings. From time to time, they are furnished with information concerning the Group to enable them to be informed of the development and performance of the Group's business operations. To allow Directors sufficient time to prepare for the meetings, board papers are provided in advance to the Directors to allow adequate time for their preparation for the meetings in order to focus on questions and issues which they may have at the meetings.

In addition, Board members have separate and independent access to the Company Secretary and senior management of the Company. The Company Secretary is present at all formal meetings and when required to answer any query from Directors and ensures adherence to meeting procedures applicable rules and regulations. The Company Secretary assists the Chairman, the Chairperson of each Board committee and Management in the development of the agendas for the various Board and Board committee meetings. The appointment and the removal of the Company Secretary is subject to the Board's approval.

Where decisions to be taken by the Board require independent professional advice in furtherance of their duties, the Company will appoint professional advisors with costs borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decision in the best interests of the company.

Currently, the Board comprises four Directors – one Executive Director, two Independent Directors and one Non-Independent Non-Executive Director. The Board is supported by various sub-committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively "Board Committees"). Each Board Committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board comprises expertise and competencies from varied fields to complement and reinforce its effectiveness in both the aspect of leading and control as well as bringing valuable experience and advice to contribute to the Group's operations. The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The profile of each of the Directors is disclosed in this Annual Report on page 12 to 13.

Directors are required to act in good faith and in the interests of the Company. All new Directors appointed to the Board are briefed on the Group's business activities, its strategic direction and policies as well as their statutory and other duties and responsibilities as Directors.

A new director as well as existing directors will be briefed by the Chief Executive Officer ("CEO") and senior management on a regular basis on the development and performance of the Company. The Directors may participate in seminars and/or discussion groups to keep abreast of the latest development which are relevant to the Group. The Directors can sign up and attend appropriate courses, seminars and conferences as well as relevant subscriptions for journals, newsletters or online induction programmes. New Directors without listed company experience would attend programmes run by the Singapore Institute of Directors or other training institutions.

Independence

The Board comprises two Independent Directors. They are Ms Lee Kim Lian, Juliana and Mr Henry Tan Song Kok. The Board, taking into account the views of the NC, assesses the independence of each Director in accordance with the guidance in the 2018 Code and the listing rules of the Exchange. A Director is considered independent if he has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of his independent business judgement in the best interests of the Company. Such relationships include (i) the employment of a Director by the Company, any of its related corporations for the current or any of the past three financial years (ii) a Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Remuneration Committee (iii) a director who has been a director on the Board for an

CORPORATE GOVERNANCE

aggregate period of more than nine years (iv) a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the company any of its subsidiaries any significant payments or material services, other than compensation for board services (v) a director or a director whose immediate family member, in the current or immediate past financial year, is or was a substantial shareholder or a partner, or an executive officer of, or a director of, any organisation which provided or received from the company or any of its subsidiaries any significant payments or material services (vi) a director who is or has been directly associated with a substantial shareholder of the company in the current or immediate past financial year.

Based on the declarations of independence provided by the Directors and taking into account of the guidance in the 2018 Code, the Board has determined that other than Mr Lim Ah Cheng who is the Executive Director, and Ms Lim Rui Ping a Non-Independent Non-Executive Director, all other members of the Board are considered to be Independent Directors during the financial year ended 31 December 2023.

Diversity

The Company is committed to achieving board diversity and strives through its policy and practices to incorporate a balance of skill, knowledge, experience, diversity of perspective appropriate to its business so as to mitigate against group think. The Company has adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board. Pursuant to the Board Diversity Policy, the NC reviews and assesses Board composition and recommends the appointment of new Directors with a view to ensuring that all Board appointments collectively reflect the diverse nature of the business environment in which the Group operates and be made on merit against objective criteria in the context of the skills, experience, independence and knowledge which the Board requires to be effective.

Under the Board Diversity Policy, the Board strives to have one member with relevant experience in the Group's businesses or markets; and one member with professional qualification in accounting, legal or other professional background or discipline as may be determined by the Board to be necessary and/or beneficial to the Group. The Board recognises that gender is an important aspect of diversity and strives to have a Board composition where each gender has a representation on the Board.

The current Board composition reflects the Company's commitment to Board diversity in terms of different professional experiences, skills, knowledge and gender. The Board Diversity Policy targets have been met and the NC and the Board is of the opinion that the Board is sufficiently diverse. Any further progress made towards the implementation of the policy will be disclosed in our Corporate Governance Report, as appropriate.

DIVERSITY OF THE BOARD

	Number of Directors	Proportion of Board
Core Competencies		
Accounting or finance	1	25%
Legal	1	25%
Relevant industry knowledge or experience	1	25%
Experience in risk management, audit and internal controls	2	50%
Gender		
Male	2	50%
Female	2	50%

CORPORATE GOVERNANCE

Accordingly, taking into consideration the nature and scope of the Group's operations, the NC and Board are of the view that the current size and composition of the Board and Board Committees are effective for decision making. While the Board Diversity Policy targets have been met and the Board is sufficiently diverse, the Company also acknowledges that improvements to Board diversity practices are an ongoing process and that skill-set and core competencies required of the Board may change over time as the business of the Group develops.

Conflict of Interest

The Board puts in place a code of conduct and ethics throughout the organisation to ensure proper accountability within the Company. An appropriate tone-from-the-top and desired organisation culture is practiced. Directors must avoid situations in which their own personal or business interests directly or indirectly conflict or potentially conflict with the interests of the Group. Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she will immediately declare his/her interests by sending a written notice setting out the details of the interest and conflict to the Secretary and/or the Chairman and the notice will be tabled at the meeting of the Directors for noting and discussion, where necessary. The director concerned will recuse himself/herself from any discussions on the matter and abstain from participating in any Board decision.

Executive Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management and no one individual has unfettered powers of decision-making.

Mr Lim Ah Cheng, currently fulfills the role of Executive Chairman of the Board and Chief Executive Officer ("CEO") of the Group.

As Executive Chairman, he is responsible for, among other statutory duties:

a. setting agenda and directing meetings of the Board;

b. ensuring that the performance of the Board is evaluated regularly, and guides the development needs of the Board;

c. ascertaining that Board papers or information that were prepared by the Management or Executive Directors to the Board members are adequate for their review and objective judgment;

d. reviewing all announcements prior to its release via SGXNet;

e. exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board as well as between the Company and shareholders;

f. assisting in ensuring compliance with the guidelines on corporate governance; and

g. fostering constructive dialogue between shareholders, the Board and Management at AGM and other shareholders meetings.

As the Chief Executive Officer, he is responsible for making strategic plans and setting business objectives for the Company, ensuring the profitability of such plans, and focuses on generating revenues and maintaining profitability of the Company.

All major decisions made by the Executive Chairman and CEO are endorsed by the Board. The Board is presently looking into the appointment of an additional independent director to comply with the SGX listing rules that require a majority of the Board members to be independent directors where the Chairman is not independent and will be able to comply with the 2018 Code when an independent director is appointed. The Chairman and CEO are not separate persons but there is adequate accountability and transparency in each of the roles. Internal controls have been established within the Group and the Board ensures that there is no overriding of controls. Non-Executive Directors presently make up a majority of the Board.

The Board Committees are made up of wholly non-executive directors comprising a majority of independent directors to prevent an uneven concentration of power and authority in a single individual and to ensure that there is appropriate balance of power and increased accountability.

Mr Henry Tan Song Kok has been appointed as the Lead Independent Director to our Board. As the Lead Independent Director, he is the contact person for shareholders in situations where there are concerns or issues in which communications with the Chairman and the Management had failed to resolve or where such communication is inappropriate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

CORPORATE GOVERNANCE

The Board has established a Nominating Committee to make recommendations to the Board for a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of Board.

As at 31 December 2023, the NC comprises two Independent Directors, namely Ms Lee Kim Lian, Juliana (Chairperson), Mr Henry Tan Song Kok and one Non-Independent Non-Executive Director, Ms Lim Rui Ping.

The responsibilities of the NC are:

a. to determine the criteria and review all nominations for the appointment or re-appointment of members of the Board of Directors, the CEO of the Company; members of the various Board Committees, for the purpose of proposing such nominations to the Board for its approval;

b. to determine annually the independence of the Independent Directors;

c. to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;

d. to decide whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company particularly when the Director has multiple Board representations;

e. to assess the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness to the Board; and

f. to review training and professional development programs for the Board.

The procedures and criteria to select a Director are as follows:

a. the NC evaluates the balance of skills, knowledge and experience of the Board and, in the light of such evaluation and in consultation with the Management, prepares a description of the roles, essential and desirable competencies for a particular appointment;

b. the NC identifies the need for a new Director taking into consideration the appropriate number of Directors to allow for effective decision-making;

c. the NC identifies potential candidates who may fill the role, taking into considerations factors such as:

- complementary to the existing Board composition to ensure that there is an appropriate mix of Directors with different abilities and experiences;
- value-add to the Board in terms of the skills, knowledge and expertise required by the Group;
- ability to commit the necessary time to their position;

d. the NC conducts formal interviews of shortlisted candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required;

e. the NC makes recommendations to the Board for approval; and

f. the Board approves the appointment and ensures that the announcement is made accordingly.

The NC is also charged with the responsibility of re-nomination, having regard to the Directors' contribution and performance (such as attendance, preparedness, participation and candor), with reference to the results of the assessment of the performance of the individual Director by his peers for the previous financial year.

The Company's Constitution provides that one-third of the Board of Directors is to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM"). It also provides that a newly appointed Director must retire and submit himself for re-election at the forthcoming AGM following his appointment. The NC has reviewed the multiple directorships disclosed by each director of the Company and was of the view that for the role expected of each Director, the existing various directorships of the respective Director has not impinged on his ability to discharge his duties.

Process for Selection and Appointment of New Directors

The NC conducts annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional

CORPORATE GOVERNANCE

directors to strengthen the composition of the Board or as part of ongoing Board renewal process. The NC will review and identify the desired competencies for a new appointment.

Where there is a resignation or retirement of an existing director, the Nominating Committee re-evaluates the Board composition to assess the competencies for the replacement and submits its recommendations to the Board for approval.

A set of criteria has to be determined by the NC to assess all new appointments and the following are some of the criteria generally used:

(a) knowledge and expertise;

(b) integrity;

(c) independent mindset;

(d) ability to commit time and effort to carry out duties and responsibilities effectively; and

(e) past achievements and value-add to the company.

Search
Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from directors and Management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

Selection
The NC will shortlist candidates and conducts formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

Summary of NC's activities in 2023

(a) reviewed the Board's composition and size, Director's tenure, competencies and outside commitments, Board and Committee education and nomination of directors for re-election;

(b) reviewed the major themes arising from the annual Board and Board Committees performance review process and considered whether any aspects of the Board's oversight framework could be strengthened;

(c) reviewed the Director's independence criteria and assessment process;

(d) led in the process and work with the Board and Management in the identification, selection and appointment of a new Independent Director; and

(e) led in the process, deliberation and work with the Board to ensure that notwithstanding that the Executive Chairman and the CEO are the same person, there is appropriate balance of powers, accountability and capacity of the Board for independent decision-making on an ongoing basis.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.

The NC undertakes a review process where the performance and effectiveness of the Board as a whole, Board Committees and the contribution by individual Directors to the Board are assessed and evaluated. On an annual basis, the Company Secretary assists the NC in the evaluation process, by sending out questionnaires to the Directors for evaluation of the Board and its Board Committees. All Directors are required to complete evaluation questionnaires on matters such as Board composition, Board and Board Committees' processes, Board and Board Committees' effectiveness and training, and standards of conduct of Board Members. The findings from this evaluation are presented to the NC and Board for discussion to facilitate improvements to Board practices.

Given the background, experience, expertise as well as the length of service and the continual contribution of each of the Director in the Company, the evaluation of individual director performance is performed by way of discussion at the NC meeting for directors that are due for re-election in order for a recommendation to be made to the Board for their re-election. Matters such as their attendance record, intensity of participation, maintenance of independence, quality of interventions and articulation of thoughts and compliance with corporate governance practices would be considered. In the process, NC will assess the performance of individual directors in their respective roles such as Chairman, CEO, Executive Director, Non-Executive Director and Independent Director.

CORPORATE GOVERNANCE

NC ensures that directors are able to and are adequately carrying out their duties. Where Directors hold other Board directorships and commitments, NC performs a qualitative assessment of the Directors' effective contribution. NC is satisfied that these Directors have allocated sufficient time and resources to the affairs of the Company and are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits. Based on the overall assessment for FY2023, the Board was effective as a whole and directors have discharged their duties responsibly with reasonable due diligence.

Key information on the Directors including directorships and chairmanships in other listed companies, other major appointments, academic/professional qualifications, membership/chairmanship in the Company's Board Committees, date of first appointment and last re-election, is set out on Table A on page 36 of the Annual Report.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and senior management.

The functions of RC include as follows:

i. to review periodically and recommend to the Board for endorsement a framework of remuneration policies to attract, retain and motivate senior management of the required competency to manage the Group to achieve better performance of the Group;

ii. to review and recommend the specific remuneration package for each director and senior management including Directors' fees, salaries, allowances, variable bonuses, annual wage supplement, share based incentives and awards, benefits-in-kind and termination payments;

iii. to administer long term performance incentive schemes;

iv. to perform annual review of the remuneration of employees related to Directors or are employed in managerial positions to ensure that their remuneration packages are in line with our staff remuneration and level of responsibilities; and

v. to review the renewal of service agreements of Executive Directors and senior management to ensure that all aspects of remuneration including termination terms, compensation commitments and notice periods for termination are fair and reasonable.

The RC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Amongst other things, this helps the Company to stay competitive in its remuneration packages. In this regard, a remuneration benchmarking exercise was commissioned following the close of FY2022 and completed in FY2023 where Management Resources Consultant (S) Pte. Ltd. was appointed as consultants to the Company to advise on our key management personnel remuneration packages. The Company does not have any relationship with this consultant which would affect their independence and objectivity.

The RC comprises two Independent Directors namely Ms Lee Kim Lian, Juliana (Chairperson), Mr Henry Tan Song Kok and one Non-Independent Non-Executive Director, Ms Lim Rui Ping.

No director participates in the deliberation of his/her own remuneration packages and shall abstain on voting on any resolutions pertaining to their remuneration.

Summary of RC's activities in 2023

(a) reviewed the remuneration package of the Chairman and CEO;

(b) reviewed the remuneration level for Non-Executive Directors;

(c) agreed with the remuneration packages for senior management; and

(d) review and recommend the grant of awards vesting period and performance conditions under the Dyna-Mac Share Award Scheme 2021, to eligible employees.

CORPORATE GOVERNANCE

Level and Mix of Remuneration Principle

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company.

The RC administers the performance related compensation of the senior management and Executive Directors. An appropriate proportion of the Executive Directors and senior management's remuneration is structured so that their rewards are linked to performance of the Group and individual key performance. The incentive schemes are designed to align the interests of CEO, senior management and employees with the interests of shareholders to promote long-term success of the Company. Employees are given the opportunity to participate in the equity of the Company when they have contributed significantly to the growth and performance of the Company.

The RC is responsible for the administration of Dyna-Mac Share Award Scheme 2021 ("DMSAS 2021") and Dyna-Mac Share Option Scheme 2021 ("DMSOS 2021"), ("Incentive Schemes"), both of which were approved at an Extraordinary General Meeting on 29 April 2021. The Incentive Schemes are designed to complement each other in the Company's efforts to reward, retain and motivate employees to achieve better performance. The RC will determine and approve the allocation of the share options and awards, the date of grant, the performance conditions and the vesting period.

Executive Directors do not receive director's fees and is paid a basic salary and a variable component which is the annual bonus, based on performance of the Group as a whole and their individual performance. Executive Directors are eligible to participate in the Incentive Schemes. There are no termination, retirement and post-employment benefits granted under the contracts of service of the Executive Directors and senior management employees. Adjustments to the remuneration package of an Executive Director are subject to review and approval by the RC and the Board. The Company has contractual provisions to allow the reclamation of performance based components of remuneration from the Executive Director and senior management in exception circumstances.

The Non-Executive Directors have no service contracts and are paid Directors' fees, the amount of which is dependent on their level of contribution, taking into account factors such as effort, time spent and responsibilities. Non-Executive Directors are eligible to participate in the Company's Incentive Schemes. The Chairman of each Board committee is paid a higher fee compared with members of the committee in view of greater responsibility carried by that office. The amount of Directors' fees payable to Non-Executive Directors is contingent upon shareholders' approval at the Company's annual general meeting.

The framework of Directors' fee for FY2023 and the proposed framework for FY2024 is as follows:

	FY2023	FY2024
Basic Directors' Fee	**$**	**$**
Base Director Fee	40,000	50,000
AC Chair	40,000	40,000
AC member	10,000	20,000
NC/RC Chair	20,000	20,000
NC/RC member	5,000	7,500

CORPORATE GOVERNANCE

Disclosure of Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

To comply with the Corporate Governance Code 2018, and early adoption of the recent SGX requirement for increase transparency, the Company decided to disclose the exact amount of remuneration of each director commencing 2023. The following table sets out the breakdown of the remuneration of the Directors for the financial year ended 31 December 2023 "in dollar terms".

Name of Directors	Salary	Cash Bonus	Share Plan[(1)]	Directors' Fee	Others	Total
	$	$	$	$	$	$
Lim Ah Cheng	593,904	738,038	1,626,186	Nil	1,440	2,959,568
Henry Tan Song Kok	Nil	Nil	Nil	90,000	Nil	90,000
Lee Kim Lian, Juliana	Nil	Nil	Nil	84,684	Nil	84,684
Lim Rui Ping	Nil	Nil	Nil	60,000	Nil	60,000
Tan Poh Lee Paul[(2)]	Nil	Nil	Nil	23,695	Nil	23,695

The total remuneration paid to the key management personnels (who are not Directors or the CEO) in FY2023 amounted to $2,440,304. The level and mix of each of the key management personnel (who are not also directors or the CEO) in bands of $250,000 are set out below:–

Name of Directors	Salary	Cash Bonus	Share Plan[(1)]	Total
$500,001 to $750,000				
Jerald Lee Quan Ti	54%	19%	27%	100%
$250,001 to $500,000				
Chong Swee Lee	53%	21%	26%	100%
Ian Chin Woon Kwong	52%	21%	27%	100%
Ang Ting Yang	49%	21%	30%	100%
Lee Jiaqing	50%	20%	30%	100%
$250,000 and below				
Teo Boon Hwee[(3)]	100%	Nil	Nil	100%

Notes:

(1) Share plan refers to shares awarded under the DMSAS 2021 and are subject to pre-determined performance conditions over a two-year performance period. The contingent award was granted to the Executive Chairman & CEO and Key Management Personnel in relation to their performance and contributions in FY2023.
The share awards were granted on 22 February 2024 and 1 March 2024 with fair values of $0.2720 and $0.2980 respectively.

(2) Tan Poh Lee Paul retired on 25 April 2023 and his director's fee covered the period from 1 January 2023 to 24 April 2023.

(3) Teo Boon Hwee is the uncle-in-law of Lim Rui Ping. His remuneration disclosure also represents the remuneration of employee who is immediate family member of director, the CEO or a substantial shareholder of the Company and whose remuneration exceeds $100,000 during the year.
He retired on 30 June 2023 and his remuneration covered the period from 1 January 2023 to 30 June 2023.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management And Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for overseeing risk management and ensuring that a sound system of internal controls is in place to safeguard the shareholders' investments and the Company's assets. The Company's internal controls and risk management systems provide reasonable assurance against foreseeable events that may adversely affect the Company's business objectives. However, the Board acknowledges that no internal controls and risk management systems can preclude the occurrence of material misstatements, poor judgement in decision-making, human error, losses, frauds and irregularities. The Company recognises the importance of balancing risks and returns to achieve the optimal level of risk that it can tolerate to prevent any impediment on its business opportunities and strategic priorities. The Company has not put in place a Risk Management Committee. However, the AC conducts regular reviews of the Company's business and operational activities to identify and deliberate on the areas of significant business risks and control measures to constantly improve the processes and standards. The processes adopted by the AC include discussions with management on the identified risk areas, review of internal and external audit plans and processes and review significant issues arising from the audits.

The Company adopts a risk-based approach in formulating the annual audit plan and the plan is reviewed and approved by AC. AC on behalf of the Board has commissioned an enterprise strategy and risk assessment exercise to set up an Enterprise Risk Management Framework aimed at identifying, filtering, assessing and compiling the enterprise strategies and key risks as well as assessing the general control environment of the Group. From this exercise, an internal audit plan is developed and suitable audit resources are allocated in priority of risk ranking with a view to achieving an optimal balance between risks and returns. The internal auditors report to AC their evaluation on the organisation's internal control systems in the identified risks areas. In their evaluation, the internal auditors will (a) walk through the business process with the process owners to understand the process and identify key internal controls through various methods and perform verifications to supporting source documentation (b) perform a system of controls evaluation on identified high-risk areas within the business processes and (c) review the overall control environment for implementation lapses. Any material non-compliance and internal control weaknesses noted during the internal audit and the recommendations to improve the areas of weakness are reported to the AC as part of the review of the internal control system.

Whilst internal auditors provide assurance that controls over the key risks of the Group are adequate and effective, the external auditors are engaged to provide assurance on the true and fair presentation of the Group's financial statements.

Management is tasked to take appropriate measures to control and mitigate areas of risks and document such measures in the Company's risk management policies. During the year, the AC has reviewed the Company's system of internal controls, including financial, operational, compliance and information technology controls, risk management policies and systems established by the Management. Internal Auditors and External Auditors will perform review on information technology controls ("IT") including information security, data loss protection, cyber security, data privacy and security including business continuity management. AC acknowledged that cyber security risk is very wide and cannot be covered completely. While the Internal Auditors review the overall information technology control environment (except the technical aspects of the system), the External Auditors will obtain a high-level of understanding of the processes and controls implemented by the Company in assessing cyber security risk considerations in the financial statements audit. The External Auditors evaluates the IT general controls as an integral part of their audit that underpins the significant financial systems and will further consider whether cyber risk represents a risk of material misstatement to the financial statements as part of the audit risk assessment activities.

The Management has put in place reasonably adequate internal control systems to provide the Board with reasonable assurance against material misstatement or loss. The Management provides the Board with detailed reports on the Group's financial performance and related matters on a regular basis. Procedures are in place to ensure that financial information relating to the Group's operations are not false or misleading in order to increase the assurance level of the AC in its review of the quarterly financial information.

CORPORATE GOVERNANCE

The Board has received assurance from (a) the CEO and the Vice-President (Finance) ("VPF") that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the CEO, VPF and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

In addition, the Board has also relied to a certain extent, on the review by the external auditors of the effectiveness of the Company's material internal controls that affect accounting functions, to the extent of their scope as laid out in their plan. The auditors' recommendations on material non-compliance and internal accounting control weakness, if any, noted during their audit are reported to the AC.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and review performed by Management as well as the assurances received from the CEO, VPF and other key management personnel in the abovementioned, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during the year as at 31 December 2023 to address the risks that the Company considers relevant and material to its operations.

The Board and senior management officers of the Group also signed a letter of undertaking pursuant to Rule 720(1) of the Exchange's listing rules.

Whistle Blowing Policy

Management has also implemented the Whistle blowing policy ("Policy") setting out the procedures which provides for the well-defined mechanism and accessible channel by which employees, vendors, contractors, service providers, customers and other stakeholders may in confidence, raise concerns on possible improprieties, misconduct, irregularities or malpractices relating to the Company and its officers without fear of harassment or victimization. The policy is communicated to all employees and all relevant stakeholders at the outset and employees are trained on the principles of the Policy periodically. While the Policy allows anyone to report possible improprieties, it excludes employee grievances or disagreements which are handled by the Company's Human Resource Division.

The Policy establishes a confidential line of communication to report concerns about possible improprieties through a suitable channel published in the policy. There are designated whistleblowing officers to ensure that there are as many alternative channels and efficient access for whistleblowers to report a concern and to facilitate access for anonymous whistleblowers.

The Company ensures that an independent appropriate person or team handles the investigation and follow-up, on reports made in good faith. The Policy sets out how the complaints are handled and the appropriate disciplinary action to be taken when the alleged violations are substantiated after independent investigation is concluded. The investigation may be conducted involving the AC, External or Internal Auditor, Forensic Professionals and the Police or Commercial Affairs Department.

The Company will treat all information received confidentially and protect the identity of all whistleblowers, as provided in the Policy.

The Policy prohibits unfair treatment or detrimental treatment of any kind against a whistleblower who submits a complaint in good faith and whistleblowers could come forward to report any such treatments so that strict disciplinary action can be taken.

AC is responsible for the overall oversight and monitoring of the whistleblowing policy and its implementation. Any incidents of complaint in good faith would be submitted for AC's review and the outcome of each investigation is reported to AC. Whistleblowing is on the agenda at every quarterly AC meeting and AC will review and ensure that independent, thorough investigation and appropriate follow-up actions are taken and documented on reported incidences.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises two Independent Directors of the Company, namely Mr Henry Tan Song Kok (Chairman), Ms Lee Kim Lian, Juliana and one Non-Independent Non-Executive Director, Ms Lim Rui Ping, all of whom have invaluable professional expertise and managerial experience as members. At least two members of the AC including the AC Chairman have recent and relevant accounting or related financial management expertise or experience. None of the AC members were former

CORPORATE GOVERNANCE

partners or directors of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the audited corporation and none of the AC members hold any financial interests in the auditing firm or auditing corporation.

The AC meets at least four times a year and as often as warranted by circumstances, to perform the following functions:

a. reviews the audit plan of the Group's internal and external auditors;

b. reviews with the internal and external auditors on their findings, if any on the Company's system of internal accounting controls;

c. reviews with the internal and external auditors on the scope and results of the audit as well as its cost effectiveness;

d. reviews the co-operation given by the Group's officers to the internal and external auditors;

e. reviews with the internal and external auditors on any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company or the Group's results or financial position;

f. reviews the half year and full year financial results announcements and annual financial statements of the Group and the external auditors' report thereon before their submission to the Board for adoption;

g. monitors the extent of the Group's compliance with the Exchange's listing rules;

h. nominates internal and external auditors for re-appointment and reviews their independence;

i. makes recommendations to the Board on the remuneration and terms of engagement of the internal and external auditors;

j. reviews interested person transactions;

k. reviews the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any announcements relating to the Company's financial performance;

l. reviews the adequacy and effectiveness of the internal controls and risk management systems; and

m. reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC has full access to the Company's internal auditor and Management and has full discretion to invite any director or executives to attend its meetings and investigate any matter within its terms of reference. In performing its functions, the AC also reviews the assistance given by the Company's executives to the auditors as well as the adequacy of the internal audit function, its effectiveness and its resources.

The AC reviewed and discussed the key audit matters ("KAMs") for FY2023 with Management and the external auditors. In assessing the KAMs, the AC took into consideration the approach, accounting treatment, methodology and key assumptions applied. The AC concurred with the basis and conclusions included in the FY2023 Independent Auditors' Report with respect to the KAMs. The KAMs are set out on page 63 to 64 in the FY2023 Independent Auditors' Report.

Internal Audit

The Company has outsourced its internal audit function to external audit professionals, In. Corp Business Advisory Pte. Ltd. and the engagement director is a Chartered Accountant Singapore, Certified Internal Auditor and a member of The Institute of Singapore Chartered Accountants ("ISCA"), The Institute of Internal Auditors Singapore ("IIA") and The Information Systems Audit and Control Association.

The internal audit is carried out in accordance with the standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The primary reporting line of the internal audit function is to the AC. The internal auditors have unfettered access to all the Company's documents, record, properties and personnel, including the AC, and have appropriate standing within the Company.

In.Corp's engagement team is headed by a director with over 15 years of experience in audit and advisory services. She is leading the Risk Assurance practice at In.Corp and has extensive experience in a broad range of assurance and advisory services, including corporate governance, enterprise risk management, internal audit, and sustainability reporting. Prior to In.Corp, she

CORPORATE GOVERNANCE

has been involved in internal and external audits and started her career in one of the big four auditing firms and her qualifications and memberships are in the above mentioned.

The AC assesses the independence, adequacy and effectiveness of the Internal Audit function and ensures that the Internal Audit has direct and unrestricted access to the Chairman of the Board and AC.

The AC meets with the external auditors and the internal auditors separately without the presence of Management at least once annually.

External Auditors

The AC oversees the Company's relationship with its external auditor. It reviews the selection of the external auditor and recommends to the Board the appointment, re-appointment and removal of the external auditor, as well as the remuneration and terms of engagement of the external auditors. The annual re-appointment of the external auditor is subject to shareholders' approval at the Annual General Meeting.

AC confirms that the Company complied with Rules 712 and 715 of the Listing Manual in relation to its appointment of Ernst & Young LLP ("EY") as the external auditors of the Company which is registered with the Accounting and Corporate Regulatory Authority. The Board and AC have reviewed the appointment of different auditors for some of its subsidiaries and associated company and were satisfied that such appointment would not compromise the standard and effectiveness of the audit of the Group and that Rule 716 of the Listing Manual has been complied with. Refer to Note 27 "Listing of Companies in the Group" of the Notes to the Consolidated Financial Statements for the subsidiaries audited by different auditors. In appointing the audit firms for the Company, its subsidiaries and associated company, the Audit Committee and the Board are satisfied that the Group has complied with Listing Rules 712, 715 and 716. For FY2023, the external auditor remuneration in respect of audit services provided to the Group amounted to $207,000. There were non-audit services, being tax fees provided to the Group during the year in the amount of $27,000 which represents 13.0% of the audit fee paid to EY. Having reviewed the range and value of non-audit services performed by the external auditors, AC was satisfied that the nature and extent of such services will not prejudice the independence of the external auditors.

In recommending the re-appointment of auditors, AC takes into consideration various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner, the firm's other audit engagements and the number and experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. AC also takes into consideration of its ongoing corporate governance initiatives as well as the management of the Company's overall business costs and expenses to meet the challenges of business climates. AC recommended that EY be nominated for re-appointment as auditors at the forthcoming AGM.

Summary of AC's activities in 2023

(i) reviewed the financial statements of the Company before the announcement of the Company's half and full-year results;

(ii) together with the Board and VPF and where applicable, the external auditors, reviewed the key areas of Management's judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;

(iii) reviewed and approved both the Group internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprising financial, operational, information technology and compliance controls of the Company;

(iv) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;

(v) reviewed non-audit fees;

(vi) reviewed the appointment of different auditors for its subsidiaries;

(vii) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;

(viii) reviewed the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues;

CORPORATE GOVERNANCE

(ix) reviewed interested person transactions;

(x) reviewed with the Board, VPF and external auditors on the changes to accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements;

(xi) reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 as well as the Independent Auditors' Report thereon before submitting them to the Board for its approval; and

(xii) reviewed the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

(xiii) In accordance with Rule 711B of the SGX-ST Listing Manual, an external consultant was appointed to conduct a review of the sustainability reporting process for identified key material topics in the FY2023 Sustainability Report. AC reviewed all significant audit findings reported, recommendations made and Management's response thereto. Internal Audit will follow up on all recommendations in a timely manner and will report the results to AC.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meeting

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company is committed to treating all shareholders fairly and equitably. All shareholders are provided with rights to attend shareholders' meetings in the Constitution, relevant laws and regulations. Notice of general meeting is dispatched to shareholders together with explanatory notes or circular on items where necessary. The Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet. The Group's website at www.dyna-mac.com provides information of our products and services, corporate profile and latest information as well as an enquiry section to respond to comments, feedbacks or enquiries.

The Board welcomes questions from shareholders at general meetings and views AGM as the principal forum for dialogue with shareholders. Shareholders are accorded with the opportunity to raise issues, communicate their views and direct their questions to Directors and Management at the general meeting. All directors and Chairpersons of Board Committees are present at AGM and other general meetings of shareholders to assist the Board in addressing shareholders' questions. Directors' attendance at shareholders general meetings held during the financial year are disclosed on page 21 of the Annual Report.

At every AGM, shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy. Shareholders are also informed of the rules, including the voting procedures that govern general meetings. In accordance with rule 730A(2) of the Exchange's Listing Rules and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by electronic poll voting at all of its general meetings. Detailed voting results of each resolutions tabled are screened at the meeting and announced via SGXNet on the same day after the meeting.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are bundled to form one significant proposal, the Company will explain the reasons and the material implications in the notice of meeting. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed.

While there is no limit imposed on the number of proxy votes for nominee companies, the Company's Constitution allows each shareholder to appoint up to two proxies to attend AGMs and any other general meeting. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax as issues concerning authentication, security, privacy and integrity have to be satisfactorily dealt with and resolved.

The Company Secretary prepares minutes of shareholders' meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. The Company publishes and update the corporate website with the minutes of shareholders' meeting as soon as practicable.

CORPORATE GOVERNANCE

The Company does not have a dividend policy but the Board seeks to balance dividend return to shareholders with the need for long-term sustainable growth whilst simultaneously aiming for an efficient capital structure. The declaration of a first and final tax-exempt one-tier cash dividend of 0.83 cents per ordinary share in respect of financial year ended 31 December 2023 has been proposed for approval by shareholders at the next AGM convened.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Shareholders are encouraged to attend the Company's general meetings and sufficient time is given for them to ask questions, to provide their views. Directors and senior management hold dialogues with shareholders after the businesses of the general meetings are concluded where views from shareholders would be solicited.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price. Information is disseminated to shareholders on a timely basis through SGXNet announcements, Annual Reports, shareholders circulars, news releases on major developments of the Group, Notices and explanatory notes for AGM and other general meetings as well as the Company's website. Responses to questions raised by shareholders and Minutes of the general meetings are published on the Group's website as well as on the SGXnet. Shareholders could contact the Company's investors relations officers directly with questions and the Company may respond to such questions through such officers. The investors relations contact details are published on the Group's website www.dyna-mac.com.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company's material stakeholders are its shareholders, customers, employees, regulators and suppliers. The Company's strategy and key focus in relation to the management of stakeholders relationships are set out in its Sustainability Reports.

Stakeholders can access information of the Company through the corporate website which provides corporate announcements, press releases and profiles of Company.

Dealing in Securities

The Group has in place an internal code of conduct which prohibits the Directors, key executives of the Group and their connected persons from dealing in the Company's shares during the "closed window" period – being one month prior to the announcement of the Group's half year and full year financial results and ending on the date of the announcement of the results, or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors, key executives and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations. Circulars are issued to all Directors and employees of the Company to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company on short-term consideration and during prohibitive period.

Material Contracts

Save for the renewal of Service Agreement with the Executive Director, and those which are still subsisting as at the end of FY2023, there were no material contracts entered into by the Company or any of its subsidiaries as at the end of the financial year involving the interests of any Directors and controlling shareholder in the year under review.

Interested Person Transactions

The Company has established procedures to ensure that all interested persons are reported in a timely manner to the AC and that the transactions, if any are conducted at arm's length, on normal commercial term, and not prejudicial to the interest of the Company and its minority shareholders. All interested person transactions are subject to review by the AC.

The aggregate value of the interested person transactions entered into during the financial year under review are set out on page 127 of this Annual Report.

CORPORATE GOVERNANCE

Table A

Directors' Profile and Key Information on Directors' initial appointment, last re-election and their present and past directorships

Name of Directors	Age	Date of initial appointment	Date of last election	Present directorships in listed companies	Past (preceding 3 years directorships in listed companies)
Lim Ah Cheng	50	01.03.2020	28.04.2022	1) Dyna-Mac Holdings Ltd.	N.A.
Henry Tan Song Kok	59	01.02.2021	25.04.2023	1) Dyna-Mac Holdings Ltd. 2) BH Global Corporation Limited 3) Asia Vets Holdings Ltd. 4) Penguin International Limited 5) Trans-China Automotive Holdings Limited	1) YHI International Limited
Lee Kim Lian, Juliana	57	01.06.2018	25.04.2023	1) Dyna-Mac Holdings Ltd. 2) Nordic Group Limited 3) Uni-Asia Group Limited 4) VCPlus Limited	N.A.
Lim Rui Ping	39	12.11.2019	28.04.2022	1) Dyna-Mac Holdings Ltd.	N.A.

CORPORATE GOVERNANCE

Supplemental Information on Directors Seeking Re-election at the Annual General Meeting (Pursuant to Rule 720(6) and Appendix 7.4.1 of the SGX-ST Listing)

Name of Directors	Lim Ah Cheng	Lim Rui Ping
Date of Appointment	1 March 2020	12 November 2019
Date of last re-election	28 April 2022	28 April 2022
Age	50	39
Country of principal residence	Singapore	Singapore
The Board's comments on the Nominee Committee's ("NC's") recommendation for re-election	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Lim Ah Cheng for re-election as Executive Director of the Company.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Ms Lim Rui Ping for re-election as Non-Executive Director, member of the Audit Committee, Remuneration Committee and Nominating Committee of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Chairman and Chief Executive Officer	Non-Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Non-Executive Director Member of Audit Committee Member of Remuneration Committee Member of Nominating Committee
Professional qualifications	Bachelor of Engineering in Mechanical Engineering (National University of Singapore), Masters of Engineering (National University of Singapore)	Bachelor of Commerce (Management) (University of Melbourne), Bachelor of Commerce (Honours) (University of Melbourne), Master of Science in Project Management (National University of Singapore)

CORPORATE GOVERNANCE

Name of Directors	Lim Ah Cheng	Lim Rui Ping
Working experience and occupation(s) during the past 10 years	2004 – 2015 Keppel FELS Limited (Senior Project Manager, Assistant General Manager in Operations, Assistant General Manager in Commercial & General Manager in Planning & Control) 2015 – 2017 Offshore Technology Development Pte Ltd (General Manager) 2017 – 28 Feb 2020 Keppel Sea Scan Pte Ltd & Green Scan Pte Ltd (Executive Director) 1 March 2020 – current Dyna-Mac Holdings Ltd. (Executive Chairman and Chief Executive Officer)	Managing Director of Prominent Land Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest – 11,465,500 shares Unvested Awards – 3,857,500 shares	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships	<u>Past (for the last 5 years)</u> Executive Director of Keppel Sea Scan Pte Ltd & Green Scan Pte Ltd <u>Present</u> 1) Dyna-Mac Holdings Ltd. 2) Dyna-Mac Engineering Services Pte Ltd 3) Dyna-Mac Offshore Services Pte. Ltd. 4) Dyna-Mac Solutions Pte. Ltd.	<u>Past (for the last 5 years)</u> 1) Jobel Engineering Services Pte. Ltd. 2) Jobel Lifestyle Pte. Ltd. <u>Present</u> 1) Dyna-Mac Holdings Ltd. 2) Prominent Land Pte. Ltd. 3) Prominent @ Jervois Pte. Ltd. 4) Prominent Land Australia Pty Ltd 5) Jobel Holdings Private Limited.

CORPORATE GOVERNANCE

The general statutory disclosures of the Directors are as follows:

Question		Lim Ah Cheng	Lim Rui Ping
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

CORPORATE GOVERNANCE

Question		Lim Ah Cheng	Lim Rui Ping
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

HUMAN CAPITAL

FAIR EMPLOYMENT PRACTICES

In Dyna-Mac, our employees and workers are the heart of our business operations. We recruit and reward our people on a meritocratic basis and advocate an inclusive workplace built on mutual respect and trust.

We believe that building a diverse and inclusive work environment is increasingly important to boost the morale and productivity of our employees. We value our employees and are committed to human resource policies that help us attract, retain and grow talent. We embrace the principles of equality and meritocracy, which not only enhance employee satisfaction and retention, but also serve as the foundation for sustained value creation, benefitting our stakeholders in the long run.

We have put in place systems and practices that are fair, merit-based and non-discriminatory to attract, reward and retain our employees. The Group is also a signatory of the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), pledging to adopt fair and progressive human resource practices and providing a harmonious and inclusive work environment for our diverse workforce, regardless of race, ethnicity, religion, age and gender. Our employee retention strategy focuses on training, career development and employee engagement. We also have a grievances mechanism in place for employees to report incidences without fear of reprisal, discrimination, or other consequences. To affirm our philosophy and commitment, we have adopted the following TAFEP Tripartite Standards:

TS TERM EMPLOYMENT Tripartite Standards

Employment of Term Contract Employees

The Group complies with all statutory benefits under the Employment Act and the Child Development Co-Savings Act, in particular, leave benefits and termination/non-renewal of contract specifications.

TS GRIEVANCE HANDLING Tripartite Standards

Grievances Handling

A grievance procedure has been put in place for employees to raise grievances or any work-related concerns to supervisors and management.

TS FLEXIBLE WORK ARRANGEMENTS Tripartite Standards

Flexible Work Arrangements

We support part-time employment and have shortened the work week for some of the support-function employees (from 5.5 days to 5 days). We will assess and explore more flexible working patterns to bolster our operations while ensuring that our competitiveness and productivity remain uncompromised.

TS RECRUITMENT PRACTICES Tripartite Standards

Recruitment Practices

The Group believes in fair employment practices and places great emphasis on our people.

TS WORK-LIFE HARMONY Tripartite Standards

Work-Life Harmony

Support schemes and enhanced leave benefits have been put in place to help employees effectively achieve a harmonious balance between their work responsibilities as well as family and personal aspirations.

TS AGE-FRIENDLY WORKPLACES Tripartite Standards

Age-Friendly Workplaces

We create an age-friendly workplace that better attract, engage, and retain our employees meaningfully and tap on their wealth of experience.

In addition, our application for Progressive Wage Mark was approved on 10 May 2023 by Singapore Business Federation in recognition of our commitment and efforts to uplift lower-wage workers and prioritise their well-being.

Progressive Wage (PW) Mark Accreditation

We uplift the wages and well-being of lower-wage workers by paying progressive wages.

We progressively review and implement employment practices to ensure they are in line with the key principles of fair employment, and employees are evaluated based on qualification, experience and aptitude for the position.

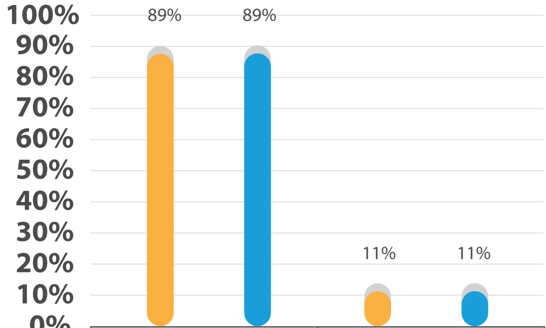
HUMAN CAPITAL

EMPLOYEE PROFILE

Total Group workforce increased by 3.6% from 916 in FY2022 to 949 in FY2023.

Category	Senior Management	Managers	Executive	Non-Executive	Total
Headcount	6	50	315	578	949

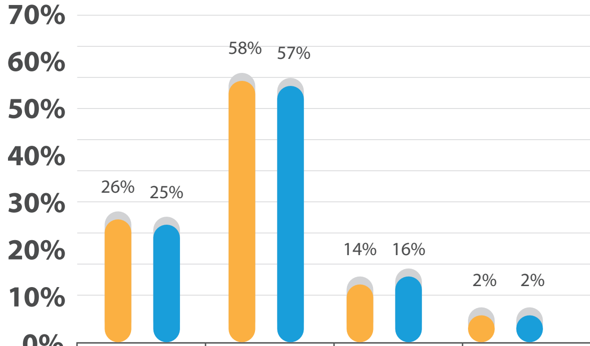
TOTAL WORKFORCE BY GENDER



	Male	Female
2022	89%	11%
2023	89%	11%

2022 2023

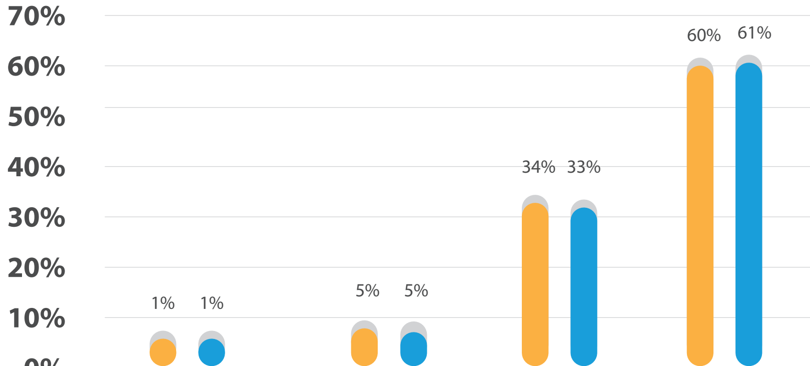
TOTAL WORKFORCE BY AGE GROUP



	Age 16 to 30	Age 31 to 45	Age 46 to 60	Age 61 & above
2022	26%	58%	14%	2%
2023	25%	57%	16%	2%

2022 2023

TOTAL WORKFORCE BY EMPLOYMENT CATEGORY



	Senior Management	Managers	Executive	Non-Executive
2022	1%	5%	34%	60%
2023	1%	5%	33%	61%

2022 2023

HUMAN CAPITAL

CORPORATE SOCIAL RESPONSIBILITY

Singapore Christian Home (SCH) – Fundraising and Volunteerism

A fundraising campaign was held for the Singaporean Christian Home (SCH) from 1 April 2023 to 30 June 2023, where a total of $122,000 was raised by Dyna-Mac staff and its corporate partners.

Further to the fundraising campaign, on 3 July 2023, Dyna-Mac Directors, Senior Management, staff and migrant workers together with our invited guest, the Executive Director of Association of Singapore Marine Industries (ASMI), participated in a community care and resident engagement event at SCH, where the residents of SCH were treated to an afternoon of Bingo games with prizes, tea drinking and distribution of nostalgia-themed care packs.

Blood Donation

Together with Singapore Red Cross, a blood donation drive was organised on 17 January 2023. We received tremendous support and participation from employees, clients, subcontractors, migrant workers and the Shipbuilding and Marine Engineering Employees' Union (SMEEU) for the blood donation drive.

HUMAN CAPITAL

Medal of Commendation Award (NTUC May Day 2023)

Mr Lim Ah Cheng, Executive Chairman and Chief Executive Officer, was conferred the prestigious Medal of Commendation at the May Day Awards 2023 by the NTUC.

The Award is presented to senior management personnel who have made significant contributions towards Singapore Labour Movement's mission to uplift the wages and prospects of workers. The Award recognises Mr Lim for promoting the well-being of employees and facilitating employee development through active engagement and collaborative partnership with the Shipbuilding and Marine Engineering Employees Union (SMEEU) over the past three years.

Ministry of Trade and Industry (MTI) National Awards (COVID-19) Investiture

Dyna-Mac has been nominated by the MTI for the COVID-19 Resilience Certificate at the MTI National Awards. The official investiture took place on 14 November 2023, where two representatives from Dyna-Mac attended the ceremony.

HUMAN CAPITAL

Staff Appreciation Dinner cum Long Service Awards Presentation

EMPLOYEE ENGAGEMENT AND WELFARE

Staff Appreciation and Long Service Awards Presentation

A staff appreciation cum engagement barbeque session was held on 13 January 2023, where our CEO shared the plan for Year 2023 and a video on Year 2022 major achievements and events was played during the event. The Long Service Award was also presented to 31 staff who have served 10 years and above. Another 21 migrant workers also received the Long Service Award during the Mass Tool Box meeting.

CEO's Engagement Session

Executive Chairman & CEO's Engagement Session with the staff was held on 11 August 2023, where the 1H2023 results, progress of projects and work plan for 2H2023 and beyond were shared.

CEO's Engagement Session

National Trades Union Congress (NTUC)/SMEEU Engagement Session on Voice of Workers

NTUC/SMEEU's Engagement Session with 7 nominated employees who took part in the Career Conversion Programme (CCP) and 1 former intern nominated for the Enterprise Singapore's Good Company Report (GCR) was organised on 6 September 2023. The session aimed to build rapport with employees as well as to understand and address any concerns faced by employees at work.

Engagement Session on Voice of Workers

HUMAN CAPITAL

TALENT ACQUISITION AND DEVELOPMENT

Participation in Career Fairs

To build up our branding and as part of outreach efforts to connect with potential job seekers, Dyna-Mac took part in various job fairs to attract local talents, such as Career Discovery in Maritime & Energy Career Fair on 4 April 2023, e2i job fair on 18 August 2023, as well as the South-West Community Job Fair on 14 and 15 September 2023.

Career Development Planning Briefing

Career Development and Succession Planning Frameworks

The policies on Career Development and Succession Planning Frameworks were established and communicated to all staff on 29 March 2023. A total of 34 attendees, mainly Heads of Department, had attended the briefing session conducted by external consultant on 22 March 2023 for better understanding on the frameworks. Career planning discussion with staff was conducted to identify career development plans and training needs as part of career progression.

HUMAN CAPITAL

Singapore-Industry Scholarship (SgIS) Award Ceremony 2023

The Singapore-Industry Scholarship award aims to nurture a core of Singaporean industry leaders to steer the development of the country's key strategic industries. The scholarship award was presented to our selected scholar at the Singapore-Industry Scholarship (SgIS) Award Ceremony held at National University of Singapore on 17 August 2023.

Singapore Industry Scholarship Awards

In-House Training for Management, Staff and Workers

As part of people development, the company organised 11 in-house training sessions for the year 2023 for a total of 380 employees:

- Briefing on Career Development and Succession Planning Framework
- Human Resources Information System (HRIS) – Times Payroll Module Training
- Training on Risk and Opportunity Management in the Context of ISO9001:2015
- N95 Respirator Qualitative Fit Testing Train-The-Trainer Course
- Electrical Training for Safe Work Practices for Electrical Works
- Employee/Manager Self Service (ESS/MSS) User Training – New HRIS System
- Essential Skills and Strategies for Effective Supervision
- Microsoft Excel 2019 – Advanced
- Conducting Effective Performance Appraisals
- Occupational First Aid
- WSQ Professional Business Writing (Intermediate)

People Development – In-house training conducted by accredited trainers to upskill our staff

HUMAN CAPITAL

Workforce Singapore (WSG) Career Conversion Programme

A total of 33 staff were placed under the Career Conversion Programme (CCP) for the year 2023, with 16 staff placed under the new hire CCP, and 17 staff placed under the Job Redesign Reskilling (JRR) modality, which prepares existing employees for new or redesigned job scopes within the same company.

Dyna-Mac was nominated by Workforce Singapore (WSG) to host the visit for Dr Tan See Leng, Minister for Manpower (MOM) and Second Minister for Trade and Industry (MTI), on 14 September 2023. The purpose of the visit was to highlight the key findings from MOM's Labour Market Report for the second quarter of 2023 and showcase progressive local employers who have tapped on government support to develop their local manpower through reskilling and upskilling.

In addition, Dyna-Mac was invited to be featured on WSG's Channel NewsAsia (CNA) Documentary Series on Job Redesign, WSG's Journey of Resilient Singaporeans Series and Enterprise Singapore (ESG)'s Good Company Report (GCR) 2023/2024.

HUMAN CAPITAL

COLLABORATION WITH INDUSTRY PARTNERS

Collaboration with Institutes of Higher Learning (IHLs)

a) **Letter of Collaboration (LOC) with ITE in the field of Human Capital Development in Electrification, Clean Energies and Green Skills**
Dyna-Mac was invited to jointly collaborate with ITE and 6 other companies in the field of Human Capital Development in Electrification, Clean Energies and Green Skills. The objectives of this collaboration are to generate awareness on the importance of sustainable practices in the Maritime and Marine & Offshore industries, equip a new generation of talent with Green Skills, and collaborate on projects that lead to innovations and opportunities in Marine Decarbonization. The symbolic signing ceremony for the LOC was held on 6 July 2023 at ITE College Central.

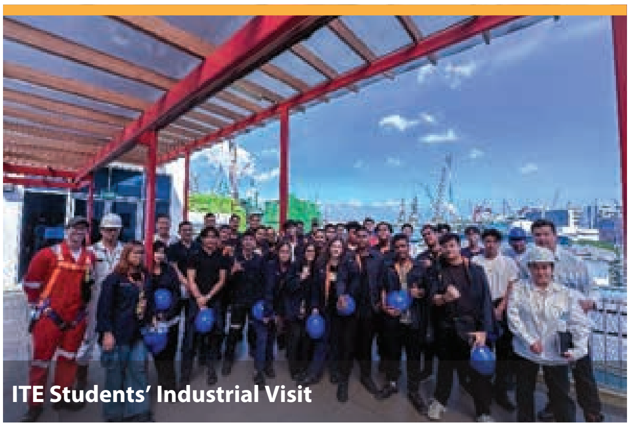
b) **Industry Visit for Institute of Technical Education (ITE) Students**
As part of the Company's efforts to attract young talents to the Marine & Offshore Industry, an industry visit was organised for students from the Institute of Technical Education (ITE) on 31 May 2023, where the students were given a yard tour, giving them exposure to a real-life engineering environment so that they can gain a better understanding of the duties of engineers on-site.

c) **Internships and Global-Ready-Talent Program**
Dyna-Mac has been supportive of and worked closely with Institutes of Higher Learning (such as the Universities, Polytechnics, and Institute of Technical Education) to provide internship placement opportunities to local students. In addition, we have also embarked on Global-Ready-Talent programme as part of our efforts to groom and build the talent pipeline, where 25 students were placed under Global-Ready-Talent Programme for the year 2023.

d) **Curriculum Review**
Meetings with directors, management staff and lecturers from Ngee Ann Polytechnic and Institute of Technical Education (ITE) to discuss curriculum reviews were held on 31 August and 15 September 2023 respectively. Discussion topics included current and future trends of the Marine & Offshore industry, skills and competency gaps required for development of curriculum and proposed changes to Work Study Diploma programmes.

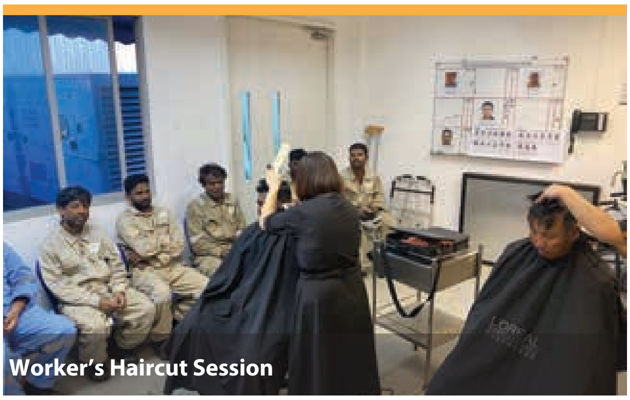
e) **ITE Work Study Diploma Program**
For the year 2023, a candidate was offered apprenticeship under the Work Study Diploma Program, commencing from 3 April 2023 to 31 March 2026.

Letter of Collaboration with ITE


ITE Students' Industrial Visit

HUMAN CAPITAL

Engaging with sub-contractors' on welfare of workers



Worker's Haircut Session

Room Cleanliness Campaign

Cricket Tournament

Company Training Committee (CTC) Grant

Dyna-Mac embarked on several projects under the NTUC CTC grant, supporting business transformation plans that would lead to better worker and business outcomes. A total of 3 CTC grants were approved for the year 2023.

HUMAN RIGHTS INITIATIVES

Human Rights Assessment Conducted by Clients and Consultants

One of our clients has joined forces with oil majors and energy companies to form a Worker Welfare Collaboration group. They visited Dyna-Mac on 8 February 2023 to discuss worker welfare current practices, efforts and potential challenges. Representatives from Human Resources/Admin, Safety and Sub-contracting Departments attended the dialogue.

Two human rights assessment audits were conducted by our clients and their appointed human rights consultants on 30 March 2023, 30 November 2023 and 1 December 2023. The assessments included site tours, interviews with various departments from Human Resources/Admin, Production, Safety and Sub-Contracting and migrant workers, meeting with sub-contractors' bosses, inspections of workers' dormitory and bus, review of documents, personal files and payroll. The assessment incorporated references from various standards, including the client's Human Rights Standards, local laws, and international best practices.

Enhancing Worker Well-Being

Senior management and clients visited the workers' dormitory on a monthly basis to ensure conducive living conditions. Enhancement of the welfare and well-being of migrant workers includes a subsidised haircut session arranged on 28 February 2023, Room Cleanliness Campaign which was held from 15 May 2023 to 9 June 2023, and distribution of PVC Board for beds and hanging racks for coverall, distribution of Ramadan dates and Diwali Sweets to each worker during Hari Raya and Deepavali respectively, as well as a year-end Christmas dinner for room leaders with Senior Management, clients and SMEEU at the dormitory canteen on 26 December 2023.

In addition, Dyna-Mac sponsored participation in the SMEEU Cricket Tournament to promote a healthy work-life balance.

HUMAN CAPITAL

The Company continues to subsidise union fees for migrant workers and a union membership recruitment roadshow cum lunch was held for foreign workers on 14 June 2023. SMEEU has enhanced the benefits of work-pass union members through the Migrant Workers Centre (MWC) scheme. Another membership drive was conducted on 14 and 16 November 2023.

Monthly Visits to Dormitory

Union Membership Drive

WORKPLACE SAFETY AND HEALTH

Dyna-Mac places Health, Safety, Security & Environment (HSSE) as its top priority, and this forms the foundation of its management systems. The company is committed to providing a safe and healthy environment for all employees, contractors, clients, and stakeholders. These strategic thrusts are aligned with the Singapore Workplace Safety and Health (WSH) 2028 strategy, reflecting the company's continuous investment in and dedication to maintaining the well-being of its workforce and contributing to national WSH initiatives.

ACCREDITATION & CERTIFICATES

Dyna-Mac's safety performance evaluation encompasses both employees and contractors, utilising indicators aligned with international standards like ISO 45001 and the Singapore WSH Standard. The company goes beyond local standards, measuring itself against global benchmarks such as those set by International Oil and Gas Producers (IOGP) and the International Labour Organization (ILO) guidelines for occupational health and safety management systems. Adherence to these standards contribute to improved hazard identification, risk assessment, reduced downtime, decreased incident costs, and enhanced leadership involvement and worker participation at the workplace.

Dyna-Mac collaborates with various external agencies, including the Ministry of Manpower, WSH Council, Workforce Development Agency, Association of Singapore Marine Industries, SMEEU, NTUC, and community Security & Safety Watch Groups. This partnership extends to Home Team agencies like the Singapore Police Force and Singapore Civil Defence Force. Together, these collaborations aim to enhance HSSE standards within the industry, fostering community vigilance and emergency readiness.

WORKPLACE SAFETY AND HEALTH

WSH PERFORMANCE IN 2023

In 2023, Dyna-Mac meticulously monitored WSH performance using indicators such as near-misses, reported hazards, and occupational disease rates. This comprehensive approach enables the assessment of safety performance for both employees and business partners, allowing for the customisation of targeted WSH strategies and programs to address specific operational areas. Dyna-Mac systematically records all WSH-related incidents in compliance with regulations.

Safety procedures for similar and related work scopes have been reviewed and improved to enhance site compliance and prevent recurrence. Dyna-Mac views HSSE excellence as a continuous journey, emphasising the importance of being vigilant and committing to continuous improvement. The company will continue to review areas for enhancement and intensify efforts to instill a robust safety ownership culture.

	2022	2023
DYNA-MAC	916	949
SUBCON	7,417	9,382
TOTAL EMPLOYEES	8,333	10,331
NUMBER OF INCIDENTS	1	13[1]
WORKPLACE INJURY RATE	12	126

Notes:

(1) Prior to January 2023, workplace injury numbers only include injuries sustained by personnel that resulted in four or more days of medical leave, or at least 24 hours of hospitalization.

(2) For reporting in 2023, the company adopted total recordable work-related injuries, encompassing Lost Time Incidents (LTI), Medical Treatment cases, and Restricted Work cases as indicators. This reporting methodology aligns with the Ministry of Manpower (MOM) Workplace Safety and Health (WSH) report, incorporating major and minor injury numbers. The inclusive approach covers injuries involving any instance of light duty or the issuance of medical leave. Total workplace injury rate = No. of fatal and non-fatal workplace injuries/No. of workers * 100,000

WORKPLACE SAFETY AND HEALTH

In 2023, changes were made to the Workplace Injury Rate (WIR) reporting criteria. Instead of only recording Lost Time Injuries, the new metric records additional workplace injuries requiring medical leave, restricted work, and light-duty cases. This contributed to a more thorough assessment and monitoring of safety standards within the company. The adjustments to WIR reporting arose from assertive efforts to integrate and align contractors with Dyna-Mac's WSH targets through various programmes and training initiatives. In response, Dyna-Mac implemented immediate investigation protocols and introduced new measures for both contractors and direct employees to reinforce adherence to HSSE standards across all yards. Due to the abovementioned changes, the WIR rose from 12 in 2022 to 126 in 2023. Despite the increase, no fatalities were recorded. Dyna-Mac remains committed to our Zero-Harm goal.

INVOLVEMENT & SUPPORT FROM STAKEHOLDERS

In 2023, Dyna-Mac's yard-initiated safety management system audit for resident contractors was implemented. While these contractors already comply with national requirements, our initiative ensures alignment with the Group's Code of Conduct and policies. Identified gaps are collaboratively resolved to enhance the capabilities of resident contractors. Regular forums and meetings involving senior management, HSE committees, operations personnel, and stakeholders like contractor partners and customers promote alignment of HSSE expectations, goals, and activities across all levels.

Dyna-Mac requires all its resident contractors to achieve a minimum of bizSAFE Level 3, ensuring that their safety management systems integrate risk management aspects and is audited by an MOM-accredited WSH auditor. The yard continues to align and enhance contractors' safety management systems following the WSH Council's five-step bizSAFE programme and encourage resident contractors to attain bizSAFE's highest STAR level through an independent auditor.

WORKPLACE SAFETY AND HEALTH

WSH AWARDS

Dyna-Mac's receipt of the WSH Safety and Health Award Recognition for Projects (SHARP) in 2023 for the Prosperity and Barossa FPSO projects highlights the company's exceptional performance and steadfast commitment to upholding industry-leading HSSE standards. The SHARP Award, introduced by the WSH Council with support from the MOM, recognises organisations showcasing exemplary HSE practices and behaviours. This accolade serves as a testament to Dyna-Mac's unwavering dedication to HSSE excellence.

In addition to the SHARP Award, Dyna-Mac was also recognised with the COVID-19 Resilience Certificate, acknowledging substantive contributions made during the nation's fight against COVID-19.

Furthermore, the company received the NTUC U Safe Champion award, which is conferred on unions actively promoting and supporting WSH initiatives. The award also recognises unionised companies that leverage technology to enhance WSH outcomes, as well as U SME partners that actively collaborate with NTUC to advance workers' WSH training and upgrading, thereby enhancing the safety, health, and well-being of employees.

EMPOWERMENT TO STOP WORK

All personnel within Dyna-Mac premises are empowered to halt work activities without fear of reprisal when unsafe conditions or acts are observed. Management is committed to this programme, ensuring that each reported issue undergoes thorough analysis to address the root cause. We actively promote a culture of safety through regular reminders and incentives for proactive reporting, fostering open communication and instilling a sense of personal responsibility for workplace safety and health. Various reporting platforms, including a digitised QR code hazard reporting system, are in place to facilitate the reporting of any unsafe conditions or acts.

REMOVAL OF VIOLATION PENALTY SYSTEM

In 2023, Dyna-Mac underwent a significant change in its HSSE management approach by removing the Violation Penalty System from its premises. This system served to address violations of workplace safety standards, regulations, policies, or rules, by means of punishment.

Instead of penalising individuals for safety infringements, the new approach focuses on enhancing compliance through re-training. Personnel found to have committed safety infringements are now required to undergo re-training. This proactive measure diverts from fear-based punishment and instead educates individuals on the importance of adhering to safety protocols, empowering them to take informed actions and contribute to a safer work environment.

PROJECT WORKSHOPS AND DISCUSSIONS

Dyna-Mac places a strong emphasis on proactive safety measures through project workshops and discussions. Engagement workshops serve as forums where management and operational representatives from Dyna-Mac and customer representatives come together. The primary goal is to align HSSE benchmarks. These workshops facilitate the sharing and adoption of new HSSE standards, fostering collaboration and brainstorming for innovative safety ideas.

Engagement from various stakeholders, including customers and subcontractors, is a key aspect of these workshops. The collective effort aimed to establish and uphold a common HSSE standard across all project activities. In addition, the dialogue sessions with subcontractors, which were attended by over 70 Dyna-Mac resident contractors, further reinforced communication channels. This quarterly event was crucial for enhancing collaboration and ensured that the Group and its contractor partners share a comprehensive understanding of HSSE priorities and standards.

SHAREHOLDERS' INFORMATION

STATISTICS OF SHAREHOLDINGS AS AT 22 MARCH 2024

Share Capital
Number of Issued Shares: 1,045,643,800

Number of Treasury Shares: Nil

Class of Shares and Voting Rights: Ordinary Shares with one vote per share

Shareholding held by the Public
Based on the information available to the Company as at 22 March 2024, approximately 37.23% of the total number of issued shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	No. of Shares Direct Interest	Deemed Interest	Total Interest	%
Estate of Lim Tze Jong[(1)]	334,220,800	–	334,220,800	31.96
KepInvest Holdings Pte Ltd[(2)]	250,000,000	–	250,000,000	23.91
Keppel Limited[(2)(3)]	–	250,000,000	250,000,000	23.91
Temasek Holdings (Private) Limited[(3)]	–	250,000,000	250,000,000	23.91

Notes:
(1) Estate of Lim Tze Jong's direct interest in the 334,220,800 shares comprises of 134,220,800 shares registered under his Estate and the remaining 200,000,000 shares are held through Raffles Nominees (Pte) Ltd.
(2) Keppel Limited owns 100% of KepInvest Holdings Pte Ltd and accordingly is deemed by virtue of Section 7(4) of the Act to have an interest in Shares held by KepInvest Holdings Pte Ltd.
(3) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Limited by virtue of Section 7(4A) of the Act.

MAJOR SHAREHOLDERS LIST – TOP 20

No.	Name	No. of Shares Held	%
1	KEPINVEST HOLDINGS PTE LTD	250,000,000	23.91
2	RAFFLES NOMINEES (PTE.) LIMITED	228,622,426	21.86
3	ESTATE OF LIM TZE JONG, DECEASED	134,220,800	12.84
4	DBS NOMINEES (PRIVATE) LIMITED	112,963,718	10.80
5	OCBC SECURITIES PRIVATE LIMITED	58,713,600	5.62
6	CITIBANK NOMINEES SINGAPORE PTE LTD	22,397,562	2.14
7	ABN AMRO CLEARING BANK N.V.	13,363,400	1.28
8	HSBC (SINGAPORE) NOMINEES PTE LTD	5,730,800	0.55
9	DBSN SERVICES PTE. LTD.	5,346,800	0.51
10	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	4,898,895	0.47
11	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	4,604,001	0.44
12	UOB KAY HIAN PRIVATE LIMITED	4,556,400	0.44
13	PHILLIP SECURITIES PTE LTD	4,308,000	0.41
14	DB NOMINEES (SINGAPORE) PTE LTD	3,490,600	0.33
15	MAYBANK SECURITIES PTE. LTD.	3,439,000	0.33
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,377,723	0.32
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,258,000	0.31
18	TAN CHENG GUAN	3,004,200	0.29
19	LIM TJE HONG	3,000,000	0.29
20	MERRILL LYNCH (SINGAPORE) PTE. LTD.	2,822,300	0.27
TOTAL		**872,118,225**	**83.41**

LOCATION OF SHAREHOLDERS

Country of Residence	No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
SINGAPORE	1,042,047,680	99.65	3,074	97.25
MALAYSIA	3,418,100	0.33	72	2.28
OTHERS	62,020	0.01	7	0.22
AUSTRALIA/ NEW ZEALAND	55,000	0.01	3	0.10
US	37,000	0.00	1	0.03
HONG KONG	20,000	0.00	2	0.06
UK	3,000	0.00	1	0.03
EUROPE	1,000	0.00	1	0.03
GRAND TOTAL	**1,045,643,800**	**100.00**	**3,161**	**100.00**

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	9	0.28	207	0.00
100 – 1,000	117	3.70	87,659	0.01
1,001 – 10,000	1,136	35.94	8,093,133	0.77
10,001 – 1,000,000	1,858	58.78	128,428,776	12.28
1,000,001 AND ABOVE	41	1.30	909,034,025	86.94
TOTAL	**3,161**	**100.00**	**1,045,643,800**	**100.00**

FINANCIAL STATEMENTS

58 Directors' Statement
63 Independent Auditor's Report
68 Consolidated Statement of Comprehensive Income
69 Balance Sheets
70 Consolidated Statement of Changes in Equity
71 Consolidated Cash Flow Statement
74 Notes to the Financial Statements

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors present their statement to the members together with the audited consolidated financial statements of Dyna-Mac Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2023.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Lim Ah Cheng
Henry Tan Song Kok
Lee Kim Lian, Juliana
Lim Rui Ping

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Directors' interests in shares and debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interest		Deemed interest	
Name of directors	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year
Ordinary shares of the Company				
Lim Ah Cheng	4,420,000	7,486,000	–	–
Henry Tan Song Kok	500,000	500,000	–	–
(Unvested shares under award granted to be delivered after 2022)				
Lim Ah Cheng	1,937,000	–	–	–
(Unvested shares under award granted to be delivered after 2023)				
Lim Ah Cheng	122,000	1,251,000	–	–
(Unvested shares under award granted to be delivered after 2024)				
Lim Ah Cheng	–	1,129,000	–	–

The directors' interests in the ordinary shares of the Company as at 21 January 2024 were the same as those as at 31 December 2023.

Share plans

Dyna-Mac Share Option Scheme ("DMSOS 2021") and the Dyna-Mac Share Award Scheme 2021 ("DMSAS 2021") were approved by the shareholders of the Company at an Extraordinary General Meeting held on 29 April 2021 and are administered by the Remuneration Committee. Details of the share award granted under DMSAS 2021 are disclosed in Note 20 to the financial statements.

DMSOS 2021

No options were granted during the financial year ended 31 December 2023 to subscribe for unissued shares of the Company. No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Share plans (Cont'd)

DMSAS 2021

Awards under the DMSAS 2021 are granted over fully paid ordinary shares of the Company which vest upon fulfilment of prescribed performance targets within prescribed performance periods. Performance targets are formulated based on medium-term corporate objectives, and include targets covering order book, cash flow, profit before tax and project completion.

At the end of the financial year, details of the ordinary shares under award granted pursuant to the DMSAS 2021, are as follows:

Date of grant	Grant No.	At beginning of the financial year	Share awards granted	Share awards vested	Share awards cancelled	At end of the financial year
16 July 2021	2021 Grant 1	3,098,000	–	(2,949,000)	(149,000)	–
08 July 2022	2022 Grant 1	1,085,000	–	(443,500)	(198,000)	443,500
15 August 2022	2022 Grant 2	588,000	–	(271,000)	(46,000)	271,000
28 February 2023	2023 Grant 1	–	8,374,800	(2,752,200)	–	5,622,600

DMSAS 2021's share awards are granted to selected directors, key executives and employees of the Company. Lim Ah Cheng is the only director who has been granted share awards under DMSAS 2021.

No director or employee received 5% or more of the total number of shares granted during the financial year and aggregated to date, except for the following:

Name of participants	Share award granted during 2023	Aggregate share awards granted since commencement of scheme to 31 December 2023	Aggregate share awards vested since commencement of scheme to 31 December 2023	Aggregate share awards outstanding as at 31 December 2023
Director				
Lim Ah Cheng	3,387,000 (40%)	9,198,000 (44%)	6,818,000	2,380,000
Key executives				
Jerald Lee Quan Ti	544,800 (7%)	1,663,800 (8%)	1,272,600	391,200
Ian Chin Woon Kwong	379,200 (5%)	1,183,200 (6%)	902,400	280,800
Chong Swee Lee	405,000 (5%)	1,131,000 (5%)	833,000	298,000

Controlling shareholders or associate of controlling shareholders are not eligible to participate in the DMSAS 2021.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Audit Committee

The members of the Audit Committee ("AC") at the date of this statement are:

Henry Tan Song Kok	(Chairman)
Lee Kim Lian, Juliana	(Member)
Lim Rui Ping	(Member)

All members of the AC are non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors

- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor

- Reviewed the nature and extent of non-audit services provided by the external auditor

- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit

- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

Further details regarding the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Lim Ah Cheng	Henry Tan Song Kok
Director	Director

Singapore
29 February 2024

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dyna-Mac Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Revenue recognition on construction projects

The Group derives most of its revenue from construction contracts, whereby such revenue is recognised based on management's estimation of the progress of the project activities using the input method that reflects the over-time transfer of control to its customers. The measure of progress is generally determined based on the proportion of contract costs incurred to date to the estimated total costs. The determination of total contract value, progress towards completion and costs to complete these projects involved significant management judgement and estimation uncertainties, and may have an impact on the amount of construction revenue, contract assets and contract liabilities recognised during the year. As such, we determined this as a key audit matter.

As part of the audit, we obtained an understanding of the Group's costing and budgeting process, and the controls put in place to estimate project revenues, costs and profit margins in the current market conditions. For significant projects, we traced significant costs incurred for construction contracts to the relevant supporting documents such as invoices and supplier statements, to ensure that the costs are directly attributable to the contracts tested. We tested the reasonableness of management's estimation of construction progress by comparing the actual cost incurred as a percentage to the total contract costs, including costs to complete and held discussions with senior management of the Group regarding the status of the Group's construction projects and budgeted cost to complete.

We also assessed the adequacy of the disclosures on the Group's project revenue and contract assets and liabilities in Note 4 to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and other sections of the Dyna-Mac Holdings Ltd.'s annual report 2023 ("Other Sections"), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Report on the Audit of the Financial Statements (Cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Po Hsiong Jonathan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

29 February 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000
Revenue	4	**385,171**	291,473
Cost of sales		**(335,080)**	(259,850)
Gross profit		**50,091**	31,623
Other income	5	**7,422**	5,862
Other expenses	5	**(406)**	(191)
Administrative expenses		**(31,735)**	(25,469)
Finance expenses	6	**(101)**	(14)
Share of results of an associate	14	**(210)**	–
Profit before tax	7	**25,061**	11,811
Income tax credit	9	**3,630**	1,594
Net profit for the year		**28,691**	13,405
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		**(42)**	(131)
Total comprehensive income for the year		**28,649**	13,274
Profit attributable to:			
Equity holders of the Company		**28,488**	13,068
Non-controlling interests		**203**	337
		28,691	13,405
Total comprehensive income attributable to:			
Equity holders of the Company		**28,467**	13,022
Non-controlling interests		**182**	252
		28,649	13,274
Earnings per share attributable to equity holders of the Company (cents per share)			
– Basic	22	**2.75**	1.27
– Diluted	22	**2.50**	1.25

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**216,103**	185,432	**599**	4,305
Trade and other receivables	11	**37,875**	30,138	**11,185**	16
Contract assets	4(c)	**1,029**	3,446	**–**	–
Other current assets	12(a)	**972**	1,131	**10**	14
		255,979	220,147	**11,794**	4,335
Non-current assets					
Club membership		**–**	15	**–**	–
Investments in subsidiaries	13	**–**	–	**112,003**	112,003
Investment in an associate	14	**393**	–	**–**	–
Property, plant and equipment	15	**28,064**	28,666	**–**	–
Right-of-use assets	16	**45,722**	23,484	**–**	–
Other non-current assets	12(b)	**7,909**	–	**7,909**	–
Deferred tax assets	19	**7,068**	3,300	**–**	–
		89,156	55,465	**119,912**	112,003
Total assets		**345,135**	275,612	**131,706**	116,338
LIABILITIES					
Current liabilities					
Income tax payable		**–**	124	**–**	–
Trade and other payables	17	**80,027**	78,974	**8,313**	220
Contract liabilities	4(c)	**147,351**	127,582	**–**	–
Deferred capital and grants income	18	**–**	124	**–**	–
Lease liabilities	16	**1,655**	2,440	**–**	–
		229,033	209,244	**8,313**	220
Non-current liabilities					
Deferred tax liabilities	19	**12**	14	**–**	–
Lease liabilities	16	**45,801**	22,354	**–**	–
		45,813	22,368	**–**	–
Total liabilities		**274,846**	231,612	**8,313**	220
Net assets		**70,289**	44,000	**123,393**	116,118
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	**147,080**	146,096	**147,080**	146,096
Other reserves	21	**924**	705	**558**	360
Accumulated losses		**(78,106)**	(103,589)	**(24,245)**	(30,338)
		69,898	43,212	**123,393**	116,118
Non-controlling interests		**391**	788	**–**	–
Total equity		**70,289**	44,000	**123,393**	116,118

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Share capital $'000	Accumulated losses $'000	Other reserves $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2023						
Group						
Opening balance at 1 January 2023	**146,096**	**(103,589)**	**705**	**43,212**	**788**	**44,000**
Total comprehensive income for the year	**–**	**28,488**	**(21)**	**28,467**	**182**	**28,649**
Contributions by and distributions to owners						
Share-based payment	**–**	**–**	**1,182**	**1,182**	**–**	**1,182**
Issuance of new shares under share-based payment	**984**	**–**	**(984)**	**–**	**–**	**–**
Dividends paid relating to financial year ended 31 December 2022 (Note 23)	**–**	**(3,005)**	**–**	**(3,005)**	**–**	**(3,005)**
Total contributions by and distributions to owners	**984**	**(3,005)**	**198**	**(1,823)**	**–**	**(1,823)**
Deemed disposal of a subsidiary	**–**	**–**	**42**	**42**	**(579)**	**(537)**
Closing balance at 31 December 2023	**147,080**	**(78,106)**	**924**	**69,898**	**391**	**70,289**
2022						
Group						
Opening balance at 1 January 2022	145,605	(116,657)	670	29,618	536	30,154
Total comprehensive income for the year	–	13,068	(46)	13,022	252	13,274
Contributions by and distributions to owners						
Share-based payment	–	–	572	572	–	572
Issuance of new shares under share-based payment	491	–	(491)	–	–	–
Total contributions by and distributions to owners	491	–	81	572	–	572
Closing balance at 31 December 2022	146,096	(103,589)	705	43,212	788	44,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Profit before tax		**25,061**	11,811
Adjustments for:			
Amortisation of club membership	7	**1**	1
Amortisation of deferred capital grants		**(124)**	(149)
Depreciation of property, plant and equipment	15	**5,766**	7,118
Depreciation of right-of-use assets	16	**2,588**	2,562
Loss on deemed disposal of a subsidiary	13	**42**	–
Interest expenses	6, 7	**1,007**	791
Interest income	5	**(4,463)**	(1,333)
Loss on disposal of property, plant and equipment	5	**42**	102
Property, plant and equipment written off	5	**36**	–
Share-based payments	20	**1,182**	572
Share of results of an associate	14	**210**	–
Write-back of expected credit losses on trade and other receivables	7	**–**	(197)
Write-off of club membership	5	**14**	–
Unrealised exchange loss		**797**	26
Operating cash flows before changes in working capital		**32,159**	21,304
Changes in working capital:			
Contract assets		**2,417**	(634)
Contract liabilities		**42,632**	36,931
Other current assets		**156**	(403)
Trade and other receivables		**(38,729)**	28,768
Trade and other payables, including deferred grants income		**6,600**	2,331
Cash flows generated from operations		**45,235**	88,297
Income tax paid		**(258)**	(111)
Interest received		**4,382**	382
Net cash flows generated from operating activities		**49,359**	88,568

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
Cash flows from investing activities			
Additions to property, plant and equipment	15	**(3,221)**	(2,239)
Advance payment	12(b)	**(7,909)**	–
Deemed disposal of a subsidiary	13	**(545)**	–
Proceeds from disposal of property, plant and equipment		**8**	63
Net cash flows used in investing activities		**(11,667)**	(2,176)
Cash flows from financing activities			
Dividends paid to equity holders of the Company	23	**(3,005)**	–
Interest expense paid		**(1,007)**	(791)
Payment of principal portion of lease liabilities	16	**(2,164)**	(2,313)
Repayments of bank borrowings		**–**	(4,035)
Net cash flows used in financing activities		**(6,176)**	(7,139)
Net increase in cash and cash equivalents		**31,516**	79,253
Cash and cash equivalents			
Cash and cash equivalents at 1 January		**185,432**	106,340
Effects of exchange rate changes on cash and cash equivalents		**(845)**	(161)
Cash and cash equivalents at 31 December	10	**216,103**	185,432

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

A reconciliation of liabilities arising from financing activities is as follows:

	1 January 2023 $'000	Cash flows $'000	Non-cash changes: Accretion of interest $'000	Non-cash changes: Reclassification $'000	Non-cash changes: Modification of lease liabilities $'000	31 December 2023 $'000
Lease liabilities						
Current	**2,440**	**(3,171)**	**1,007**	**2,512**	**(1,133)**	**1,655**
Non-current	**22,354**	**–**	**–**	**(2,512)**	**25,959**	**45,801**
Total liabilities from financing activities	**24,794**	**(3,171)**	**1,007**	**–**	**24,826**	**47,456**

	1 January 2022 $'000	Cash flows $'000	Non-cash changes: Accretion of interest $'000	Non-cash changes: Reclassification $'000	Non-cash changes: Modification of lease liabilities $'000	31 December 2022 $'000
Bank borrowings						
Current	1,083	(4,044)	9	2,952	–	–
Non-current	2,952	–	–	(2,952)	–	–
Total borrowings	4,035	(4,044)	9	–	–	–
Lease liabilities						
Current	2,298	(3,095)	782	1,721	734	2,440
Non-current	24,075	–	–	(1,721)	–	22,354
Total lease liabilities	26,373	(3,095)	782	–	734	24,794
Total liabilities from financing activities	30,408	(7,139)	791	–	734	24,794

The reclassification of non-current portion of borrowings and lease liabilities are due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

Dyna-Mac Holdings Ltd. (the "Company") is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and is incorporated and domiciled in Singapore. The registered office is at 59 Gul Road, Singapore 629354 and the principal place of business is at 45 Gul Road, Singapore 629350.

The consolidated financial statements relate to the Company and its subsidiaries (collectively, the "Group").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 27 to the financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, viable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(i) Consolidation (Cont'd)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(ii) Acquisitions (Cont'd)

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over (ii) the fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income ("OCI") in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting (Cont'd)

(c) Associate (Cont'd)

The Group account for its investment in associate using the equity method from the date on which it becomes an associate.

Under the equity method the investment in associate are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of the results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has a change recognised in the other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.5 Foreign currency (Cont'd)

(a) Transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Property, plant and equipment

(a) Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Buildings	16 – 42 years
Furniture and fittings and office equipment	5 years
Computers	3 years
Site building and yard improvement	5 – 22 years
Site equipment and tools	5 years
Motor vehicles	5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment (Cont'd)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.7 Intangible assets

Club membership

Club membership is measured initially at cost. Following initial recognition, club membership is carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of club membership is assessed to be 27 years and is reviewed annually to determine whether the useful life assessment continues to be supportable.

Gains or losses arising from de-recognition of club membership is measured as the difference between the net disposal proceeds and the carrying amount of the club membership and are recognised in profit or loss.

2.8 Investments in subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

An impairment loss for an asset (other than goodwill) is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Subsequent measurement

Debt instruments measured at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk. The Group considers a financial asset in default on a case-by-case basis assessment which includes the counterparty going into bankruptcy or a request for a discounted repayment scheme is received due to financial difficulties. Additionally, the Group considers forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.13 Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 Employee benefits

Employee benefits are recognised as an expense as incurred, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Share based payments

Share plans

The Group operates share-based compensation plan. The fair value of the employee services received in exchange for the grant of performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.14 Employee benefits (Cont'd)

(b) Share based payments (Cont'd)

Share plans (Cont'd)

At each balance sheet date, the Group revises its estimates of the number of share awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share reserve over the remaining vesting period.

No expense is recognised for share awards that do not ultimately vest, except share awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When share plan awards are released, the share reserve is transferred to share capital if new shares are issued.

2.15 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.16 Leases (Cont'd)

(a) Group as a lessee (Cont'd)

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Office equipment	1 to 5 years
• Yard facilities	14 to 43 years
• Motor vehicles	1 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as disclosed in Note 2.9.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.16 Leases (Cont'd)

(a) Group as a lessee (Cont'd)

(ii) Lease liabilities (Cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.17 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating revenue within the Group.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Revenue from construction contracts

Revenue from construction contracts is recognised over time as the Group satisfies its performance obligation. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the construction contract.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

(b) Rental income

Rental income arising from operating leases (net of any incentive given to the lessees) is accounted for on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.18 Taxes

(a) Current income tax

Current income tax liabilities for current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.18 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.19 Contingencies

A contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probably that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue from construction contracts

The Group recognised revenue for contracts using a measure depicting performance systematically during the period of project, by reference to timing of transferring control of services to customer.

Significant assumption is required to identify the performance obligations of such contract. The Group has identified that the components of the contract is not distinct within the context of the contract, as the Group performs a significant amount of work to integrate the goods or services with other goods or services promised in the contract and goods or services provided are highly interdependent. Hence the Group has identified that the components in contract revenue represent single performance obligation.

Contract revenue for construction contracts is measured by reference to actual cost incurred to date as a percentage of the total estimated costs for the contract. Significant assumptions are required to estimate the total contract costs. In making these estimates, the Group reviewed the status of the project and is satisfied that the estimates are realistic, and the estimates of total contract costs indicate full project recovery, and relied on experience and knowledge of the project engineers.

The carrying amounts of assets and liabilities arising from ongoing construction contracts at the end of each reporting period are disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. REVENUE

(a) Disaggregation of revenue

	Module business $'000	Group Ad-hoc projects $'000	Total $'000
Geographical information			
2023			
Asia Pacific	**276,926**	**13,877**	**290,803**
Europe	**93,869**	**385**	**94,254**
Americas	**–**	**114**	**114**
	370,795	**14,376**	**385,171**
2022			
Asia Pacific	170,774	16,129	186,903
Europe	99,660	4,910	104,570
	270,434	21,039	291,473
Timing of transfer of goods or service			
2023			
Over time	**370,795**	**14,376**	**385,171**
2022			
Over time	270,434	21,039	291,473

(b) Judgement and methods used in estimating revenue

Recognition of revenue from construction contracts over time

The Group satisfies its construction contracts performance obligations over time. Management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the construction projects as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar construction contracts, analysed by different module types and geographical areas for the past 3 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. REVENUE (CONT'D)

(c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers are disclosed as follows:

	Group		
	31 December		1 January
	2023	2022	2022
	$'000	$'000	$'000
Receivables from contracts with customers (Note 11)	**30,763**	18,481	55,587
Contract assets	**1,029**	3,446	2,812
Contract liabilities	**147,351**	127,582	90,651

Information about the Group's and the Company's exposures to credit and currency risks, and impairment losses for trade and other receivables and contract assets are included in Note 24.

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant changes in contract assets and contract liabilities are explained as follows:

	Group	
	2023	2022
	$'000	$'000
Contract assets reclassified to receivables	**3,446**	2,812
Revenue recognised that was included in the contract liabilities balance at beginning of the year	**127,582**	90,651

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. REVENUE (CONT'D)

(d) Transaction price allocated to remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2023 is $438,206,000 (2022: $412,294,000). This amount has not included the following:

- Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration for one year or less, or
  - The Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

The Group expects to recognise $350,969,000 (2022: $388,136,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December within one year from the respective financial year end.

5. OTHER INCOME AND EXPENSES

	Group	
	2023	**2022**
	$'000	**$'000**
Other income		
Interest income – bank deposits	**4,463**	1,333
Rental income – warehouse, office and container	**131**	128
Government grants	**1,101**	2,931
Sale of scrap metals	**1,632**	1,466
Others	**95**	4
	7,422	5,862
Other expenses		
Loss on disposal of property, plant and equipment	**(42)**	(102)
Property, plant and equipment written off	**(36)**	–
Write-off of club membership	**(14)**	–
Foreign exchange loss, net	**(314)**	(89)
	(406)	(191)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. FINANCE EXPENSES

	Group	
	2023	2022
	$'000	$'000
Interest expense on:		
– Bank borrowings	–	9
– Lease liabilities (Note 16)	101	5
	101	14

7. PROFIT BEFORE TAX

Profit before tax is determined after charging/(crediting) the following:

	Group	
	2023	2022
	$'000	$'000
Expenses by nature		
Sub-contractor charges	133,697	91,275
Materials	138,846	124,150
Direct overheads	15,816	12,951
Employee compensation (Note 8)	47,301	36,907
Expenses relating to short-term leases (Note 16)	16,261	4,859
Interest expenses on lease liabilities (Note 16)	906	777
Depreciation of right-of-use assets included in:		
– Cost of sales	2,456	2,503
– Administrative expenses	132	59
Depreciation of property, plant and equipment included in:		
– Cost of sales	5,481	5,550
– Administrative expenses	285	1,568
Amortisation of club membership	1	1
Transportation and travelling	589	581
Auditors' remuneration		
– Auditors of the Company	207	192
– Other auditors of the subsidiaries	31	34
Non-audit fees		
– Auditors of the Company	43	65
Legal and professional fees	731	314
Entertainment and refreshment	73	56
Property tax	876	876
Insurance	1,003	752
Write-back of expected credit losses on trade and other receivables (Note 11)	–	(197)
Other expenses	2,080	2,046
Total cost of sales and administrative expenses	366,815	285,319

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. EMPLOYEE COMPENSATION

	Group	
	2023	2022
	$'000	$'000
Short-term employee benefits	**40,795**	31,725
Post-employment benefits	**5,324**	4,610
Share-based payment (Note 20)	**1,182**	572
	47,301	36,907

9. INCOME TAX CREDIT

	Group	
	2023	2022
	$'000	$'000
Current income tax		
– Current year income tax	**138**	205
– Under provision in respect of prior years	**–**	1
	138	206
Deferred tax assets		
– Recognition of tax effect from previously unrecognised tax losses	**(3,768)**	(1,800)
Income tax credit	**(3,630)**	(1,594)

A reconciliation between income tax credit and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 is as follows:

	Group	
	2023	2022
	$'000	$'000
Profit before tax	**25,061**	11,811
Tax calculated at rate of 17% (2022: 17%)	**4,260**	2,008
Effects of:		
Different tax rates in other countries	**95**	114
Expenses not deductible for tax purposes	**1,676**	1,793
Income not subject to tax	**(179)**	(342)
Under provision in respect of prior years	**–**	1
Benefits from previously unrecognised tax losses and capital allowances	**(9,485)**	(5,167)
Share of results of an associate	**36**	–
Others	**(33)**	(1)
Income tax credit	**(3,630)**	(1,594)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Cash at bank and on hand	**47,421**	76,920	**599**	805
Short-term bank deposits	**168,682**	108,512	**–**	3,500
	216,103	185,432	**599**	4,305

Short term deposits are made for varying periods, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term bank deposit rates. The weighted average effective interest rates as at 31 December 2023 for the Group and the Company were 3.82% (2022: 1.97%) per annum and nil (2022: 3.26 %) per annum respectively.

As at 31 December 2023, the Group issued bank guarantees amounting to $34,348,000 (2022: $15,679,000) in connection with its contracts with customers. No liability is expected to arise.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade receivables				
– Non-related parties	**28,283**	15,850	**–**	–
– Related party	**2,480**	2,631	**–**	–
	30,763	18,481	**–**	–
Other receivables				
Non-trade amounts due from subsidiary	**–**	–	**10,000**	–
Advances to subsidiaries	**–**	–	**1,185**	3
GST receivables	**3,309**	1,722	**–**	–
Interest receivables	**1,032**	951	**–**	13
Staff loans	**28**	29	**–**	–
Other receivables – Non-related parties	**2,743**	8,955	**–**	–
	7,112	11,657	**11,185**	16
	37,875	30,138	**11,185**	16

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related party refer to companies controlled by a corporate shareholder.

Non-trade amounts due from subsidiary relates to dividend income receivable from a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. TRADE AND OTHER RECEIVABLES (CONT'D)

The advances to subsidiaries are unsecured, interest-free and repayable on demand.

Included in other receivables (non-related parties) are advances to suppliers of $2,273,000 (2022: $8,942,000).

Set out below is the movement in allowance for expected credit losses of other receivables:

	Group	
	2023	**2022**
	$'000	**$'000**
Beginning of financial year	–	(331)
Write-off of expected credit losses	–	134
Write-back of expected credit losses	–	197
End of financial year	–	–

Set out below is the movement in allowance for expected credit losses of advances to subsidiaries:

	Company	
	2023	**2022**
	$'000	**$'000**
Beginning of financial year	–	(5,618)
Write-back of expected credit losses	–	5,618
End of financial year	–	–

Write-back of expected credit losses were made when the related debts are recovered.

12. OTHER CURRENT/NON-CURRENT ASSETS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
(a) Other current assets				
Deposits	**732**	811	–	–
Prepayments	**240**	320	**10**	14
	972	1,131	**10**	14
(b) Other non-current assets				
Advance payment	**7,909**	–	**7,909**	–

Advance payment relates to payment made for acquisition of shares in Exterran Offshore Pte. Ltd. ("Exterran"). Details are included in Note 28(ii).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	$'000	$'000
Shares, at cost		
Beginning of financial year	**131,433**	131,433
Strike off of subsidiaries	**(17,706)**	–
End of financial year	**113,727**	131,433
Impairment losses		
Beginning of financial year	**(19,430)**	(38,017)
Reversal during the year	**–**	18,587
Strike off of subsidiaries during the year	**17,706**	–
End of financial year	**(1,724)**	(19,430)
Net investments in subsidiaries	**112,003**	112,003

Details of the Group's subsidiaries are included in Note 27.

Impairment of investments in subsidiaries

In 2022, the Company reversed impairment losses of $18,587,000 in respect of the investment in a subsidiary following a review of its recoverable amounts. The recoverable amounts for these subsidiaries were determined based on its fair value less cost to sell. The fair value less cost to sell is determined by reference to the estimated net realisable values of the net assets of the subsidiaries.

Deemed disposal of a subsidiary

The Group through its wholly owned subsidiary, Dyna-Mac Offshore Engineering (Shanghai) Co., Ltd. ("DMOE") held a 51% equity interest in DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd. ("DM-CMHI"). The other shareholder of DM-CMHI is China Merchants Heavy Industry Holdings Ltd. ("CMHIH").

On 20 October 2023, the Chairman and legal representative of DM-CMHI was changed from a representative from the Group to a representative from CMHIH. The Group had also relinquished a board seat as well as a seat on the Executive Committee of DM-CMHI, which oversees the day-to-day operations of DM-CMHI, to CMHIH and no longer holds majority on both the Board and the Executive Committee of DM-CMHI. Arising from these changes, the Group has assessed that it no longer controls DM-CMHI.

As the Group continues to have significant influence through board representation, the Group has accounted for its investment in DM-CMHI as an associate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The effects of the deemed disposal on the cash flows of the Group is as follows:

	Group At 20 October 2023 $'000
Carrying amounts of assets and liabilities as at the date of deemed disposal	
Cash and bank balances	545
Trade and other receivables	31,073
Other current assets	3
Total assets	31,621
Trade and other payables	7,576
Contract liabilities	22,863
Total liabilities	30,439
Net assets derecognised	1,182
Less: Non-controlling interests	(579)
Net assets disposed of	603
Net assets disposed of	603
Reclassification of currency translation reserve	42
Total assets	645
Recognition subsequent to deemed disposal:	
Investment in associate	603
Loss on deemed disposal	42
Cashflow from deemed disposal:	
Cash proceeds from deemed disposal	–
Less: Cash and bank balances in subsidiary disposed of	(545)
Net cash outflow on deemed disposal	(545)

The Group has derecognised the net assets, liabilities and non-controlling interest in DM-CMHI and has recognised the investment retained at its fair value.

The fair value of retained interest amounted to $603,000 (Note 14). The Group has engaged an independent valuer to determine the fair value of the net identifiable assets of DM-CMHI. As at the date of audit report, the valuation has been completed and a loss on deemed disposal of a subsidiary amounted to $42,000 has been recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. INVESTMENT IN AN ASSOCIATE

	2023 $'000
Fair value of retained interest upon deemed disposal of a subsidiary (Note 13)	**603**
Add: Share of post-acquisition reserves	**(210)**
	393

Name	Principal activities	Country of incorporation	% of ownership interest 2023 %	2022 %
Held by the company				
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd. ("DM-CMHI")	Contractors for project management, engineering, fabrication and installation of marine works	People's Republic of China	**51**	–

As disclosed in Note 13, the Group had assessed and deemed it has lost control of DM-CMHI due to changes in board and executive committee representation and has accounted for its investment in DM-CMHI as an associate.

The summarised information below represents the amount presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

	2023 $'000
Summarised balance sheet	
Current assets	**10,975**
Current liabilities	**(10,204)**
Net assets	**771**
Proportion of the Group's ownership	**51%**
Group's share of net assets	**393**
Summarised statement of comprehensive income	
Revenue	**41,799**
Loss before tax	**(545)**
Income tax credit	**133**
Loss after tax, representing total comprehensive income	**(412)**

The information presented in the above table includes the results of DM-CMHI only for the period from 20 October 2023 to 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings $'000	Furniture and fittings and office equipment $'000	Computers $'000	Site building and yard improvement $'000	Site equipment and tools $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Group								
2023								
Cost								
Beginning of financial year	15,470	6,154	7,317	81,070	28,546	1,390	–	139,947
Currency translation differences	–	–	(1)	–	(4)	–	–	(5)
Additions	2	3	641	981	1,637	–	1,986	5,250
Disposals	–	(90)	–	(149)	(625)	–	–	(864)
Written off	–	(443)	(3,135)	(14)	(376)	(423)	–	(4,391)
End of financial year	15,472	5,624	4,822	81,888	29,178	967	1,986	139,937
Accumulated depreciation								
Beginning of financial year	10,466	5,832	6,779	60,156	26,659	1,389	–	111,281
Currency translation differences	–	–	(1)	–	(4)	–	–	(5)
Charge for the financial year	975	164	364	3,419	843	1	–	5,766
Disposals	–	(72)	–	(117)	(625)	–	–	(814)
Written off	–	(420)	(3,129)	(14)	(369)	(423)	–	(4,355)
End of financial year	11,441	5,504	4,013	63,444	26,504	967	–	111,873
Net book value								
End of financial year	4,031	120	809	18,444	2,674	–	1,986	28,064

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings $'000	Furniture and fittings and office equipment $'000	Computers $'000	Site building and yard improvement $'000	Site equipment and tools $'000	Motor vehicles $'000	Total $'000
Group							
2022							
Cost							
Beginning of financial year	15,470	6,048	7,075	80,773	29,586	1,390	140,342
Currency translation differences	–	–	(3)	(5)	(47)	–	(55)
Additions	–	106	245	902	1,285	–	2,538
Disposals	–	–	–	(600)	(1,882)	–	(2,482)
Written off	–	–	–	–	(396)	–	(396)
End of financial year	15,470	6,154	7,317	81,070	28,546	1,390	139,947
Accumulated depreciation							
Beginning of financial year	9,491	5,552	6,467	55,835	28,197	1,388	106,930
Currency translation differences	–	–	(2)	(5)	(47)	–	(54)
Charge for the financial year	975	280	314	4,769	779	1	7,118
Disposals	–	–	–	(443)	(1,874)	–	(2,317)
Written off	–	–	–	–	(396)	–	(396)
End of financial year	10,466	5,832	6,779	60,156	26,659	1,389	111,281
Net book value							
End of financial year	5,004	322	538	20,914	1,887	1	28,666

As at 31 December 2023, the Group had outstanding payables amounting to $2,328,000 (2022: $299,000) in relation to the acquisition of property, plant and equipment during the year.

Assets pledged as security

The Group's West Yard and Main Yard with a carrying amount of $10,191,000 (2022: $10,985,000) and $15,074,000 (2022: $17,139,000) respectively, are mortgaged to secure the Group's banking facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. LEASES

Group as a lessee

The Group leases various items of office equipment, vehicles and yard facilities. The leases have varying terms, escalation clauses and renewal rights. Leases of yard facilities typically have a lease term between 14 to 43 years (2022: 16 to 23 years), while office equipment and motor vehicles generally have lease terms between 1 to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are no significant judgements placed on extension clauses in these lease contracts.

The Group also has certain leases of office and dormitory with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land $'000	Office equipment $'000	Total $'000
As at 1 January 2022	25,098	214	25,312
Lease modifications	734	–	734
Depreciation charge	(2,509)	(53)	(2,562)
As at 31 December 2022	23,323	161	23,484
Additions	11,689	–	11,689
Lease modifications	13,137	–	13,137
Depreciation charge	(2,535)	(53)	(2,588)
As at 31 December 2023	**45,614**	**108**	**45,722**

The Group had secured a new long-term lease of a land along Gul Road from Jurong Town Corporation ("JTC") in the current year. The Group's existing yard leases along Gul Road have also concurrently been extended till 2050. As part of the strategic reorganisation of the Group's facilities, Dyna-Mac will return its Pandan Crescent yard to JTC within five years from lease commencement of the new yard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. LEASES (CONT'D)

Group as a lessee (Cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group	
	2023	**2022**
	$'000	**$'000**
Beginning of financial year	**24,794**	26,373
Additions	**11,689**	–
Modification of lease liabilities	**13,137**	734
Accretion of interest	**1,007**	782
Payments	**(3,171)**	(3,095)
End of financial year	**47,456**	24,794
Current	**1,655**	2,440
Non-current	**45,801**	22,354

The maturity analysis of lease liabilities is disclosed in Note 24(c).

The following are the amounts recognised in profit or loss:

	Group	
	2023	**2022**
	$'000	**$'000**
Depreciation expenses	**2,588**	2,562
Interest expenses on lease liabilities included in:		
– Cost of sales	**906**	777
– Finance expenses	**101**	5
Expenses relating to short-term leases included in:		
– Cost of sales	**16,179**	4,779
– Administrative expenses	**82**	80
Total amount recognised in profit or loss	**19,856**	8,203
Total cash outflow for principal portion of lease liabilities	**2,164**	2,313

There are no low value assets during the financial years ended 31 December 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	**19,966**	30,882	**4**	5
Amount due to related parties	**18**	18	**–**	–
Amount due to a subsidiary	**–**	–	**7,909**	7
Accrued operating expenses	**52,557**	43,105	**400**	208
Retention payables	**7,466**	4,487	**–**	–
Other payables	**20**	482	**–**	–
	80,027	78,974	**8,313**	220

Trade payables are non-interest bearing and are normally settled on 30 days terms.

Amount due to related parties and amount due to a subsidiary are unsecured, interest-free and repayable on demand.

18. DEFERRED CAPITAL AND GRANTS INCOME

	Group	
	2023	**2022**
	$'000	**$'000**
Beginning of financial year	**124**	273
Amortisation	**(124)**	(149)
End of financial year	**–**	124
Current	**–**	124

Government grants relates to cash received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

19. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unutilised tax losses of approximately $178,000 (2022: $50,553,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain requirements by the relevant tax authorities, for which no deferred tax has been recognised. The unutilised tax losses have no expiry date except for unutilised tax losses of $158,000 (2022: $896,000) which expire between 2024 to 2028 (2022: 2024 to 2027).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The movement in deferred tax assets and deferred tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Group	
	2023	2022
	$'000	$'000
Deferred tax assets		
Unutilised tax losses	**7,068**	3,300
Deferred tax liabilities		
Differences in depreciation for tax purposes		
Beginning of financial year	**(14)**	(5)
Exchange differences	**2**	(9)
End of financial year	**(12)**	(14)

20. SHARE CAPITAL

	2023		2022	
	No. of ordinary shares '000	Amount $'000	No. of ordinary shares '000	Amount $'000
Beginning of financial year	**1,030,509**	**146,096**	1,026,554	145,605
Issuance of new shares under share-based payment	**6,415**	**984**	3,955	491
End of financial year	**1,036,924**	**147,080**	1,030,509	146,096

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Dyna-Mac Share Plans

Dyna-Mac Share Award Scheme 2021 (DMSAS 2021) was approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 29 April 2021. The share plan is administered by the Remuneration Committee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. SHARE CAPITAL (CONT'D)

Dyna-Mac Share Plans (Cont'd)

The details of the plan are as follows:

Plan Description	Award of fully paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a 3-year performance period
Performance Conditions	(1) Net order book (2) Cashflow (3) Profit before tax (4) Project completion
Final award	100% of the award granted
Vesting condition and schedule	Award will vest equally over 3 years subject to fulfilment of performance conditions. 2021 Grant – All three tranches have vested from FY2021 to FY2023. 2022 Grant – The first and second tranches have vested in FY2022 and FY2023 respectively. 2023 Grant – The first tranche has vested in FY2023.

The share awards vest if and when the Group's performance conditions met within 2 years from the date of grant and the eligible employees remains employed on such date. The share awards granted will not vest if the performance condition is not met.

The fair value of the share award is estimated at the grant date using the market value of shares of the Company.

The aggregate number of shares over which share award may be granted on any date, when added to the number of shares issued and issuable in respect of all share award granted under DMSAS 2021, shall not exceed 15% of the issued shares of the Company on the day preceding that date.

On 16 July 2021, the Company granted awards of 10,029,000 shares under DMSAS 2021. The estimated fair value of the shares granted was $0.10.

On 8 July 2022, the Company granted awards of 1,717,500 shares under DMSAS 2021. The estimated fair value of the shares granted was $0.20.

On 15 August 2022, the Company granted awards of 882,000 shares under DMSAS 2021. The estimated fair value of the shares granted was $0.22.

On 28 February 2023, the Company granted awards of 8,374,800 shares under DMSAS 2021. The estimated fair value of the shares granted was $0.20.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. SHARE CAPITAL (CONT'D)

The expense recognised during the year is shown in the following table:

	2023 $'000	2022 $'000
Share-based payment expenses	**1,182**	572

	2023 Number of shares '000	2022 Number of shares '000
Beginning of financial year	**4,771**	6,686
Granted during the year	**8,375**	2,600
Vested during the year	**(6,415)**	(3,955)
Cancelled during the year	**(394)**	(560)
End of financial year	**6,337**	4,771

21. OTHER RESERVES

	Group	
	2023 $'000	2022 $'000
(a) Composition:		
Foreign currency translation reserve	**366**	345
Share-based payment reserve	**558**	360
	924	705
(b) Movements:		
(i) ***Foreign currency translation reserve***		
Beginning of financial year	**345**	391
Net currency translation differences of financial statements of foreign subsidiaries	**(42)**	(131)
Non-controlling interests	**21**	85
Deemed disposal of a subsidiary	**42**	-
	21	(46)
End of financial year	**366**	345
(ii) ***Share-based payment reserve***		
Beginning of financial year	**360**	279
Share-based payment expenses	**1,182**	572
Issuance of new shares under share-based payment	**(984)**	(491)
End of financial year	**558**	360

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares during the financial year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted to take into account the effects of dilutive potential ordinary shares issuable under exercise of warrants.

	Group	
	2023	**2022**
	$'000	**$'000**
Net profit attributable to equity holders of the Company	**28,488**	13,068
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	**1,035,528**	1,028,189
Adjustment for:		
Potential ordinary shares issuable under exercise of warrants ('000)	**103,928**	16,502
Weighted average number of ordinary shares outstanding used in the calculation of diluted earnings per share ('000)	**1,139,456**	1,044,691
Basic earnings per share (cents per share)	**2.75**	1.27
Diluted earnings per share (cents per share)	**2.50**	1.25

Comparative information has been restated to include dilutive potential ordinary shares for comparison purpose.

23. DIVIDEND

A final cash dividend of 0.83 cents (2022: 0.29) per share tax exempt one-tier in respect of the financial year ended 31 December 2023 has been proposed for approval by shareholders at the next annual general meeting to be convened.

	2023	**2022**
	$'000	**$'000**
Cash dividend on ordinary shares declared and paid:		
Final tax exempt (one-tier) cash dividend for 2022: 0.29 cents per share (2021: Nil cent per share)	**3,005**	–
Proposed dividend on ordinary share:		
Final tax exempt (one-tier) cash dividend for 2023: 0.83 cents per share (2022: 0.29 cents per share)	**8,606**	2,988

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The senior management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore. Entities in the Group regularly transact in currencies other than the Singapore Dollar ("SGD"), which is the functional currency of most of the companies in the Group.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. The Group manages the foreign exchange exposure by keeping cash balances in different currencies and maintaining a policy of matching as far as possible, receipts and payments in each currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	EUR $'000	CNY $'000	Others $'000	Total $'000
Group						
31 December 2023						
Financial assets						
Cash and cash equivalents	**186,301**	**29,306**	**–**	**482**	**14**	**216,103**
Trade and other receivables	**19,721**	**12,515**	**–**	**27**	**30**	**32,293**
Deposits	**732**	**–**	**–**	**–**	**–**	**732**
Total financial assets	**206,754**	**41,821**	**–**	**509**	**44**	**249,128**
Financial liabilities						
Trade and other payables	**75,659**	**3,856**	**387**	**87**	**38**	**80,027**
Lease liabilities	**47,454**	**–**	**–**	**2**	**–**	**47,456**
Total financial liabilities	**123,113**	**3,856**	**387**	**89**	**38**	**127,483**
Net financial assets/ (liabilities) and currency profile of financial instruments	**83,641**	**37,965**	**(387)**	**420**	**6**	**121,645**
Group						
31 December 2022						
Financial assets						
Cash and cash equivalents	149,382	28,970	–	7,066	14	185,432
Trade and other receivables	7,318	–	–	12,124	31	19,473
Deposits	811	–	–	–	–	811
Total financial assets	157,511	28,970	–	19,190	45	205,716
Financial liabilities						
Trade and other payables	58,470	286	4,883	15,297	38	78,974
Lease liabilities	24,787	–	–	7	–	24,794
Total financial liabilities	83,257	286	4,883	15,304	38	103,768
Net financial assets/ (liabilities) and currency profile of financial instruments	74,254	28,684	(4,883)	3,886	7	101,948

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk* (Cont'd)

If USD, EUR and CNY changes against the SGD by 5% (2022: 5%) with all other variables including tax rate being held constant, the effects to the Group's profit after tax arising from the net financial asset/liability position at balance sheet date will be as follows:

	2023 Increase/ (decrease) in profit after tax $'000	2022 Increase/ (decrease) in profit after tax $'000
Group		
USD against SGD		
– Strengthened	**1,898**	1,434
– Weakened	**(1,898)**	(1,434)
EUR against SGD		
– Strengthened	**(19)**	(244)
– Weakened	**19**	244
CNY against SGD		
– Strengthened	**21**	194
– Weakened	**(21)**	(194)

The Company is not exposed to significant currency risk as it transacts mainly in SGD, which is the functional currency of the Company.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables, and contract assets. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group determines the default event on a financial asset on a case-by-case basis assessment which includes the counterparty going into bankruptcy or a request for a discounted repayment scheme is received due to financial difficulties.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the debtor
– A breach of contract, such as a default or past due event
– It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
– There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

Exposure to credit risk

The credit risk for trade receivables based on the information provided to senior management is as follows:

	Group	
	2023	**2022**
	$'000	**$'000**
By types of customers		
Related party	**2,480**	2,631
Non-related parties – Multi-national companies	**28,283**	15,850
	30,763	18,481

The trade receivables of the Group comprise 3 debtors (2022: 3 debtors) that represented 92% (2022: 99%) of trade receivables. As the Group and Company do not hold any collaterals, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially due from companies with a good collection track record with the Group. The Group has no trade receivables past due or impaired that were re-negotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables and advance to subsidiaries (Note 11).

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2023	**2022**
	$'000	**$'000**
Past due up to 3 months	**721**	656
Past due 3 to 6 months	**1,782**	–

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by banking facilities.

The Group and the Company manages its liquidity risk by maintaining sufficient cash and bank balances, maintaining a stand-by banking facilities and by continuously monitoring actual cash flows against forecasts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Group			
	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
2023				
Financial assets:				
Cash and cash equivalents (Note 10)	216,103	–	–	216,103
Trade and other receivables (Note 11)	32,293	–	–	32,293
Deposits (Note 12)	732	–	–	732
Total undiscounted financial assets	249,128	–	–	249,128
Financial liabilities:				
Trade and other payables (Note 17)	80,027	–	–	80,027
Lease liabilities	3,990	18,571	60,203	82,764
Total undiscounted financial liabilities	84,017	18,571	60,203	162,791
Net undiscounted financial assets/ (liabilities)	165,111	(18,571)	(60,203)	86,337

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

	Group			
	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
2022				
Financial assets:				
Cash and cash equivalents (Note 10)	185,432	–	–	185,432
Trade and other receivables (Note 11)	19,473	–	–	19,473
Deposits (Note 12)	811	–	–	811
Total undiscounted financial assets	205,716	–	–	205,716
Financial liabilities:				
Trade and other payables (Note 17)	78,974	–	–	78,974
Lease liabilities	3,166	15,655	9,763	28,584
Total undiscounted financial liabilities	82,140	15,655	9,763	107,558
Net undiscounted financial assets/ (liabilities)	123,576	(15,655)	(9,763)	98,158

The Company's financial assets and financial liabilities as disclosed in Note 24(f) have a maturity profile of less than a year.

(d) Capital risk

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings. The Group's current strategy remains unchanged from the previous financial year.

Management monitors capital based on gearing ratio, which is calculated as total debts divided by total capital. Total debts refers to total borrowings and lease liabilities (Note 16), total equity refers to total equity attributable to the owners of the Company, while total capital is calculated as total equity plus total debts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(d) Capital risk (Cont'd)

	Group	
	2023	2022
	$'000	$'000
Total debts	**47,456**	24,794
Total equity	**69,898**	43,212
Total capital	**117,354**	68,006
Gearing ratio	**40%**	36%

(e) Fair value measurements

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company does not have any financial assets or financial liabilities that are measured at fair values during or at the end of the financial year.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Total financial assets at amortised cost	**249,128**	205,716	**11,784**	4,321
Total financial liabilities at amortised cost	**127,483**	103,768	**8,313**	220

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

Other than those disclosed elsewhere in the financial statements, the Group had the following significant related party transactions on terms agreed during the financial year:

	Group	
	2023	2022
	$'000	$'000
Transactions with a corporate shareholder and its related companies		
Fabrication of topside modules and other ad-hoc services rendered	**13,674**	8,856
Sub-contracting and other ad-hoc services procured	**(3,590)**	(465)
Transactions with related company of a director		
Corporate secretarial services procured	**(58)**	(61)

Outstanding balances as at the end of the financial year, arising from transactions with other related parties, are unsecured and recoverable/payable within 12 months from balance sheet date and are disclosed in Notes 11 and 17 respectively.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2023	2022
	$'000	$'000
Directors		
Short-term employee benefits	**2,603**	1,066
Post-employment benefits	**26**	29
Share-based payments	**429**	209
	3,058	1,304
Senior Management		
Short-term employee benefits	**1,787**	1,549
Post-employment benefits	**117**	89
Share-based payments	**226**	117
	2,130	1,755
	5,188	3,059

Included in directors' short-term employee benefits is an amount of $1,023,000 (2022: $Nil) relating to employee benefits which will be settled in shares after year end. As at the date of this report, no shares have been issued in connection with this.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from a business segment perspective. Management manages and monitors the business in the two primary business segments: Module business and Ad-hoc projects.

The segment information provided to the Board of Directors for the reportable segments is as follows:

	Module business $'000	Ad-hoc projects $'000	Total $'000
2023			
Revenue			
Segment revenue to external parties	**370,795**	**14,376**	**385,171**
Segment gross profit	**41,318**	**8,773**	**50,091**
2022			
Revenue			
Segment revenue to external parties	270,434	21,039	291,473
Segment gross profit	21,794	9,829	31,623

(a) Reconciliations

A reconciliation of segment gross profit to net profit is as follows:

	Group 2023 $'000	Group 2022 $'000
Segment gross profit for reportable segments	**50,091**	31,623
Other income	**7,422**	5,862
Other expenses	**(406)**	(191)
Administrative expenses	**(31,735)**	(25,469)
Finance expenses	**(101)**	(14)
Share of results of an associate	**(210)**	–
Profit before tax	**25,061**	11,811
Income tax credit	**3,630**	1,594
Net profit	**28,691**	13,405

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. SEGMENT INFORMATION (CONT'D)

(b) Geographical information

The Group's revenue, based on the customers' location, are mainly in Europe (Norway, Netherlands and United Kingdom) and Asia Pacific (Singapore, Malaysia, Thailand and China).

	2023 $'000	2022 $'000
Asia Pacific	**290,803**	186,903
Europe	**94,254**	104,570
Americas	**114**	–
	385,171	291,473

The Group's non-current assets are located mainly in Singapore as at 31 December 2023 and 2022.

(c) Revenue from major customers

For the year ended 31 December 2023, the Group generates revenues from transactions with three (2022: three) major customers, making up greater than 10% of the Group's revenue, amounting to a total of $340,141,000 (2022: $270,447,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by non-controlling interests	
			2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Held by the company								
Dyna-Mac Engineering Services Pte. Ltd.[(a)]	Contractors for project management, engineering, fabrication and installation of land and marine works	Singapore	**100**	100	**100**	100	**–**	–
Dyna-Mac Marine and Heavy Engineering Pte. Ltd.[(b)]	Contractors for project management, engineering, fabrication and installation of marine works	Singapore	**–**	100	**–**	100	**–**	–
Dyna-Mac Offshore Services Pte. Ltd.[(a)]	Contractors for repair and marine works	Singapore	**100**	100	**100**	100	**–**	–
DM Haven Automation Industries (S) Pte. Ltd.[(b)]	Repair of ships, tankers and other ocean-going vessels, manufacture and repair of marine engine and ship parts, and the provision of manpower resources for shipping-related projects	Singapore	**–**	100	**–**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. LISTING OF COMPANIES IN THE GROUP (CONT'D)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by non-controlling interests	
			2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Held by the company (Cont'd)								
Dyna-Mac Keppel Philippines Inc.[c]	Contractors for project management, engineering, fabrication and installation of land and marine works	Philippines	**60**	60	**60**	60	**40**	40
Held by subsidiaries								
Dyna-Mac Offshore Engineering (Shanghai) Co., Ltd[d]	Contractors for project management, engineering, fabrication and installation of land and marine work	People's Republic of China	**–**	–	**100**	100	**–**	–
Dyna-Mac Heavy Industry (Jiangsu) Co., Ltd[d]	Contractors for project management, engineering, fabrication and installation of land and marine work	People's Republic of China	**–**	–	**100**	100	**–**	–
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd[e]	Contractors for project management, engineering, fabrication and installation of marine works	People's Republic of China	**–**	–	**–**	51	**49**	49

(a) Audited by Ernst & Young LLP, Singapore
(b) Striked off during the year
(c) In the process of liquidation
(d) Audited by Crowe China Certified Public Accountants (LLP), China (Shanghai Branch)
(e) Deemed disposed during the year due to loss of control

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. SUBSEQUENT EVENTS

(i) On 3 January 2024, the Company has obtained approval from Singapore Exchange Trading ("SGX-ST") for bonus warrants issue of one warrant for every five existing shares at an exercise price of 15 cents for each warrant into a new share. On 23 January 2024, a total of 207,384,835 bonus warrants were issued by the Company. The bonus warrant's exercise period will commence on and including the date falling six months from the warrants listing date, 22 July 2024 and expire at 5.00 p.m. on the date falling nine months from the warrants listing date, 22 October 2024. The bonus warrants cannot be exercised prior to the abovementioned six months' period prior to the warrants listing date.

Assuming that the bonus warrants are fully exercised and converted into new shares, the issued share capital of the Company would increase to 1,244,309,035 shares. The gross proceeds arising from the fully exercise of such bonus warrants will amount to approximately $31,108,000 will be used towards capital expenditure for yard development, general corporate and working capital purposes.

(ii) On 3 January 2024, the Company announced that it acquired all the issued shares in Exterran Offshore Pte. Ltd. ("Exterran") for a cash consideration of US$8,250,000. This acquisition would provide the Group additional fabrication capacity for the Group's current and future projects.

(iii) On 22 February 2024, the Company granted contingent awards of up to 5,459,800 shares to the eligible employees under Dyna-Mac Share Award Scheme 2021 (DMSAS 2021), which will be vested over 2 tranches subject to fulfilment of performance conditions. The estimated fair value of the shares granted was $1,485,000.

29. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Dyna-Mac Holdings Ltd. on 29 February 2024.

INTERESTED PERSON TRANSACTIONS

The aggregate value of the interested person transactions entered into 12 months ended 31 December 2023 are as follows:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)	
		12 months ended 31-Dec-2023 $'000	12 months ended 31-Dec-2022 $'000	12 months ended 31-Dec-2023 $'000	12 months ended 31-Dec-2022 $'000
PURCHASES AND OTHER EXPENSES					
Seatrium Sea Scan Pte Ltd (f.k.a. Keppel Sea Scan Pte Ltd)	Note 1				
Purchase of materials		–	–	120	–
Rental of air compressors		–	–	14	–
Green Scan Pte Ltd	Note 1				
Subcontracting services		–	–	–	425
Asian Lift Pte Ltd	Note 1				
Rental of floating crane/barge		–	–	2,724	41
ST Engineering Marine Ltd	Note 1				
Subcontracting services		–	–	732	–
REVENUE					
Seatrium O&G (Americas) Limited (f.k.a. Keppel Shipyard Limited)	Note 1				
Subcontracting services		–	–	13,674	8,856

Note 1: The interested person is a member of Temasek Group, which the scope of works are approved by shareholders under IPT Mandate in the Annual General Meeting.

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