

CIRCULAR DATED 14 July 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you have sold or transferred all your shares in the capital of the Company held through CDP, you need not forward this Circular, the Notice of Annual General Meeting and the enclosed Proxy Form to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular with the Notice of Annual General Meeting and the enclosed Proxy Form to be sent to the purchaser or the transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Annual General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been reviewed by the Company's Sponsor, Provenance Capital Pte. Ltd. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Ms. Wong Bee Eng, Chief Executive Officer, who can be contacted at 96 Robinson Road, #13-01, SIF Building, Singapore 068899, telephone: (65) 6227 5810, email: wongbe@provenancecapital.com.



VALLIANZ HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199206945E)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE RHC GROUP; AND**
- (2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE HOL GROUP.**

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated or the context otherwise requires:

“2020 AGM”	The annual general meeting of the Company held on 29 September 2020
“2021 Annual Report”	The annual report of the Company for the financial year ended 31 March 2021
“ACRA”	The Accounting and Corporate Regulatory Authority of Singapore
“AGM”	Annual general meeting of the Company
“approved exchange”	A stock exchange that has rules which safeguard the interests of shareholders against Interested Person Transactions according to similar principles to Chapter 9 of the Catalist Rules
“April 2021 EGM”	The extraordinary general meeting of the Company held on 27 April 2021 for the purposes of matters set out in the IPT Circular
“Associate”	<p>(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:</p> <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and <p>(b) in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or other companies taken together (directly or indirectly) have an interest of 30% or more</p>
“associated company”	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
“Audit Committee”	The audit committee of the Company comprising the Independent Directors, Mr. Bote de Vries, Mr. Yeo Jeu Nam and Mr. Chong Chee Keong Chris, as at the Latest Practicable Date
“Board”	The board of directors of the Company as at the Latest Practicable Date
“Catalist”	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	The rules in Section B: Rules of Catalist of the Listing Manual, as amended, supplemented or modified from time to time

DEFINITIONS

“CEO”	The chief executive officer of the Company
“Circular”	This circular to Shareholders dated 14 July 2021
“Company”	Vallianz Holdings Limited
“Constitution”	The constitution of the Company for the time being in force as originally framed, or as amended or modified from time to time
“Controlling Shareholder”	A person who: (a) in fact exercises control over the Company; or (b) holds, directly or indirectly, 15% or more of the nominal amount of all voting shares, excluding treasury shares, in the Company, unless the SGX-ST determines otherwise
“Directors”	The directors of the Company
“EGM”	Extraordinary general meeting of the Company
“entity at risk”	For the purpose of this Circular, any of: (a) the Company; (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group, or the Group and its Interested Persons, has control over such associated company
“Financial Controller”	The financial controller of the Company or its equivalent
“FY”	Financial year ended or ending on 31 March of each calendar year, as the case may be
“Group”	The Company and its subsidiaries
“HOL”	Holmen Heavylift Offshore Pte. Ltd.
“HOL Group”	HOL and its subsidiaries, namely Holmen Artic Pte Ltd, Holmen Atlantic Pte Ltd and Holmen Pacific LLC
“HOL IPT Mandate”	The general mandate given by Shareholders for the HOL Mandated Transactions
“HOL Mandated Transactions”	Has the meaning given to it in Appendix 2 to this Circular
“Independent Director”	An independent director of the Company
“Interested Person”	A director, chief executive officer, or controlling shareholder of the Company, or an Associate of any such director, chief executive officer or controlling shareholder
“Interested Person Transaction”	Transactions between an entity at risk and an Interested Person

DEFINITIONS

“IPT Circular”	The circular to Shareholders dated 12 April 2021
“Latest Practicable Date”	7 July 2021, being the latest practicable date prior to the despatch of this Circular
“Listing Manual”	The listing manual of the SGX-ST as may be amended, supplemented or modified from time to time
“Notice of AGM”	The notice of AGM dated 14 July 2021 convening the upcoming AGM to be held on 29 July 2021
“Ordinary Resolutions”	The ordinary resolutions relating to the proposed renewals of each of the RHC IPT Mandate and HOL IPT Mandate as set out in the Notice of AGM
“Proxy Form”	The proxy form in respect of the upcoming AGM as attached to the 2021 Annual Report
“Register of Members”	The register of members of the Company
“RHC”	Rawabi Holding Company Limited
“RHC Group”	RHC and its subsidiaries
“RHC IPT Mandate”	The general mandate given by Shareholders for the RHC Mandated Transactions
“RHC Mandated Transactions”	Has the meaning given to it in Appendix 1 to this Circular
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Sponsor”	Provenance Capital Pte. Ltd.
“subsidiary”	Has the meaning given to it in Section 5 of the Companies Act
“Substantial Shareholder”	A Shareholder who has an interest in 5% or more of the voting shares of the Company
“SHL”	Swiber Holdings Limited
“SHL Group”	SHL and its subsidiaries

Currencies and unit of measurement

“S\$”	Singapore dollars, the lawful currency of the Republic of Singapore
“US\$” and “US\$ cents”	United States dollars and cents respectively, the lawful currency of the United States of America
“%” or “per cent”	Per centum or percentage

The terms “**depositor**”, “**Depository Register**” and “**depository agent**” shall have the meanings ascribed to them respectively in section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

DEFINITIONS

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or Catalist Rules or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act or Catalist Rules or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated.

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

In this Circular, the figures in United States dollars which are expressed in Singapore dollars (and *vice versa*) are expressed based on the exchange rate of US\$1.00: S\$1.3468 as at the Latest Practicable Date. Such conversions are provided solely for convenience of the readers and should not be confused as representations that the United States dollars amounts stated in this Circular could have been or would have been converted into Singapore dollar amounts or *vice versa*, at the stated rates or at any rate or at all.

LETTER TO SHAREHOLDERS

Board of Directors:

Sheikh Abdulaziz Ali AlTurki (Non-Executive and Non-Independent Chairman)
Mr Darren Yeo Chee Neng (Executive Vice Chairman)
Mr Ling Yong Wah (Chief Executive Officer)
Mr Bote de Vries (Lead Non-Executive Independent Director)
Mr Yeo Jeu Nam (Non-Executive Independent Director)
Mr Chong Chee Keong Chris (Non-Executive Independent Director)

Registered office:

1 Harbourfront Avenue
#06-08 Keppel Bay Tower
Singapore 098632

14 July 2021

To: The Shareholders of Vallianz Holdings Limited

Dear Sir/Madam,

- (1) **THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE RHC GROUP; AND**
- (2) **THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE HOL GROUP.**

1. INTRODUCTION

- 1.1 **AGM.** We refer to the notice of AGM dated 14 July 2021 convening the upcoming AGM to be held on 29 July 2021 and the Ordinary Resolutions.
- 1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the following proposals to be tabled at the upcoming AGM:
 - (a) the proposed renewal of the RHC IPT Mandate; and
 - (b) the proposed renewal of the HOL IPT Mandate,

as further explained in paragraphs 2, 3 and 4 of this Circular and to seek the necessary approvals in relation thereto at the upcoming AGM.

2. THE PROPOSED RENEWAL OF THE RHC IPT MANDATE

- 2.1 **The RHC IPT Mandate.** At the April 2021 EGM, the Shareholders had approved the shareholders' mandate for the Group to enter into certain recurring Interested Person Transactions with the RHC Group. As disclosed under Principle 9 of the Corporate Governance Statement of the 2020 Annual Report, arising from the IPT Review, the Company will be reviewing the existing IPT procedures and processes for the RHC IPT Mandate to fine-tune these procedures and processes, consistent with the proposed remedial actions adopted by the Company as set out in the 2020 Annual Report. Accordingly, the Company had obtained Shareholders' approval during the April 2021 EGM to adopt the new RHC IPT Mandate which will supersede the existing RHC IPT Mandate to be renewed at the upcoming AGM which is scheduled to be held on 29 July 2021. Accordingly, the Directors propose that the Ordinary Resolution relating to the RHC IPT Mandate ("**Ordinary Resolution 9**") be passed to renew the RHC IPT Mandate at the upcoming AGM to take effect until the following AGM. The particulars of the Interested Person Transactions in respect of which the RHC IPT Mandate is sought to be renewed remain unchanged.
- 2.2 **Audit Committee's statement.** The Audit Committee (comprising Mr. Bote de Vries, Mr. Yeo Jeu Nam and Mr. Chong Chee Keong Chris as at the Latest Practicable Date) confirms that:

LETTER TO SHAREHOLDERS

- 2.2.1 the methods or procedures for determining transaction prices under the RHC IPT Mandate has not changed since the April 2021 EGM; and
- 2.2.2 the methods or procedures referred to in sub-paragraph 2.2.1 above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.
- 2.3 As the Company expects recurrent transactions with the RHC Group to continue in the ordinary course of business, in the interest of time, the Company is seeking renewal of the existing RHC IPT Mandate at the forthcoming AGM, which if approved, will enable the existing RHC IPT Mandate to continue in force until the conclusion of the next AGM of the Company.

3. THE PROPOSED RENEWAL OF THE HOL IPT MANDATE

- 3.1 **The HOL IPT Mandate.** At the April 2021 EGM, the Shareholders approved the shareholders' mandate for the Group to enter into certain recurring Interested Person Transactions with the HOL Group. The existing HOL IPT Mandate will, unless renewed, expire on the date of the upcoming AGM which is scheduled to be held on 29 July 2021. Accordingly, the Directors propose that the Ordinary Resolution relating to the HOL IPT Mandate ("**Ordinary Resolution 10**") be passed to renew the HOL IPT Mandate at the upcoming AGM to take effect until the following AGM. The particulars of the Interested Person Transactions in respect of which the HOL IPT Mandate is sought to be renewed remain unchanged.
- 3.2 **Audit Committee's statement.** The Audit Committee (comprising Mr. Bote de Vries, Mr. Yeo Jeu Nam and Mr. Chong Chee Keong Chris as at the Latest Practicable Date) confirms that:
- 3.2.1 the methods or procedures for determining transaction prices under the HOL IPT Mandate has not changed since the April 2021 EGM; and
- 3.2.2 the methods or procedures referred to in sub-paragraph 3.2.1 above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.
- 3.3 As the Company expects recurrent transactions with the HOL Group to continue in the ordinary course of business, in the interest of time, the Company is seeking renewal of the existing HOL IPT Mandate at the forthcoming AGM, which if approved, will enable the existing HOL IPT Mandate to continue in force until the conclusion of the next AGM of the Company.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 4.1 **Directors' and Substantial Shareholders' Interests.** Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders in the Shares are as follows:

	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Sheikh Abdulaziz Ali AlTurki ⁽²⁾	-	-	317,560,389	56.77
Darren Yeo ⁽³⁾	2,000,000	0.36	297,493	0.05
Ling Yong Wah	1,526,146	0.27	-	-
Bote De Vries	136,666	0.02	-	-
Yeo Jeu Nam	336,666	0.06	-	-
Chong Chee Keong Chris	-	-	-	-
Substantial Shareholders				
RHC ⁽²⁾	317,560,389	56.77	-	-
SHL ⁽⁴⁾	115,102,345	20.58	-	-

LETTER TO SHAREHOLDERS

Notes:

- (1) As a percentage of the issued share capital of the Company as at the Latest Practicable Date, comprising, 559,354,434 Shares;
- (2) By virtue of Section 4 of the Securities and Futures Act, Cap. 289, Sheikh Abdulaziz Ali AlTurki is deemed to be interested in the Shares held by RHC as at the Latest Practicable Date;
- (3) By virtue of Section 4 of the Securities and Futures Act, Cap. 289, Darren Yeo is deemed to be interested in 297,493 Shares held by his wife; and
- (4) SHL is a company incorporated in Singapore and listed on the Main Board of the SGX-ST. SHL has been placed under judicial management since 6 October 2016.

5. ANNUAL GENERAL MEETING

The upcoming AGM, notice of which is set out on pages 165 to 171 of the 2021 Annual Report, will be held by way of electronic means through a live webcast 29 July 2021 at 3.00p.m. for the purpose of, *inter alia*, considering and if thought fit, passing with or without modifications, each of the Ordinary Resolutions.

6. ABSTENTIONS FROM VOTING

The proposed renewal of the RHC IPT Mandate. In accordance with the requirements of Chapter 9 of the Catalist Rules, RHC, being a Controlling Shareholder, is regarded as an Interested Person in relation to the RHC IPT Mandate and will abstain, and has undertaken to ensure that its Associates and other Associates of the RHC Group will abstain, from voting on Ordinary Resolution 9 relating to the proposed renewal of the RHC IPT Mandate at the upcoming AGM.

Such persons will also decline to accept appointment as proxy to vote and attend at the upcoming AGM in respect of the said Ordinary Resolution unless such persons have been given specific instructions as to the manner in which their votes are to be cast.

The proposed renewal of the HOL IPT Mandate. In accordance with the requirements of Chapter 9 of the Catalist Rules, SHL, a Controlling Shareholder, is regarded as an Interested Person in relation to the HOL IPT Mandate as it does not fulfil the requirements under Catalist Rule 915(3), and will abstain, and has undertaken to ensure that its Associates and other Associates of the SHL Group will abstain, from voting on Ordinary Resolution 10 relating to the proposed renewal of the HOL IPT Mandate at the upcoming AGM.

In addition, RHC, a Controlling Shareholder, could potentially become a controlling shareholder of the HOL Group indirectly as disclosed in Section 14.1 of the IPT Circular, is regarded as an Interested Person in relation to the HOL IPT Mandate, and will abstain, and has undertaken to ensure that its Associates and other Associates of the RHC Group will abstain, from voting on Ordinary Resolution 10 relating to the proposed renewal of the HOL IPT Mandate at the upcoming AGM.

Such persons will also decline to accept appointment as proxy to vote and attend at the upcoming AGM in respect of the said Ordinary Resolution unless such persons have been given specific instructions as to the manner in which their votes are to be cast.

7. DIRECTORS' RECOMMENDATIONS

- 7.1 **The proposed renewal of the RHC IPT Mandate.** All the Directors, save for Sheikh Abdulaziz Ali AlTurki, are deemed independent for the purposes of the renewal of the RHC IPT Mandate and are of the opinion that the proposed renewal of the RHC IPT Mandate is in the best interests of the Company and recommend that Shareholders vote in favour of Ordinary Resolution 9 to be proposed at the upcoming AGM.

LETTER TO SHAREHOLDERS

- 7.2 **The proposed renewal of the HOL IPT Mandate.** All the Directors, save for Sheikh Abdulaziz Ali AlTurki, are deemed independent for the purposes of the renewal of the HOL IPT Mandate and are of the opinion that the proposed renewal of the HOL IPT Mandate is in the best interests of the Company and recommend that Shareholders vote in favour of Ordinary Resolution 10 to be proposed at the upcoming AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the RHC IPT Mandate and the HOL IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/ or reproduced in this Circular in its proper form and context.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, the AGM will be conducted only by electronic means and Shareholders will not be able to physically attend the AGM. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) watching the AGM proceedings through a "live" webcast comprising both video (audiovisual) and audio feeds, (b) submitting questions in advance of the AGM, and (c) voting by proxy at the AGM. Please refer to the Notice of AGM set out on pages 165 to 171 of the FY2021 Annual Report of the Company for further details.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the upcoming AGM:

- (a) the Constitution; and
- (b) the 2021 Annual Report.

Yours faithfully,

Ling Yong Wah
Chief Executive Officer
For and on behalf of the Board of Directors of
VALLIANZ HOLDINGS LIMITED

APPENDIX 1 – RHC IPT MANDATE

1. Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's Interested Persons but such mandate shall not be in respect of the purchase or sale of assets, undertakings or businesses. Due to the time-sensitive nature of commercial transactions, such a mandate will enable a listed company, in its ordinary course of business, to enter into certain categories of transactions with certain classes of Interested Persons, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the company and its minority shareholders.

At the April 2021 EGM, the Shareholders approved the shareholders' mandate for the Group to enter into certain recurring Interested Person Transactions with the RHC Group. The existing RHC IPT Mandate will, unless renewed, expire on the date of the upcoming AGM which is scheduled to be held on 29 July 2021.

Interested person transactions that do not fall within the ambit of the RHC IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Catalist Rules.

2. Categories of Interested Person Transactions

The categories of IPTs which will be covered under the RHC IPT Mandate shall include:

- (a) rental of premises from the RHC Group (the "**Rental of Premises**");
- (b) obtaining corporate services from the RHC Group (the "**RHC Corporate Services**");
- (c) other than paragraph (b) above, obtaining other goods and services from the RHC Group which include but are not limited to information technology equipment, stationery, air tickets and accommodation (the "**Other RHC Goods and Services**");
- (d) chartering of vessels from the RHC Group ("**Vessel Charters from RHC Group**");
- (e) chartering of vessels to the RHC Group ("**Vessel Charters to RHC Group**"); and
- (f) provision of project management services to the RHC Group, including project management and consultancy services like feasibility studies, special investigations, technical advice and interface between various parties and the procurement and/or provision of vessels, equipment and materials for such projects ("**Project Management Services to RHC Group**"),

(collectively, "**RHC Mandated Transactions**").

The RHC IPT Mandate will not cover any IPT that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

3. Classes of Interested Persons

RHC is a Controlling Shareholder holding 317,560,389 Shares as at the Latest Practicable Date, representing an interest of approximately 56.77% in the share capital of the Company. Accordingly, RHC is an interested person for the purpose of Chapter 9 of the Catalist Rules.

The RHC IPT Mandate will apply to the Group's transactions with the RHC Group.

APPENDIX 1 – RHC IPT MANDATE

4. Rationale for and benefits of the RHC IPT Mandate

RHC is a company based in Al-Khobar (Eastern Province), Kingdom of Saudi Arabia and has been in business for around 40 years. Its core business is related to the oil and gas industry, specifically in the drilling and related oilfield services. RHC is also involved in the engineering and construction industry, owning and operating of several manufacturing facilities, and is involved heavily in the growing regional telecommunications and information technology industry. RHC has international partners from more than 12 countries and represents over 40 worldwide prominent companies.

In relation to the RHC Mandated Transactions, the Directors believe that such transactions are in the interest of the Group for the following reasons:

- (a) In relation to the Rental of Premises from the RHC Group and obtaining RHC Corporate Services, it will enable the Group to tap on the RHC Group's resources and personnel for administrative work which would enable the Group to have a more efficient administrative set-up;
- (b) In relation to obtaining Other RHC Goods and Services, it would enable the Group to tap on the RHC Group's existing network and enjoy economies of scale in the procurement of goods and services; and
- (c) In relation to the procurement of Vessel Charters from RHC Group, it would enable the Group to tap on the RHC Group's existing resources and network to enjoy economies of scale in the procurement of vessel charters and to allow the Group to offer a wider range of vessels to its customers; and
- (d) In relation to the provision of Vessel Charters to RHC Group and Project Management Services to RHC Group, it will enable the Group to gain greater access to a wider customer base and also allows the Group to tap on the RHC Group's goodwill, market share, expertise and resources in the offshore industry.

The renewal of the RHC IPT Mandate will enable the Group to continue with the recurrent RHC Mandated Transactions which are necessary and in the ordinary course of business of the Group, subject to the procedures and processes as set out in Section 5 below to ensure that the RHC Mandated Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The renewal of the RHC IPT Mandate will eliminate the need to convene separate EGMs from time to time to seek minority Shareholders' approval as and when potential RHC Mandated Transactions arise or prior to implementing any RHC Mandated Transactions (which may be of a recurrent nature, premised on the underlying arrangements). This would substantially reduce the administrative time and expenses in convening such meetings (including the engagement of external advisers and preparation of documentation) on an ad hoc basis and improve administrative efficiency and efficacy considerably, by allowing manpower resources and time to be channelled towards attaining other business objectives of the Company without compromising the Company's corporate objectives or adversely affecting the business opportunities available to the Company. Consequently, the Company will be able to respond quickly to the dynamics of evolving commercial transactions which are generally time-sensitive.

5. Guidelines and review procedures for transactions under the RHC IPT Mandate

The Group has implemented the following guidelines and review procedures pursuant to the RHC IPT Mandate to ensure that the RHC Mandated Transactions are undertaken on normal commercial terms consistent with its usual business practice and policies and are not prejudicial to the interests of the Company and its minority Shareholders. For the purposes of this section, the term "value" in relation to each RHC Mandated Transactions shall, in accordance with Rule 909 of the Catalist Rules, mean the amount at risk to the Group.

APPENDIX 1 – RHC IPT MANDATE

Methods and procedures for determining prices or value for the RHC Mandated Transactions under the RHC IPT Mandate

(a) Rental of Premises

The rates and terms of the lease with the RHC Group will be reviewed before entry into the lease or at the point of renewal (as the case may be).

The Group will compare the terms of the lease entered with the RHC Group with at least two leases between the RHC Group and their other unrelated third party tenants in the same building(s). If there are no other unrelated third party tenants in the same building(s), the Group will compare with at least two unrelated third party lessors for similar space or buildings that are of similar or comparable standing within the same vicinity. The terms of the lease extended to the Group should not be more favourable to the RHC Group when compared to the rates and terms extended to such unrelated third parties or the rates and terms offered by unrelated third party lessors, as the case may be.

In the event that quotations from unrelated third parties are not available in respect of a Rental of Premises, the Company will engage a property valuer to perform an independent rental valuation as a basis for comparison to determine whether the rates and terms offered by the RHC Group are fair and reasonable.

In the event of any variation to the terms of the Rental of Premises from the RHC Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for such variation. The Review Committee (as defined below) shall review any such variation to ensure that the RHC Mandated Transactions continues to be made on the Group's normal commercial terms.

The "Review Committee" shall comprise 2 Executive Directors and, the Head of Compliance, each of whom shall not have any direct or indirect interest in the RHC Mandated Transaction. Presently, the Review Committee will comprise Mr Yeo Chee Neng (Executive Vice Chairman), Mr Ling Yong Wah (Executive Director and CEO) and Mr Tony Seah (Head of Compliance).

(b) Obtaining of RHC Corporate Services

The corporate services fees charged to the Group by the RHC Group will be derived on a cost-recovery basis, after taking into account the Group's share of the costs as a proportion of the total actual costs incurred by the RHC Group for providing such services.

The Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the RHC Mandated Transactions will review the basis and computation of the share of costs charged by the RHC Group to the Group.

(c) Obtaining of Other RHC Goods and Services

When purchasing goods from or through the RHC Group or engaging services not included in the RHC Corporate Services from the RHC Group, the pricing and fees for services or products will be based on a cost reimbursement basis.

The Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the RHC Mandated Transactions will review the supporting documents to ensure that the costs charged by the RHC Group to the Group are on a cost reimbursement basis.

(d) Procurement of Vessel Charters from RHC Group

To ensure that the RHC Mandated Transactions are carried out at arm's length on normal commercial terms and will not be prejudicial to the interests of the Company and its minority

APPENDIX 1 – RHC IPT MANDATE

Shareholders, the Group will obtain at least two quotes (wherever possible or available) from independent shipbrokers or other ship owners for similar vessels before entering into or renewing a chartering agreement. The fees payable by the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by unrelated third parties to the Group.

In addition, in assessing the charter hire rates for the Vessel Charters from RHC Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the RHC Mandated Transactions, will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters from RHC Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters from RHC Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the RHC Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that quotes from independent shipbrokers or other ship owners are not available, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the RHC Group before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the RHC Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the RHC Mandated Transactions.

(e) Provision of Vessel Charters to RHC Group

When providing the Vessel Charters to RHC Group, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not limited to, valuations of the vessel, term of the charter, financing costs and the level of risks involved.

Taking into account preferential rates and discounts which may be accorded to long-term customers or customers with exclusive business relationships with the Group (each a "**Preferential Customer**"), the Group will endeavour to compare the terms of the Vessel Charter to RHC Group with at least two recent vessel charter contracts of a similar nature (if available) entered into by the Group with unrelated Preferential Customers. The terms offered to the RHC Group will not be more favourable than that offered to another unrelated Preferential Customer.

In addition, in assessing the charter hire fees for the Vessel Charters to RHC Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the RHC Mandated Transactions will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters to RHC Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters to RHC Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for such variation. The Review Committee shall review any such variation to ensure that the RHC Mandated Transactions continue to be made on the Group's normal commercial terms.

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In the event that it is not possible to compare the terms of the Vessel Charters to RHC Group with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, entering into the RHC Mandated Transactions before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the RHC Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the RHC Mandated Transaction.

(f) Provision of Project Management Services to RHC Group

When providing Project Management Services to RHC Group, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not limited to, nature of the services, complexity of the contracts or transactions, customer requirements and specifications, and strategic purpose of the transaction. Taking into account preferential rates and discounts which may be accorded to a preferential customer, the Group will endeavour to compare the terms of the Project Management Services to RHC Group with at least 2 recent contracts or agreements of a similar nature (if available) entered into by the Group with unrelated Preferential Customers. The terms offered to the RHC Group will not be more favourable than that offered to another unrelated Preferential Customer.

In addition, in assessing the fees for the provision of the Project Management Services to RHC Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the RHC Mandated Transactions, will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms for the provision of the Project Management Services to RHC Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms in relation to the provision of Project Management Services to RHC Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the RHC Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that it is not possible to compare the terms of the Project Management Services to RHC Group with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, entering into the RHC Mandated Transactions before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the RHC Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the RHC Mandated Transactions.

Approval Thresholds

Approval process for the Rental of Premises

The Group will monitor all Rental of Premises from the RHC Group and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$1 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$1

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million but less than US\$2 million; and

- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$2 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the RHC Group or to the RHC Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the RHC Group or to the RHC Mandated Transaction.

The above threshold limits take into account, inter alia, the past rental experience and expected future lease tenure which are typically for a period of 3 years. It is not expected for the value of the RHC Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the RHC Group and the nature of the transactions.

Approval process for the obtaining of RHC Corporate Services

The Group will monitor all transactions in relation to obtaining RHC Corporate Services and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$1 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$1 million but less than US\$2 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$2 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the RHC Group or to the RHC Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the RHC Group or to the RHC Mandated Transaction.

The above threshold limits take into account, inter alia, past corporate services obtained from the RHC Group and expected corporate services from the RHC Group which are typically for a period of 3 years. It is not expected for the value of the RHC Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the RHC Group and the nature of the transactions.

Approval process for the obtaining of Other RHC Goods and Services

The Group will monitor all transactions in relation to obtaining Other RHC Goods and Services and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$1 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$1 million but less than US\$2 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$2 million.

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Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the RHC Group or to the RHC Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the RHC Group or to the RHC Mandated Transaction.

The above threshold limits take into account, inter alia, similar transactions obtained in the past from the RHC Group and that these transactions are charged based on a cost reimbursement basis. It is not expected for the value of the RHC Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the RHC Group and the nature of the transactions.

Vessel Charters to/from RHC Group

The Group will monitor all transactions for Vessel Charters to and from RHC Group and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$20 million; and
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$20 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with 2 Directors all of whom shall not have any interests, whether direct or deemed, in relation to the RHC Group or to the RHC Mandated Transaction.

In addition to the required approvals for Category 1 Transaction, Category 2 Transaction shall also be pre-approved by majority members of the Audit Committee who shall not have any interests, whether direct or deemed, in relation to the RHC Group or to the RHC Mandated Transaction.

The above threshold limits take into account, inter alia, the past transactions with the RHC Group, expected frequency, size of the transactions, type of arrangements and duration which are typically for a period of 5 years or more.

Approval process for the provision of Project Management Services to RHC Group

The Group will monitor all transactions for the provision of the Project Management Services to RHC Group and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$3 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$3 million but less than US\$6 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$6 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the RHC Group or to the RHC Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the RHC Group or to the RHC Mandated Transaction.

The above threshold limits take into account, inter alia, past transactions of similar nature with the RHC Group, expected volume, frequency, size of the transactions and type of

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arrangements. It is not expected for the value of the RHC Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the RHC Group and the nature of the transactions.

6. Additional guidelines and review procedures

The additional guidelines and review procedures to supplement the above guidelines on the methods and procedures and approval thresholds for the RHC IPT Mandate are as follows:

- (a) The Head of Compliance shall maintain the register of Interested Persons (as defined in the Catalist Rules) which will include the Company's Directors, CEO and Controlling Shareholders, and their respective Associates (as defined in the Catalist Rules), and shall update the register immediately if there are any changes and review the register regularly, at least on a quarterly basis. In this regard, the Head of Compliance will proactively seek written confirmation from each of the Directors, CEO and Controlling Shareholders on a quarterly basis on their respective list of interested persons. The Directors, CEO and Controlling Shareholders are also required to inform the Head of Compliance as and when there is any change in the information with respect to their Associates that they had previously disclosed to the Company.
- (b) Subsidiaries and associated companies of the Group are required to inform the Finance Team of any upcoming RHC Mandated Transactions so that the relevant IPT procedures can be complied with and relevant prior approvals obtained in accordance with the RHC IPT Mandate.
- (c) All Interested Person Transactions entered into pursuant to the RHC IPT Mandate including the factors that have been taken into account in arriving at the terms, as well as any other quotations or evidence obtained to support such basis, shall be recorded and maintained in a register ("**IPT Register**") by the Finance Team.
- (d) The Finance Director or the Financial Controller equivalent shall review the Interested Person Transactions recorded in the IPT Register on a monthly basis to ensure that the IPTs are in compliance with the review procedures set out in the RHC IPT Mandate.
- (e) The Finance Director or the Financial Controller equivalent shall, on a quarterly basis, report to the Audit Committee on the Interested Person Transactions and the basis on which such transactions were entered into with the Interested Persons during the preceding quarter. The Audit Committee and Head of Compliance will review the IPT Register on a quarterly basis.
- (f) The Group's external auditors will review the Interested Person Transactions as part of the Group's annual audit. The external auditors will report any non-compliance issues noted from the audit to the Audit Committee.
- (g) The Group will incorporate a review of all Interested Person Transactions (excluding transaction that is below S\$100,000 in value) in its internal audit plan. The internal auditors will review the Interested Person Transactions to check that the relevant approvals have been obtained and the guidelines and review procedures have been adhered to, in the case of the RHC Mandated Transactions in accordance with the RHC IPT Mandate. The internal auditors will submit their review reports to the Audit Committee on a half yearly basis.
- (h) Generally, the Audit Committee will only approve an Interested Person Transaction if the terms of the Interested Person Transaction are no more favourable than the terms extended to unrelated third parties, or are in accordance with published or prevailing rates/prices or are otherwise in accordance with prevailing industry norms. Any member of the Audit Committee may, as he deems fit, request for additional information pertaining to the Interested Person Transaction under review from independent sources or advisers.
- (i) For the purpose of the above review and approval process, any Director, who has an interest in the Interested Person Transaction under review and is not considered to be independent, will

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abstain from participating and voting on any resolution relating to the Interested Person Transaction.

7. Disclosure to Shareholders

The Company will announce the aggregate value of RHC Mandated Transactions for each financial period on which the Company is required to report pursuant to the Catalist Rules and within the time required for the announcement of such reports in accordance with Rule 920(1) (a)(ii) of the Catalist Rules.

The Company will also disclose in the Company's annual report details of the aggregate value of all Interested Person Transactions and RHC Mandated Transactions during the current financial year, and in the annual reports for the subsequent financial years during which the RHC IPT Mandate is in force in accordance with Rule 920(1)(a)(i) of the Catalist Rules. The name of the Interested Person(s) and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format:

Name of Interested Person	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the RHC IPT Mandate) pursuant to Rule 920 of the Catalist Rules	Aggregate value of all Mandated Transactions (excluding transactions less than S\$100,000) pursuant to Rule 920 of the Catalist Rules
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8. Audit Committee

The Audit Committee shall review such guidelines and procedures from time to time to determine if they continue to be adequate and/or commercially practicable in ensuring that transactions between the Company and Interested Persons are conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee will also carry out periodic reviews (not less than four times in a financial year) to ensure that the guidelines and review procedures for the RHC Mandated Transactions have been complied with and the relevant approvals obtained. Further, if during these periodic reviews, the Audit Committee is of the view that the above guidelines and review procedures are not sufficient to ensure that the RHC Mandated Transactions will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for the RHC Mandated Transactions.

9. Interested Audit Committee member to abstain

If a member of the Audit Committee has an interest in an Interested Person Transaction to be reviewed by the Audit Committee, he will abstain from voting on any resolution relating to the Interested Person Transaction and abstain from any decision making in respect of that transaction, and the review of the established review procedures for the Interested Person Transaction and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

10. Renewal of the RHC IPT Mandate

The renewal of the RHC IPT Mandate will take effect from the date of passing of the Ordinary Resolution relating thereto and will (unless revoked or varied by the Company in general meeting) continue in force until the date on which the next AGM is held or is required by law to be held.

Thereafter, approval from the Shareholders for subsequent renewals of the RHC IPT Mandate will be sought at each subsequent AGM. RHC and its Associates will abstain from voting on such

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resolutions for the renewals of the RHC IPT Mandate. Furthermore, RHC and its Associates shall not act as proxies in relation to the resolutions unless specific voting instructions have been given by the relevant Shareholder.

Pursuant to Rule 920(1)(c) of the Catalist Rules, an independent financial adviser's opinion will not be required for the renewal of the RHC IPT Mandate if the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices have not changed since the last approval of the Shareholders was obtained for the RHC IPT Mandate; and
- (b) the methods or procedures in sub-paragraph (a) above are sufficient to ensure that the transactions under the RHC IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

1. Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's Interested Persons but such mandate shall not be in respect of the purchase or sale of assets, undertakings or businesses. Due to the time-sensitive nature of commercial transactions, such a mandate will enable a listed company, in its ordinary course of business, to enter into certain categories of transactions with certain classes of Interested Persons, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the company and its minority shareholders.

At the April 2021 EGM, the Shareholders approved the shareholders' mandate for the Group to enter into certain recurring Interested Person Transactions with the HOL Group. The existing HOL IPT Mandate will, unless renewed, expire on the date of the upcoming AGM which is scheduled to be held on 29 July 2021.

Interested person transactions that do not fall within the ambit of the HOL IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Catalist Rules.

2. Categories of IPTs

The categories of IPTs which will be covered under the HOL IPT Mandate shall include:

- (a) provision of corporate services to the HOL Group ("**HOL Corporate Services**");
- (b) chartering of vessels to the HOL Group ("**Vessel Charters to HOL Group**");
- (c) chartering of vessels from the HOL Group ("**Vessel Charters from HOL Group**"); and
- (d) provision of shipyard and related services to the HOL Group ("**HOL Shipyard Services**"),

(collectively, "**HOL Mandated Transactions**").

The HOL IPT Mandate will not cover any IPT that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

3. Classes of interested persons

In accordance with the requirements of Chapter 9 of the Catalist Rules, SHL, a Controlling Shareholder, is regarded as an Interested Person in relation to the HOL IPT Mandate as it does not fulfil the requirements under Catalist Rule 915(3).

In addition, RHC, a Controlling Shareholder, could potentially become a controlling shareholder of the HOL Group indirectly as disclosed on section 7 of this circular, is regarded as an Interested Person in relation to the HOL IPT Mandate.

4. Rationale for, and benefits of the HOL IPT Mandate

As the Group anticipates that it will, in the ordinary course of business, continue to enter into such recurrent IPTs with the HOL Group, the Company therefore proposes the adoption of the HOL IPT Mandate.

In relation to the HOL Mandated Transactions, the Directors believe that such transactions are in the interest of the Group for the following reasons:

- (a) In relation to the Vessel Charters to HOL Group and the HOL Shipyard Services, the provision of the aforementioned services is to support the operations of the HOL Group as a subsidiary of the Group; and
- (b) In relation to the HOL Corporate Services, these are normal inter-company services provided to the Group's subsidiaries for their day-to-day operations.

The renewal of the HOL IPT Mandate on an annual basis will eliminate the need to convene separate EGMs from time to time to seek minority Shareholders' approval as and when potential HOL Mandated Transactions arise or prior to implementing any HOL Mandated Transactions (which may be of a recurrent nature, premised on the underlying arrangements). This would substantially reduce the administrative time and expenses in convening such meetings (including the engagement of external advisers and preparation of documentation) on an *ad hoc* basis and improve administrative efficiency and efficacy considerably, by allowing manpower resources and time to be channelled towards attaining other business objectives of the Company without compromising the Company's corporate objectives or adversely affecting the business opportunities available to the Company. Consequently, the Company will be able to respond quickly to the dynamics of evolving commercial transactions which are generally time-sensitive.

The HOL IPT Mandate is intended to facilitate the HOL Mandated Transactions which are necessary and in the ordinary course of business of the Group, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

5. Guidelines and Review Procedures for Transactions under the HOL IPT Mandate

The Group has implemented the following guidelines and review procedures pursuant to the HOL IPT Mandate to ensure that the HOL Mandated Transactions are undertaken on normal commercial terms consistent with its usual business practice and policies and are not prejudicial to the interests of the Company and its minority Shareholders. For the purposes of this section, the term "value" in relation to each HOL Mandated Transaction shall, in accordance with Rule 909 of the Catalyst Rules, mean the amount at risk to the Group.

5.1 Methods and procedures for determining prices or value for the HOL Mandated Transactions under the Holmen IPT Mandate

(a) Provision of HOL Corporate Services

The corporate services fees are charged to the HOL Group on a cost-recovery basis based on an allocation of the Group's manpower overheads to its subsidiaries by taking into consideration the estimated resource requirements of the HOL Group.

(b) Provision of Vessel Charters to HOL Group

When providing Vessel Charters to HOL Group, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not

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limited to, valuations of the vessel, term of the charter, financing costs and the level of risks involved.

Taking into account preferential rates and discounts which may be accorded to long-term customers or customers with exclusive business relationships with the Group (each a “**Preferential Customer**”), the Group will endeavour to compare the terms of the Vessel Charter to HOL Group with at least two recent vessel charter contracts of a similar nature (if available) entered into by the Group with unrelated Preferential Customers. The terms offered to the HOL Group will not be more favourable than that offered to another unrelated Preferential Customer.

In addition, in assessing the charter hire fees for the Vessel Charters to HOL Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the HOL Mandated Transactions will, based on his industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters to HOL Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters to HOL Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for such variation. The Review Committee (as defined below) shall review any such variation to ensure that the HOL Mandated Transactions continue to be made on the Group’s normal commercial terms.

The “**Review Committee**” shall comprise 2 Executive Directors and, the Head of Compliance, each of whom shall not have any direct or indirect interest in the HOL Mandated Transaction. Presently, the Review Committee will comprise Mr Yeo Chee Neng (Executive Vice Chairman) and Mr Ling Yong Wah (Executive Director and CEO) and Mr Tony Seah (Head of Compliance).

In the event that it is not possible to compare the terms of the Vessel Charters to HOL Group with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, entering into the HOL Mandated Transaction before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the HOL Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the HOL Mandated Transaction.

(c) **Procurement of Vessel Charters from HOL Group**

To ensure that the HOL Mandated Transactions are carried out at arm’s length on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Group will endeavour to obtain at least two quotes (wherever possible or available) from independent shipbrokers or other ship owners for similar vessels before entering into or renewing a chartering agreement. The fees payable by the Group shall be on pricing and terms which are no more favourable than the usual commercial terms and prevailing market rates extended by unrelated third parties to the Group.

In addition, in assessing the charter hire rates for the Vessel Charters from HOL Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the HOL Mandated Transactions, will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters from HOL Group

are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters from HOL Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the HOL Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that quotes from independent shipbrokers or other ship owners are not available, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the HOL Group before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the HOL Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the HOL Mandated Transactions.

(d) Provision of HOL Shipyard Services

When providing HOL Shipyard Services, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not limited to, nature of the services, complexity of the contracts or transactions, customer requirements and specifications, and strategic purpose of the transaction.

In addition, in assessing the terms of the HOL Shipyard Services to the HOL Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the HOL Mandated Transactions, will, based on his industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the provision of HOL Shipyard Services are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the HOL Shipyard Services, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the HOL Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that it is not possible to compare the terms of the HOL Shipyards Services with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the HOL Group before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the HOL Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the HOL Mandated Transactions.

5.2 Approval Thresholds

Provision of HOL Corporate Services

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The Group will monitor all transactions for the provision of HOL Corporate Services and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$1 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$1 million but less than US\$2 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$2 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the HOL Group or to the HOL Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the HOL Group or to the HOL Mandated Transaction.

The above threshold limits take into account, *inter alia*, past corporate services provided to the HOL Group and expected corporate services to be provided to the HOL Group which are typically for a period of 3 years. It is not expected for the value of the HOL Mandated Transaction to reach the threshold of Category 3 Transaction based on past corporate services provided to the HOL Group and the nature of the services provided to the HOL Group.

Vessel Charters to/from HOL Group

The Group will monitor all transactions for Vessel Charters to and from HOL Group and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$2 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$2 million but less than US\$4 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$4 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the HOL Group or to the HOL Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the HOL Group or to the HOL Mandated Transaction.

The above threshold limits take into account, *inter alia*, past transactions with the HOL Group, expected frequency, size of the transactions, type of arrangements and duration which are typically for a period of five years or more. It is not expected for the value of the HOL Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the HOL Group and the nature of the transactions.

Provision of HOL Shipyard Services

The Group will monitor all transactions for the provision of HOL Shipyard Services and categorise them as follows:

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- (i) Category 1 Transaction is one where the value thereof is less than US\$2 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$2 million but less than US\$4 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$4 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom shall not have any interests, whether direct or deemed, in relation to the HOL Group or to the HOL Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the Holmen Group or to the HOL Mandated Transaction.

The above threshold limits take into account, *inter alia*, past transactions of similar nature with the HOL Group, expected volume, frequency, size of the transactions and type of arrangements. It is not expected for the value of the HOL Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the HOL Group and the nature of the transactions.

5.3 Additional guidelines and review procedures

The additional guidelines and review procedures to supplement the above guidelines on the methods and procedures and approval thresholds for the HOL IPT Mandate are as follows:

- (a) The Head of Compliance shall maintain the register of the Interested Persons (as defined in the Catalist Rules) which will include the Company's Directors, CEO and Controlling Shareholders, and their respective Associates (as defined in the Catalist Rules), and shall update the register immediately if there are any changes and review the register regularly, at least on a quarterly basis. In this regard, the Head of Compliance will proactively seek written confirmation from each of the Directors, CEO and Controlling Shareholders on a quarterly basis on their respective list of Interested Persons. The Directors, CEO and Controlling Shareholders are also required to inform the Head of Compliance as and when there is any change in the information with respect to their Associates that they had previously disclosed to the Company.
- (b) Subsidiaries and associated companies of the Group are required to inform the Finance Team of any upcoming HOL Mandated Transactions so that the relevant IPT procedures can be complied with and prior approvals obtained in accordance with the HOL IPT Mandate.
- (c) All Interested Person Transactions entered into pursuant to the HOL IPT Mandate including the factors that have been taken into account in arriving at the terms, as well as any other quotations or evidence obtained to support such basis, shall be recorded and maintained in a register ("**IPT Register**") by the Finance Team.
- (d) The Finance Director or the Financial Controller equivalent shall review the Interested Person Transactions recorded in the IPT Register on a monthly basis to ensure that the IPTs are in compliance with the review procedures set out in the HOL IPT Mandate.
- (e) The Finance Director or the Financial Controller equivalent shall, on a quarterly basis, report to the Audit Committee on the Interested Person Transactions and the basis on which such transactions were entered into with the Interested Persons during the preceding quarter. The Audit Committee and Head of Compliance will review the IPT Register on a quarterly basis.

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- (f) The Group's external auditors will review the Interested Person Transactions as part of the Group's annual audit. The external auditors will report any non-compliance issues noted from the audit to the Audit Committee.
- (g) The Group will incorporate a review of all Interested Person Transactions (excluding transaction that is below S\$100,000 in value) in its internal audit plan. The internal auditors will review the Interested Person Transactions to check that the relevant approvals have been obtained and the guidelines and review procedures have been adhered to, in the case of the HOL Mandated Transactions in accordance with the HOL IPT Mandate. The internal auditors will submit their review reports to the Audit Committee on a half yearly basis.
- (h) Generally, the Audit Committee will only approve an Interested Person Transaction if the terms of the Interested Person Transaction are no more favourable than the terms extended to unrelated third parties, or are in accordance with published or prevailing rates/prices or are otherwise in accordance with prevailing industry norms. Any member of the Audit Committee may, as he deems fit, request for additional information pertaining to the Interested Person Transaction under review from independent sources or advisers.
- (i) For the purpose of the above review and approval process, any Director, who has an interest in the Interested Person Transaction under review and is not considered to be independent, will abstain from participating and voting on any resolution relating to the Interested Person Transaction.

6. Disclosure to Shareholders

The Company will announce the aggregate value of HOL Mandated Transactions under the HOL IPT Mandate for each financial period on which the Company is required to report pursuant to the Catalist Rules and within the time required for the announcement of such reports in accordance with Rule 920(1)(a)(ii) of the Catalist Rules.

The Company will also disclose in the Company's annual report details of the aggregate value of all Interested Person Transactions and HOL Mandated Transactions during the current financial year, and in the annual reports for the subsequent financial years during which the HOL IPT Mandate is in force in accordance with Rule 920(1)(a)(i) of the Catalist Rules. The name of the Interested Person(s), nature of relationship with the Interested Person(s) and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format:

Name of Interested Person	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the HOL IPT Mandate) pursuant to Rule 920 of the Catalist Rules	Aggregate value of all Mandated Transactions (excluding transactions less than S\$100,000) pursuant to Rule 920 of the Catalist Rules
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7. Audit Committee

The Audit Committee shall review such guidelines and procedures from time to time to determine if they continue to be adequate and/or commercially practicable in ensuring that transactions between the Company and Interested Persons are conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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The Audit Committee will also carry out periodic reviews (at least on a quarterly basis) to ensure that the guidelines and review procedures for the HOL Mandated Transactions have been complied with and the relevant approvals obtained. Further, if during these periodic reviews, the Audit Committee is of the view that the above guidelines and review procedures are not sufficient to ensure that the HOL Mandated Transactions will be on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for the HOL Mandated Transactions. During the period prior to obtaining a fresh mandate from the Shareholders, all Interested Person Transactions will be subject to prior review and approval by the Audit Committee.

8. Interested Audit Committee member to abstain

If a member of the Audit Committee has an interest in an Interested Person Transaction to be reviewed by the Audit Committee, he will declare his interest and abstain from participating and voting on any resolution relating to the Interested Person Transaction and from any decision making in respect of that transaction, and the review of the established review procedures for the Interested Person Transactions and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

9. Renewal of the HOL IPT Mandate

The renewal of the HOL IPT Mandate will take effect from the date of passing of the Ordinary Resolution relating thereto and will (unless revoked or varied by the Company in general meeting) continue in force until the date on which the next AGM is held or is required by law to be held.

Thereafter, approval from the Shareholders for subsequent renewals of the HOL IPT Mandate will be sought at each subsequent AGM. SHL, RHC and their Associates will abstain from voting on such resolutions for the renewals of the HOL IPT Mandate. Furthermore, SHL, RHC and their Associates shall not act as proxies in relation to the resolutions unless specific voting instructions have been given by the relevant Shareholder.

Pursuant to Rule 920(1)(c) of the Catalist Rules, an independent financial adviser's opinion will not be required for the renewal of the HOL IPT Mandate if the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices have not changed since the last approval of the Shareholders was obtained for the HOL IPT Mandate; and
- (b) the methods or procedures in sub-paragraph (a) above are sufficient to ensure that the transactions under the HOL IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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