

CIRCULAR DATED 7 APRIL 2021

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

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

If you have sold or transferred all your shares in the capital of Dyna-Mac Holdings Ltd. (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser, transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the contents of this Circular, including the correctness of any of the statements made, opinions expressed or reports contained in this Circular.



DYNA-MAC HOLDINGS LTD.

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED ADOPTION OF THE DYNA-MAC SHARE AWARD SCHEME 2021 (“DMSAS 2021”)**
- (2) THE PROPOSED ADOPTION OF THE DYNA-MAC SHARE OPTION SCHEME 2021 (“DMSOS 2021”)**
- (3) THE PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT OF UP TO 20% TO MARKET PRICE UNDER THE DYNA-MAC SHARE OPTION SCHEME 2021**

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	26 April 2021 at 4.00 p.m.
Date and time of Extraordinary General Meeting	:	29 April 2021 at 4.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 3.30 p.m. on the same day)
Place of Extraordinary General Meeting	:	The Extraordinary General Meeting will be held by way of electronic means.

TABLE OF CONTENTS

DEFINITIONS	2
1. INTRODUCTION	8
2. RATIONALE FOR THE PROPOSED ADOPTION OF THE DMSAS 2021 AND DMSOS 2021	9
3. THE PROPOSED ADOPTION OF THE DMSAS 2021	12
4. THE PROPOSED ADOPTION OF THE DMSOS 2021	19
5. LISTING ON THE SGX-ST	28
6. DISCLOSURES IN ANNUAL REPORTS	28
7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	30
8. DIRECTORS' RECOMMENDATIONS	31
9. DIRECTORS' RESPONSIBILITY STATEMENT	31
10. ABSTENTION FROM VOTING	32
11. EXTRAORDINARY GENERAL MEETING	32
12. ACTION TO BE TAKEN BY SHAREHOLDERS	32
13. DOCUMENTS AVAILABLE FOR INSPECTION	33
APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021 ..	A-1
APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021 ..	B-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	
PROXY FORM	

DEFINITIONS

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

- “Act” or “Companies Act”** : The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time or re-enactment thereof for the time being in force
- “Associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (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 thirty per cent. (30%) or more;
- (b) In relation to a Substantial Shareholder or a 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 companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
- “Award”** : Means the contingent award of Shares under the DMSAS 2021
- “Board”** : The board of Directors of the Company for the time being
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 7 April 2021
- “Committee”** : The committee comprising members of the remuneration committee of the Company, or such other committee comprising Directors of the Company duly authorised and appointed by the Board to administer the DMSAS 2021 and DMSOS 2021
- “Company”** : Dyna-Mac Holdings Ltd.

DEFINITIONS

“Controlling”	:	A person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the Company (unless the SGX-ST determines otherwise); or (b) in fact exercises control over the Company, as defined under the Listing Manual
“CPF”	:	Central Provident Fund
“Date of Grant”	:	Means in relation to an Award, the date on which the Award is granted to a Selected Person
“DMSAS”	:	The Dyna-Mac Share Award Scheme which was approved by Shareholders on 16 February 2011 and had expired on 15 February 2021
“DMSAS 2021”	:	The proposed Dyna-Mac Share Award Scheme 2021, the details of which are set out in Appendix A to this Circular
“DMSOS”	:	The Dyna-Mac Share Option Scheme which was approved by Shareholders on 16 February 2011 and had expired on 15 February 2021
“DMSOS 2021”	:	The proposed Dyna-Mac Share Option Scheme 2021, the details of which are set out in Appendix B to this Circular
“Director(s)”	:	Director(s) of the Company as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out in this Circular
“Previous Rules”	:	The rules of the DMSAS and DMSOS (as applicable)
“EPS”	:	Earnings per Share
“Financial Year” or “FY”	:	Means the financial year of the Company ended 31 December or as the case may be
“Group”	:	The Company and its subsidiaries
“Group Employee”	:	Means a full-time confirmed employee of the Group (including any Group Executive Director)

DEFINITIONS

“Group Executive Director”	:	Means a director of any of the Company and/or its subsidiaries as the case may be, who performs an executive function
“Group NED”	:	Means a director of any of the Company and/or its subsidiaries (including an Independent Director), as the case may be, other than a Group Executive Director
“Incentive Option”	:	<p>The right to subscribe for Shares granted or to be granted pursuant to the DMSOS 2021 and for the time being subsisting, and in respect of which the Subscription Price shall be a price which is set at a discount to the Market Price, provided that:–</p> <p>(a) the maximum discount shall not exceed 20% of the Market Price; and shall have been approved by Shareholders in a separate resolution; and</p> <p>(b) the prior approval of Shareholders in general meeting shall have been obtained for the making of offers and grants of Options under the DMSOS 2021 at a discount not exceeding the maximum discount as aforesaid in a separate resolution</p>
“Independent Directors”	:	Means an independent Director of any of the Company and/or its subsidiaries, as the case may be
“Latest Practicable Date”	:	6 April 2021, being the latest practicable date prior to the issue of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Price”	:	Means the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the five (5) consecutive Market Days immediately preceding the Offer Date or Date of Grant (as applicable) on which there was trading in the Shares, rounded up to the nearest whole cent in the event of fractional prices
“Market Price Option”	:	The right to subscribe for Shares granted or to be granted pursuant to the DMSOS 2021 and for the time being subsisting, and in respect of which the Subscription Price shall be the Market Price
“NTA”	:	Net tangible assets

DEFINITIONS

“Offer Date”	:	Means in relation to an Option, the date on which the Option is granted to a Selected Person
“Option”	:	A Market Price Option or an Incentive Option, as the case may be
“Option Period”	:	The period for the exercise of an Option pursuant to the DMSOS 2021
“Proposals”	:	Has the meaning ascribed to it in paragraph 1.1 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM set out in this Circular
“Recommending Directors”	:	Mr. Lim Tjew Yok and Ms. Lim Rui Ping
“Rules”	:	The rules of the DMSAS 2021 and DMSOS 2021 (as applicable)
“Securities Account”	:	A securities account maintained by depositors with CDP but not including securities sub-accounts maintained with a depository agent
“Selected Person”	:	A person who is selected by the Committee to participate in the DMSAS 2021 or DMSOS 2021 (as applicable) in accordance with the provisions of the DMSAS 2021 and DMSOS 2021 respectively
“SFA”	:	Securities and Futures Act (Chapter 289)
“SFRS(I) 2”	:	Singapore Financial Reporting Standards (International) 2 <i>Share-based Payment</i>
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share”	:	An ordinary share in the share capital of the Company and “Shares” shall be construed accordingly
“Shareholders”	:	Registered holders of Shares in the register of members of the Company or, where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the depositors who have Shares entered against their names in the depository register

DEFINITIONS

- “Subscription Price”** : The price at which a Selected Person shall subscribe for each Share upon the exercise of an Option under the DMSOS 2021, being
- (a) in relation to a Market Price Option, the Market Price; and
 - (b) In relation to an Incentive Option, a price which is set at a discount to the Market Price, provided that
 - (aa) the maximum discount shall not exceed 20% of the Market Price, and shall have been approved by Shareholders in a separate resolution; and
 - (bb) the prior approval of Shareholders in general meeting shall have been obtained for the making of offers and grants of Options under the DMSOS 2021 at a discount not exceeding the maximum discount as aforesaid in a separate resolution
- “Substantial Shareholder”** : A person who has an interest in the voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than five per cent. (5%) of all the voting Shares of the Company

Currencies and units of measurements

- “S\$” and “cents”** : Singapore dollars and cents, respectively
- “%” or “per cent.”** : Per centum or percentage

The terms **“depositor”**, **“depository agent”** and **“depository register”** shall have the meanings ascribed to them respectively in Section 81 SF of the SFA or any other statutory modification thereof, as the case may be. The term **“treasury shares”** shall have the meaning ascribed to it in Section 4 of the Act. The term **“subsidiary”** shall have the same meaning ascribed to it in Section 5 of the Act. The term **“subsidiary holdings”** shall mean the Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other gender and *vice versa*. References to persons shall, where applicable, 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 Act, SFA, Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act, SFA, Listing Manual or any statutory modification thereof, as the case may be.

DEFINITIONS

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and dates, unless otherwise stated.

The Company has appointed Lee & Lee as the legal adviser to the Company in respect of the Proposals.

LETTER TO SHAREHOLDERS

DYNA-MAC HOLDINGS LTD.

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

Directors

Lim Ah Cheng (Executive Director and Chief Executive Officer)
Lim Tjew Yok (Executive Director and Chief Operating Officer)
Tan Soo Kiat (Lead Independent Director)
Dr. Ong Seh Hong (Independent Director)
Lee Kim Lian Juliana (Independent Director)
Lim Rui Ping (Non-Independent Non-Executive Director)
Henry Tan Song Kok (Independent Director)
Teo Boon Hwee (Alternate Director to Lim Rui Ping)

Registered Office

59 Gul Road
Singapore 629354

7 April 2021

Dear Sir/Madam:

- (1) **THE PROPOSED ADOPTION OF THE DYNA-MAC SHARE AWARD SCHEME 2021 (“DMSAS 2021”)**
- (2) **THE PROPOSED ADOPTION OF THE DYNA-MAC SHARE OPTION SCHEME 2021 (“DMSOS 2021”)**
- (3) **THE PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT OF UP TO 20% TO MARKET PRICE UNDER THE DYNA-MAC SHARE OPTION SCHEME 2021**

1. INTRODUCTION

1.1 The Directors are convening the EGM to be held on 29 April 2021 to seek Shareholders' approval for the following proposals:

- (a) the proposed adoption of the Dyna-Mac Share Award Scheme 2021 (the “**DMSAS 2021**”);
- (b) the proposed adoption of the Dyna-Mac Share Option Scheme 2021 (the “**DMSOS 2021**”); and
- (c) the proposed grant of authority to offer and grant Options at a discount of up to 20% to Market Price under the DMSOS 2021.

(together, the “**Proposals**”).

1.2 The Proposals are set out as ordinary resolutions in the Notice of EGM annexed in this Circular.

LETTER TO SHAREHOLDERS

- 1.3** Shareholders should note that the proposed grant of authority to offer and grant Options at a discount under the DMSOS 2021 is conditional upon the passing of the resolution relating to the proposed adoption of the DMSOS 2021. In the event that the resolution relating to the proposed adoption of the DMSOS 2021 is not passed, the resolution relating to the proposed grant of authority to offer and grant Options at a discount will also not be passed.
- 1.4** The purpose of this Circular is to provide Shareholders with the relevant information relating to the Proposals, which will be tabled at the EGM for the purposes of seeking Shareholders' approval.
- 1.5** The SGX-ST assumes no responsibility for the accuracy of any of the statements or opinions made in this Circular.
- 2. RATIONALE FOR THE PROPOSED ADOPTION OF THE DMSAS 2021 AND DMSOS 2021**
- 2.1 Background: The DMSAS and DMSOS**
- 2.1.1** The Company had, in conjunction with the Company's listing on the SGX-ST, adopted the DMSAS and DMSOS both of which were approved at an extraordinary general meeting of the Shareholders held on 16 February 2011. The DMSAS and DMSOS both expired on 15 February 2021.
- 2.2 Rationale for the Adoption of the Share Schemes**
- 2.2.1** The DMSAS and DMSOS expired on 15 February 2021. The proposed adoption of the DMSAS 2021 and DMSOS 2021 is with the intention of providing eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both the DMSAS 2021 and DMSOS 2021 form an integral and important component of the Company's compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and/or the Group.
- 2.2.2** The DMSAS 2021 and DMSOS 2021 are designed to complement each other in the Company's efforts to reward, retain and motivate employees to achieve better performance. The aim of implementing more than one incentive plan is to grant the Company the flexibility in tailoring reward and incentive packages suitable for each group of the participants by providing an additional tool to motivate, reward and retain staff members so that the Company can offer compensation packages that are competitive.
- 2.2.3** The focus of the DMSAS 2021 is principally to target management in key positions who are able to drive the growth of the Company through creativity, firm leadership and excellent performance. The Shares which are the subject of an Award granted under the DMSAS 2021 will not be delivered unless the applicable performance targets are met. The Company believes that it will be more effective than merely having pure cash bonuses in place to motivate executives to work towards determined goals.
- 2.2.4** In contrast, the DMSOS 2021 is meant to be more of a "loyalty" driven time-based incentive program. The DMSOS 2021 is available to all employees and will function as a generic share-based incentive scheme. The DMSOS 2021 is thus complementary to the DMSAS 2021.

LETTER TO SHAREHOLDERS

2.2.5 The Rules of the DMSAS 2021 and DMSOS 2021 are substantially similar to the rules of DMSAS and DMSOS respectively, save that (i) Controlling Shareholders and Associates of a Controlling Shareholder are not eligible to participate in the DMSAS 2021 and DMSOS 2021 and (ii) participation in the DMSAS 2021 and DMSOS 2021 is restricted to directors and employees of the Company and its subsidiaries, whereas directors and full-time confirmed employees of associated companies of the Company and over whose management the Company had control of were also eligible to participate in the DMSAS and DMSOS. Additionally, as there have been amendments to the Listing Manual, the Companies Act, and the SFA since February 2011, there were also alterations for, *inter alia*, compliance with the current versions of these. A brief summary of such alterations is set out at section 2.3 below.

2.3 Proposed Alterations

2.3.1 A summary of some of the amendments to the Listing Manual, the Companies Act, and the SFA include amendments as to:

- (i) the stipulated period before the announcement of the Company's financial statements; that a listed issuer and its officers should not deal in the listed issuer's securities;
- (ii) the definition of a Controlling Shareholder under the Listing Manual which took effect from 26 June 2018;
- (iii) the inclusion of the definition of "subsidiary holdings" in the Listing Manual which took effect from 31 March 2017; and
- (iv) amendments to the SFA and the Companies Act, which took effect from 3 January 2016.

2.3.2 Additionally, the standard board lot size of securities listed on the SGX-ST was reduced from 1,000 to 100 units with effect from 19 January 2015.

2.3.3 The alterations to the Previous Rules would allow the DMSAS 2021 and DMSOS 2021 to conform to the requirements as set out in Chapter 8 Part VIII of the Listing Manual.

2.3.4 Under the Previous Rules, Group Employees, Group Executive Directors and Group NEDs who are also Controlling Shareholders or Associates of a Controlling Shareholder were eligible to participate in the DMSAS and DMSOS, save that specific approval of independent Shareholders was required for the participation of Controlling Shareholders of the Company or their Associates as well as the actual number of Shares/Options to be awarded/granted under the DMSAS and DMSOS respectively.

2.3.5 Under the DMSAS 2021 and DMSOS 2021, Controlling Shareholders or Associates of a Controlling Shareholder will not be eligible to participate in either schemes.

2.3.6 Under the Previous Rules, directors and employees of associated companies of the Company and over whose management the Company had control of were eligible to participate in the DMSAS and DMSOS.

2.3.7 Under the DMSAS 2021 and DMSOS 2021, participation is restricted to directors and employees of the Company and its subsidiaries.

LETTER TO SHAREHOLDERS

2.4 Rationale for Participation of Group NEDs

- 2.4.1 It is recognised that there are other persons who make significant contributions to the Group through their close working relationships with the Group, even though they are not employed within the Group. Such persons include the Group NEDs.
- 2.4.2 The Group NEDs, being persons from different professions and working backgrounds, bring to the Group their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping the Group shape its business strategy by allowing the Group to draw on the backgrounds and diverse working experience of these individuals. It is desirable that Group NEDs be allowed to participate in the DMSAS 2021 and DMSOS 2021 to incentivise and retain them and to further align their interests with that of the Group.
- 2.4.3 The Directors are of the view that including the Group NEDs in the DMSAS 2021 and DMSOS 2021 will show the Company's appreciation for, and further motivate them in, their contribution towards the success of the Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of the Group, while it is desired that participation in the DMSAS 2021 and DMSOS 2021 be made open to the Group NEDs, any Awards or Options that may be granted to any such Group NED would be intended only as a token of the Company's appreciation.
- 2.4.4 For the purpose of assessing the contributions of the Group NEDs, the Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by the Group NEDs. In addition, the Committee will also consider the nature and extent of their input, the assistance and expertise rendered by them to the Board and the impact thereof on the growth, success and development of the Group. The Committee may, where it considers relevant, take into account other factors such as the economic conditions and the Company's performance. The Committee may also decide that no Awards or Options shall be made in any Financial Year or no grant and/or Award or Options may be made at all.

2.5 Independence of Independent Directors

- 2.5.1 It is envisaged that the vesting of Awards or Options, and hence the number of Shares to be delivered to the Group NEDs based on the criteria set out above will be relatively small, in terms of frequency and numbers. Further, although the Group NEDs may be appointed as members of the Committee, the Rules provide that a member is not to be involved in its deliberations in respect of the grant of Awards or Options to him/her. In addition, the Company will ensure that the grant of Awards or Options to an Independent Director will be such that any conflict of interests that may potentially arise is kept minimal and that the independence of the Independent Director is not compromised. Based on these, the Directors are of the view that the participation by the Independent Directors in the DMSAS 2021 and DMSOS 2021 will not compromise their independent status.
- 2.5.2 For the Independent Directors, the grant of any Awards or Options under the DMSAS 2021 and DMSOS 2021 respectively will form part of and is included in the amount of the directors' fees to be paid to the Independent Directors approved by Shareholders at a general meeting. For clarity, save for the Independent Directors, the grant of any Awards or Options under the DMSAS 2021 and DMSOS 2021 respectively will be in addition to and will not form part of the amount of the directors' fees to be paid to the other Group NEDs (other than the Independent Directors) as approved by Shareholders at a general meeting.

LETTER TO SHAREHOLDERS

3. THE PROPOSED ADOPTION OF THE DMSAS 2021

3.1 Summary of the Main Terms of the DMSAS 2021

Eligibility

3.1.1 Subject to paragraph 3.1.2, the following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the DMSAS 2021 at the absolute discretion of the Committee:–

- (a) Group Employees who have attained the age of 21 years on or before the Date of Grant;
- (b) Group Executive Directors; and
- (c) Group NEDs.

3.1.2 Controlling Shareholders or Associates of a Controlling Shareholder are not eligible to participate in the DMSAS 2021.

3.1.3 There shall be no restriction on the eligibility of any Selected Person to participate in any other share option or share incentive schemes implemented by the Company or any other company within the Group.

Awards

3.1.4 Awards represent the right of a Selected Person to receive fully paid Shares free of charge, upon the Selected Person achieving prescribed performance targets. Performance targets prescribed by the Committee are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth. Examples of performance targets to be set include targets based on criteria such as sales growth, earnings per share, share price and return on investment.

3.1.5 The selection of a Selected Person and the number of Shares which are the subject of each Award to be granted to a Selected Person in accordance with the DMSAS 2021 shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period.

3.1.6 The Committee shall decide, in relation to each Award to be granted to a Selected Person:–

- (a) the date on which the Award is to be vested;
- (b) the number of Shares which are the subject of the Award;
- (c) the prescribed performance targets;
- (d) the prescribed vesting periods;

LETTER TO SHAREHOLDERS

- (e) the performance period during which the prescribed performance target(s) are to be satisfied;
 - (f) the extent to which the Shares under that Award shall be released on the prescribed performance targets being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period and upon the expiry of the prescribed vesting period. No Shares under the Award shall be released for the portion of the prescribed performance targets which is not satisfied by the Selected Person at the end of the prescribed performance period and upon the expiry of the prescribed vesting period; and
 - (g) such other conditions which the Committee may determine in relation to that Award.
- 3.1.7 Awards may be granted at any time in the course of a Financial Year, save that no Awards shall be granted during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its Financial Year and one (1) month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements).
- 3.1.8 However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.
- 3.1.9 An Award letter confirming the Award and specifying, *inter alia*, in relation to the Award, the number of Shares which are the subject of the Award, the prescribed performance targets and the performance period during which the prescribed performance targets are to be satisfied, and the vesting period (the length of which will be determined on a case-by-case basis by the Committee), will be sent to each Selected Person as soon as reasonably practicable after the making of an Award.
- 3.1.10 Special provisions for the vesting and lapsing of Awards apply in certain circumstances, including the following:—
- (a) the termination of the employment of a Selected Person;
 - (b) the ill health, injury, disability or death of a Selected Person;
 - (c) the bankruptcy of a Selected Person;
 - (d) the misconduct of a Selected Person; or
 - (e) a take-over, winding-up or reconstruction of the Company.

LETTER TO SHAREHOLDERS

Size and Duration of the DMSAS 2021

3.1.11 The aggregate number of new Shares which may be issued or Shares which may be delivered pursuant to Awards granted under the DMSAS 2021, when added to the total number of new Shares issued and issuable or existing Shares delivered and deliverable in respect of:–

- (a) all Awards granted under the DMSAS 2021;
- (b) all Options granted under the DMSOS 2021; and
- (c) all Shares, options or awards granted under any other share scheme of the Company,

shall not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the relevant date of the Award.

3.1.12 As at the Latest Practicable date, the aggregate number of new Shares which may be issued or Shares which may be delivered pursuant to Awards granted under the DMSAS 2021 and the aggregate number of Shares over which Options may be granted under the DMSOS 2021 is 153,481,650. As at the Latest Practicable Date, there was an aggregate of 1,023,211,000 Shares of the Company (excluding treasury shares and subsidiary holdings), and 153,481,650 Shares represent 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date. There were no Shares issued, issuable, delivered, or deliverable under the DMSAS and DMSOS.

The Company is of the view that the size of the DMSAS 2021 is sufficient to give the Committee flexibility to grant Awards in view of the likely number of Selected Persons, the total number of Shares in the capital of the Company and the duration of the DMSAS 2021. The size of the DMSAS 2021 allows a larger pool of persons to participate in the DMSAS 2021 and give greater flexibility to the Company in the structuring of incentive packages. The number of Selected Persons is expected to grow over the years as the Company has a long-term expansion plan where more employees may be employed and be eligible to participate in the DMSAS 2021. In addition, the Group, in line with its goal of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool.

3.1.13 The DMSAS 2021 shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing from the date the DMSAS 2021 is adopted by the Company at the EGM, provided always that the DMSAS 2021 may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

3.1.14 Notwithstanding the expiry or termination of the DMSAS 2021, any Awards made to Selected Persons prior to such expiry or termination will continue to remain valid.

LETTER TO SHAREHOLDERS

Operation of the DMSAS 2021

- 3.1.15 Subject to prevailing legislation and SGX-ST guidelines, the Company will have the flexibility to deliver Shares to Selected Persons upon vesting of their Awards by the following means as it deems fit in its sole and absolute discretion:–
- (a) the allotment and issue to each Selected Person of the number of Award Shares, deemed to be fully paid or credited upon their allotment and issuance;
 - (b) delivering existing Shares to the Selected Person, whether such existing Shares are acquired pursuant to a share purchase mandate or (to the extent permitted by law) held as treasury shares or otherwise; and/or
 - (c) payment of the aggregate Market Price of the Shares in cash in lieu of allotment or transfer.
- 3.1.16 In determining whether to issue Award Shares, to deliver existing Shares and/or pay the aggregate Market Price in cash to Selected Persons upon release of their Awards, the Company shall take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing Market Price of the Shares and the cost to the Company of the various modes of settlement.
- 3.1.17 New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.
- 3.1.18 The “aggregate Market Price” of the Shares to be paid to a Selected Person in lieu of allotment or transfer, shall be calculated in accordance with the following formula:–
- $$A = B \times C$$
- Where:–
- A is the aggregate Market Price of the Shares to be paid to the Selected Person in lieu of all or some of the Shares to be issued or transferred upon the release of an Award;
 - B is the Market Price of each Share; and
 - C is such number of Shares (as determined by the Committee in its sole and absolute discretion) to be issued or transferred to a Selected Person upon the release of an Award in accordance with the rules of the DMSAS 2021.
- 3.1.19 The Committee shall have the discretion to amend or waive the prescribed performance target, the prescribed performance period and the prescribed vesting period or any of them in respect of any Award and the Committee shall notify the Selected Person of such amendment or waiver (but accidental omission to give notice to any Selected Person(s) shall not invalidate any such amendment or waiver).

LETTER TO SHAREHOLDERS

Variation of Capital

3.1.20 If a variation in the issued ordinary share capital of the Company (whether by way of a bonus issue, rights issue, capital reduction, subdivision or consolidation of shares or distribution or otherwise) shall take place, then:–

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the DMSAS 2021,

shall be adjusted in such manner as the Committee may determine to be appropriate.

3.1.21 Unless the Committee considers an adjustment to be appropriate:–

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) the increase in the number of issued Shares as a consequence of the exercise of options or other convertibles entitling holders of such options or convertibles to acquire Shares in the capital of the Company;
- (c) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force; and
- (d) the increase in the issued share capital of the Company as a consequence of the delivery of Award Shares pursuant to the vesting of the Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company,

shall not normally be regarded as a circumstance requiring adjustment.

3.1.22 Notwithstanding the provisions of paragraph 3.1.20,

- (a) any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Company's auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable; and
- (b) no adjustment shall be made in such a way that any Selected Person receives a benefit that a Shareholder does not receive.

3.1.23 Upon any adjustment required to be made pursuant to paragraphs 3.1.20 to 3.1.22, the Company shall notify the Selected Person (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

LETTER TO SHAREHOLDERS

Modifications or Alterations to the DMSAS 2021

- 3.1.24 The rules of DMSAS 2021 may be modified and/or altered from time to time by a resolution of the Committee, subject to compliance with the Listing Manual and such other applicable regulations by any authority as may be necessary.
- 3.1.25 However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Selected Persons under the DMSAS 2021 who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in number of all the Shares which would be issued in full pursuant to all outstanding Awards under the DMSAS 2021.
- 3.1.26 No alteration shall be made to the rules of the DMSAS 2021 to the advantage of the Selected Persons except with the prior approval of Shareholders in general meeting.

Administration of the DMSAS 2021

- 3.1.27 The DMSAS 2021 shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 3.1.28 The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the DMSAS 2021) for the implementation and administration of the DMSAS 2021 as they think fit including, but not limited to:–
- (a) imposing restrictions on the number of Awards that may be vested within each Financial Year; and
 - (b) amending or waiving the performance targets, the prescribed performance period and the prescribed vesting period or any of them in respect of any Award.
- 3.1.29 Any decision of the Committee made pursuant to any provision of the DMSAS 2021 (other than a matter to be certified by the Company's auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested or to disputes as to the interpretation of the DMSAS 2021 or any rule, regulation, procedure thereunder or as to any rights under the DMSAS 2021).

3.2 Participation of the Group's Non-Executive Directors in the DMSAS 2021

Participation by Non-Executive Directors

- 3.2.1 Group NEDs are eligible to participate in the DMSAS 2021. Details on the participation by, and rationale for participation by Group NEDs in the DMSAS 2021 have been set out at section 2.4 above.

Independent Status of Independent Directors

- 3.2.2 For reasons set out at section 2.5 above, the Directors are of the view that participation by Independent Directors will not compromise their independent status.

LETTER TO SHAREHOLDERS

3.3 Financial Effects of the DMSAS 2021

Share Capital

- 3.3.1 The DMSAS 2021 will result in an increase in the Company's issued share capital only if new Shares are issued to Selected Persons. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the DMSAS 2021. However, if existing Shares are purchased for delivery to Selected Persons in lieu of issuing new Shares to Selected Persons, the DMSAS 2021 will have no impact on the Company's issued share capital.

Net Tangible Assets

- 3.3.2 As described below at paragraph 3.3.4, the DMSAS 2021 will result in a charge to the Company's and Group's income statement equal to the market value at which the new Shares are issued or the existing Shares are purchased to meet delivery under the Awards. If new Shares are issued under the DMSAS 2021, the NTA of the Group and the Company would decrease by the amount charged. If existing Shares are purchased for delivery to Selected Persons, the NTA of the Group and the Company would decrease by the amount charged.
- 3.3.3 Although the DMSAS 2021 will result in a charge to the income statement of the Company and the Group, it should be noted that Awards are granted only on a selective basis and will be granted to Selected Persons whom the Company believes would have contributed or will contribute significant value in its success including financial performance. In particular, the grant of Awards and delivery of Shares to Selected Persons of the DMSAS 2021, are contingent upon the Selected Persons meeting prescribed performance targets. Therefore Selected Persons would have contributed to or will add significant value to the NTA of the Company and the Group before the Awards are granted and Shares delivered.

Earnings per Share

- 3.3.4 The DMSAS 2021 will result in a charge to earnings equivalent to the market value at which the existing Shares are purchased or the market value on the date at which new Shares are issued under the Awards. Although the DMSAS 2021 will have a dilutive impact (to the extent that new Shares are issued pursuant to the DMSAS 2021) on the EPS of the Company and the Group, it should again be noted that the delivery of Shares to Selected Persons under the DMSAS 2021 will generally be contingent upon the Selected Persons meeting the prescribed performance targets and conditions. Accordingly, the earnings of the Company and the Group should have grown before the Awards are granted and Shares delivered.

Dilutive Impact

- 3.3.5 It is expected that any dilutive impact of the DMSAS 2021 on the NTA and the EPS would not be significant.

Cost of Awards

- 3.3.6 As Selected Persons are not required to pay for the grant of the Awards, such grant of Awards will have a financial effect on the Company.

LETTER TO SHAREHOLDERS

- 3.3.7 The Singapore Financial Reporting Standards (International) 2 (“**SFRS(I) 2**”) relating to share-based payments takes effect for all listed companies beginning 1 January 2018. The Awards, if settled by way of the issue of new Shares or through the transfer of existing Shares (including treasury shares), would be accounted for as equity-settled share-based payment transactions, as described in the following paragraphs.
- 3.3.8 The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to the Company’s consolidated income statement over the period between the Date of Grant and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the Date of Grant and the number of Shares vested at the vesting date, with a corresponding credit to the Company’s reserve account. The amount of the charge to the income statement also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition.
- 3.3.9 At each reporting date, the number of Awards that are expected to be vested are estimated. The impact on the revision of original estimates is recognised as an expense in the income statement and as a corresponding adjustment to the reserve account over the remaining performance period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions. No expense is recognised for Awards that do not ultimately vest, except for 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.
- 3.3.10 After the vesting date, no adjustment to the charge to the income statement is made.
- 3.3.11 In the event that the Selected Persons have the right to receive the aggregate Market Price of the Shares in cash in lieu of the allotment or transfer of Shares, the Company shall measure the fair value of the liability as a cash-settled share-based payment transaction. Until the liability is settled, the Company shall re-measure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the income statement.

3.4 Details of the DMSAS 2021

- 3.4.1 The rules of the DMSAS 2021 are set out in Appendix A to this Circular

4. THE PROPOSED ADOPTION OF THE DMSOS 2021

4.1 Summary of the Main Terms of the DMSOS 2021

Eligibility

- 4.1.1 Subject to paragraph 4.1.2, the following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the DMSOS 2021 at the absolute discretion of the Committee:–
- (a) Group Employees who have attained the age of 21 years on or before the Offer Date;
 - (b) Group Executive Directors; and
 - (c) Group NEDs.

LETTER TO SHAREHOLDERS

- 4.1.2 Controlling Shareholders or Associates of a Controlling Shareholder are not eligible to participate in the DMSOS 2021.
- 4.1.3 There shall be no restriction on the eligibility of any Selected Person to participate in any other share option or share incentive schemes implemented by the Company or any other company within the Group.

Administration of the DMSOS 2021

- 4.1.4 The DMSOS 2021 is administered by the Committee. Directors who are in the Committee may also participate in the DMSOS 2021 but under the rules of the DMSOS 2021 and the provisions of the Listing Manual, a Director must not be involved in any deliberation or decision in respect of any Options granted or to be granted to him.

Categories of Options

- 4.1.5 The DMSOS 2021 has two (2) categories of Options, being the Market Price Option and the Incentive Option:–
- (a) The Market Price Option provides for an Option holder to exercise the Option at the Market Price equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the five (5) consecutive Market Days immediately preceding the Offer Date on which there was trading in the Shares, rounded up to the nearest whole cent in the event of fractional prices.
 - (b) The Incentive Option provides for an Option holder to exercise the Option at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price. The prior approval of the Shareholders in general meeting must be obtained for the making of offers and grants of Options at a discount not exceeding the maximum discount as aforesaid. However, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of Options at such discount for the duration of the DMSOS 2021.

Limitations on the Size of the DMSOS 2021

- 4.1.6 The aggregate number of Shares over which Options may be granted under the DMSOS 2021, when added to the total number of new Shares issued and issuable or existing Shares delivered and deliverable in respect of:–
- (a) all Awards granted under the DMSAS 2021;
 - (b) all Options granted under the DMSOS 2021; and
 - (c) all Shares, options or awards granted under any other share scheme of the Company then in force,

shall not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the Offer Date of an Option.

LETTER TO SHAREHOLDERS

- 4.1.7 As at the Latest Practicable date, the aggregate number of new Shares which may be issued or Shares which may be delivered pursuant to Awards granted under the DMSAS 2021 and the aggregate number of Shares over which Options may be granted under the DMSOS 2021 is 153,481,650. As at the Latest Practicable Date, there was an aggregate of 1,023,211,000 Shares of the Company (excluding treasury shares and subsidiary holdings), and 153,481,650 Shares represent 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date. There were no Shares issued, issuable, delivered, or deliverable under the DMSAS and DMSOS.
- 4.1.8 The size of the DMSOS 2021 is intended to support the long-term use of share options as part of the Group's overall compensation strategy. In particular, the DMSOS 2021 will provide the Company with greater flexibility to use share options as a part of the Selected Person's remuneration package to acknowledge the Selected Person's achievements and provide an incentive for ongoing performance.
- 4.1.9 The number of Shares in respect of which Options may be offered to any Selected Person shall be determined at the absolute discretion of the Committee who shall take into account (where applicable) criteria such as rank, responsibilities, past performance, years of service, contributions to the Group and potential for future development of that Selected Person.

Grant of Options

- 4.1.10 The Committee may grant Options at any time during the period when the DMSOS 2021 is in force, save that no offer of grant of Options shall be made during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its Financial Year and one (1) month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements).
- 4.1.11 However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, the Committee may only grant Options on or after the second Market Day from the date on which such announcement is released.

Acceptance of Options

- 4.1.12 The grant of an Option must be accepted within 30 days from the Offer Date of that Option, and in any event, not later than 5.00 pm on the 30th day from such Offer Date. The Selected Person must return the duly completed and signed acceptance form to the Company accompanied by payment of \$1.00 as consideration.

Exercise of Options

- 4.1.13 A Market Price Option can be exercised during the period commencing after the first anniversary of the Offer Date and expiring on the tenth anniversary of such Offer Date.

LETTER TO SHAREHOLDERS

4.1.14 An Incentive Option can be exercised during the period commencing after the second anniversary of the Offer Date and expiring on the tenth anniversary of such Offer Date, save that the Option Period for any Option granted to a Selected Person who is a Group NED shall expire on the fifth anniversary of the Offer Date.

4.1.15 Options can be exercised in whole or in part, provided that Options may be exercised in part only in respect of 100 Shares or any multiples thereof. If any Option is exercised in part only, the balance of the Option shall continue to be exercisable until such time as it lapses in accordance with the DMSOS 2021.

Lapse of Option

4.1.16 An Option shall, to the extent unexercised, immediately lapse:–

- (a) subject to paragraphs 4.1.17 and 4.1.18, upon the Selected Person ceasing to be in the full-time employment of the Group, for any reason whatsoever;
- (b) upon the bankruptcy of the Selected Person or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option;
- (c) in the event of any misconduct on the part of the Selected Person as determined by the Committee in its sole and absolute discretion or any breach of any regulation of the Group, such breach being regarded as serious by the Committee in its absolute discretion; or
- (d) upon the company by which the Selected Person is employed ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group.

For the purpose of 4.1.16(a), the Selected Person shall be deemed to have ceased to be so employed as of the date of the notice of termination or resignation, as the case may be, unless such notice shall be withdrawn prior to its effective date.

4.1.17 If a Selected Person ceases to be employed by the Group by reason of his:–

- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) retirement at or after the legal retirement age; or
- (d) retirement before the legal retirement age with the consent of the Committee,

or any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period or such Option Period that would expire on an earlier date as may be determined by the Committee (such earlier date subject to paragraphs 4.1.13 and 4.1.14), and upon the expiry of such period, the Option shall immediately lapse and become null and void.

LETTER TO SHAREHOLDERS

- 4.1.18 If a Selected Person dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Selected Person within the relevant Option Period or such Option Period that would expire on an earlier date as may be determined by the Committee (such earlier date subject to paragraphs 4.1.13 and 4.1.14), and upon the expiry of such period, the Option shall immediately lapse and become null and void.

Rights of Shares

- 4.1.19 Shares allotted and issued on the exercise of an Option shall be subject to all the provisions of the Act and the constitution of the Company, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which falls on or after the relevant exercise date of the Option, and shall in all other respects rank *pari passu* with other existing Shares then in issue. For this purpose, "record date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

Duration of the DMSOS 2021

- 4.1.20 The DMSOS 2021 shall continue in operation for a maximum duration of ten (10) years commencing from the date on which it is adopted by the Company. However, the DMSOS 2021 may be extended for a further period thereafter with the approval of Shareholders by way of an ordinary resolution at a general meeting and the relevant authorities.

Variation of Capital

- 4.1.21 If a variation in the issued ordinary share capital of the Company (whether by way of bonus issue, rights issue, capital reduction, subdivision or consolidation of Shares or distribution or otherwise) shall take place:-

- (a) the Subscription Price for the Shares, the class and/or number of Shares comprised in an Option to the extent unexercised, and/or
- (b) the class and/or number of Shares over which additional Options may be granted under the DMSOS 2021,

shall be adjusted in such manner as the Committee may deem to be appropriate.

- 4.1.22 Unless the Committee considers an adjustment to be appropriate:-

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) the increase in the number of issued Shares as a consequence of the exercise of options or other convertibles entitling holders of such options or convertibles to acquire Shares in the capital of the Company;
- (c) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force; and

LETTER TO SHAREHOLDERS

- (d) the increase in the issued share capital of the Company as a consequence of the delivery of new Shares pursuant to the exercising of Options from time to time by the Company or through any other share-based incentive schemes implemented by the Company,

shall not normally be regarded as a circumstance requiring adjustment.

4.1.23 Notwithstanding the provisions of paragraph 4.1.21,

- (a) any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Company's auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable; and
- (b) no adjustment shall be made in such a way that any Selected Person receives a benefit that a Shareholder does not receive.

4.1.24 Upon any such adjustment being made pursuant to paragraphs 4.1.21 to 4.1.23, the Company shall notify the Selected Person (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Subscription Price thereafter in effect and the class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

Grant of Incentive Options

4.1.25 In accordance with the provisions of the Listing Manual and Rule 8.1 of the DMSOS 2021, the making of offers and grants of Incentive Options at a discount not exceeding 20% of the Market Price is subject to the approval of Shareholders in general meeting. For the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of Incentive Options at such discount for the duration of the DMSOS 2021.

4.1.26 The ability to offer Incentive Options to Selected Persons under the DMSOS 2021 will allow flexibility in structuring the Options. Being able to offer Incentive Options is important in situations where it is more meaningful for the Company to acknowledge a Selected Person's achievement through offering Incentive Options rather than paying him a cash bonus, as these Options operate as a form of cashless reward from the Company, with a greater potential for capital appreciation than Market Price Options, or in situations where more compelling motivation is required in order to attract new talents into the Group and/or retain talented individuals.

4.1.27 The Company plans to exercise this discretion judiciously and the amount of discount may vary from one offer to another from time to time depending on the circumstances and on a case-by-case basis. In determining the quantum of the discount, the Committee may take into consideration such factors as it may in its absolute discretion deem appropriate, including but not limited to (i) the performance of the Company and the Group; (ii) the individual performance of a Selected Person; and (iii) the contribution to the success of the Company and/or the Group by that Selected Person. In measuring the performance of a Selected Person, the Company will carry out an annual evaluation for each Selected Person on a number of performance criteria as may be approved by the Committee. The overall evaluation results will then be scored and tabled for the Committee's discussion.

LETTER TO SHAREHOLDERS

- 4.1.28 As share options become more significant components of employee remuneration packages and the grant of Options with a discount element becomes more common, the discretion to grant Incentive Options will provide the Company with a means to maintain the competitiveness of its compensation strategy. Therefore, the Company may utilise Options as a means to reward Selected Persons for their outstanding performance as well as to motivate them to continue to excel, and will be an additional method for compensating employees other than through salary, salary increments and cash bonuses. This will enable the Company to introduce an effective manner of motivating Selected Persons to maximise their performance, which will in turn create better value for Shareholders.
- 4.1.29 In circumstances where at the time of making of grants of Options to Selected Persons, the prevailing Market Price on the Shares is considered artificially high and a general discount is desirable or warranted (the rate of which will be determined by the Committee), the Committee will take into consideration factors such as the historical prices of the Shares as compared with the prevailing Market Price of the Shares during the price fixing period for the Options, the market comparatives and practices of other industry players and the value of the Options as a component of each Selected Participant's compensation package.
- 4.1.30 The ability to grant Incentive Options allows the Company to grant Options on a more realistic and economically feasible basis to the Selected Persons especially in circumstances where the Market Price of Shares is high due to a buoyant market or inflated share prices.
- 4.1.31 With a discretion to grant Options at Market Price or at a discount, the Company would be able to utilise up to the maximum discount allowed for Options to structure remuneration packages to respond fairly rapidly to its employees' circumstances, the market conditions and practices and the economic situation at the time of granting Options. For example, Incentive Options may be used to compensate employees and keep them motivated during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements.
- 4.1.32 The Company believes that the maximum 20% discount to the Market Price of the Shares is sufficient to allow for flexibility in the DMSOS 2021 while minimising the potential dilutive effect to Shareholders arising from the DMSOS 2021.

4.2 Participation of the Group's Non-Executive Directors in the DMSOS 2021

Participation by Non-Executive Directors

- 4.2.1 Group NEDs are eligible to participate in the DMSOS 2021. Details on the participation by, and rationale for participation by Group NEDs in the DMSOS 2021 have been set out at section 2.4 above.

Independent Status of Independent Directors

- 4.2.2 For reasons set out at section 2.5 above, the Directors are of the view that participation by Independent Directors will not compromise their independent status.

LETTER TO SHAREHOLDERS

4.3 Options Granted Under the DMSOS

Under the DMSOS, no options were granted, and no Shares have been issued by virtue of the exercise of options. There were no unissued Shares under options granted pursuant to the DMSOS as at the Latest Practicable Date.

4.4 Financial Effects of the DMSOS 2021

Share Capital

- 4.4.1 The DMSOS 2021 will result in an increase in the Company's issued share capital only if new Shares are issued to Selected Persons. The number of new Shares issued will depend on, inter alia, the size of the Options granted under the DMSOS 2021. However, if existing Shares are purchased for delivery to Selected Persons in lieu of issuing new Shares to Selected Persons, the DMSOS 2021 will have no impact on the Company's issued share capital.

Net Tangible Assets

- 4.4.2 The issue of new Shares upon the exercise of Options granted under the DMSOS 2021 will increase the Company's consolidated NTA by the aggregate exercise price of the new Shares issued. On a per Share basis, the effect on the NTA of the Company will be accretive if the exercise price is above the Company's consolidated NTA per Share, but dilutive otherwise.

Earnings per Share

- 4.4.3 The DMSOS 2021 will have a dilutive impact on the basic EPS following the increase in the Company's number of issued new Shares to the extent that the new Shares are allotted and issued upon the exercise of the Options.
- 4.4.4 Outstanding Options without being exercised are dilutive to the calculation of diluted EPS when the exercise price of the issue of ordinary Shares is less than the average market price of ordinary Shares during the period.
- 4.4.5 Options have a dilutive effect only when the average market price of Shares during the period exceeds the exercise price of the Options.

Cost of Options

- 4.4.6 Any Options granted under the DMSOS 2021, whether such Options are Market Price Options or Incentive Options, would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to the Company. Such costs will be more significant in the case of Incentive Options, where such Options are granted with exercise prices set at a discount to the prevailing Market Price of the Shares. The cost to the Company of granting Options with a discounted exercise price under the DMSOS 2021 would be as follows:—

- (a) the exercise of an Option at a discounted exercise price would translate into a reduction of the proceeds from the exercise of such Options, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the prevailing Market Price of the Shares. Such reduction of the exercise proceeds would represent the monetary cost to the Company of granting Options with a discounted exercise price;

LETTER TO SHAREHOLDERS

- (b) as the monetary cost of granting Options with a discounted exercise price is borne by the Company, the earnings of the Company would effectively be reduced by an amount corresponding to the reduced interest earnings that the Company would have received from the difference in proceeds from an exercise price with no discount versus the discounted exercise price. Such reduction would, accordingly, result in the dilution of the Company's EPS; and
- (c) the effect of the issue of new Shares upon the exercise of Options on the Company's net asset value per Share is accretive if the exercise price is above the net asset value per Share, but dilutive otherwise. The dilutive effect is greater if the exercise price is at a discount to the Market Price.

The costs as discussed above would only materialise upon the exercise of the Option.

- 4.4.7 Under the SFRS(I) 2, the Options, if settled by way of the issue of new Shares or through the transfer of existing Shares (including treasury shares), would be accounted for as equity-settled share-based payment transactions, as described in the following paragraphs.
- 4.4.8 Any Options granted under the DMSOS 2021 would have a fair value. The fair value of the Options is normally estimated by applying an option pricing model at the Offer Date, taking into account the terms and conditions of the grant of the Options and recognised as a charge to the Company's consolidated income statement over the period from the Offer Date of the Options to the vesting date, with a corresponding credit to the Company's reserve account.
- 4.4.9 The amount of the charge to the income statement also depends on whether or not the performance target attached to an Option is measured by reference to the Market Price of the Shares. This is known as a market condition.
- 4.4.10 At each reporting date, the estimate of the number of Options that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised, with a corresponding adjustment to the Company's reserve account. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions. No expense is recognised for Options that do not ultimately vest, except for Options 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.
- 4.4.11 After the vesting date, no adjustment of the charge to the income statement is made.

4.5 Details of the DMSOS 2021

- 4.5.1 The rules of the DMSOS 2021 are set out in Appendix B to this Circular

LETTER TO SHAREHOLDERS

5. LISTING ON THE SGX-ST

- 5.1.1 The SGX-ST has approved in-principle on 7 April 2021 the application for the listing and quotation of the new Shares to be allotted and issued pursuant to the DMSAS 2021 and the DMSOS 2021, subject to independent Shareholders' approval being obtained for the DMSAS 2021 and the DMSOS 2021, and the Company's compliance with SGX-ST's listing requirements and guidelines.
- 5.1.2 Such approval is not to be taken as an indication of the merits of the DMSAS 2021 and the DMSOS 2021, the new Shares or the Group.

6. DISCLOSURES IN ANNUAL REPORTS

6.1 DMSAS 2021

The Company shall disclose the following (as applicable) in its annual report for so long as the DMSAS 2021 continues in operation:–

- (a) the names of the members of the Committee administering the DMSAS 2021;
- (b) the information required in the table below in respect of the following Selected Persons of the DMSAS 2021:–
- (aa) Directors of the Company; and
- (bb) Selected Persons (other than those in paragraph 6.1(b)(aa) above) who have received Shares pursuant to the vesting of Awards granted under the DMSAS 2021 which, in aggregate, represent 5% or more of the total number of new Shares available under the DMSAS 2021,

Name of Selected Person	Awards granted during the Financial Year under review (including terms)	Aggregate Awards granted since commencement of the DMSAS 2021 to the end of the Financial Year under review	Aggregate Awards vested since commencement of the DMSAS 2021 to the end of the Financial Year under review	Aggregate Awards outstanding as at the end of the Financial Year under review

- (c) that Controlling Shareholders, Associates of a Controlling Shareholder, directors and employees of the parent company and its subsidiaries are not eligible to participate in the DMSAS 2021; and
- (d) such other information as may be required by the Listing Manual or the Act.

If any of the disclosure above in the foregoing of this paragraph 6.1 is not applicable, an appropriate negative statement shall be included in the annual report.

LETTER TO SHAREHOLDERS

6.2 DMSOS 2021

The Company shall disclose the following (as applicable) in its annual report for so long as the DMSOS 2021 continues in operation:–

- (a) the names of the members of the Committee administering the DMSOS 2021;
- (b) the information required in the table below for the following Selected Persons:–
 - (aa) Directors of the Company; and
 - (bb) Selected Persons, other than those in paragraph 6.2(b)(aa) above, who receive 5% or more of the total number of Shares comprised in Options available under the DMSOS 2021,

Name of Selected Person	Number of Shares comprised in Options granted during Financial Year under review (including terms)	Aggregate number of Shares comprised in Options granted since commencement of DMSOS 2021 to end of the Financial Year under review	Aggregate number of Shares comprised in Options exercised since commencement of DMSOS 2021 to end of the Financial Year under review	Number of Shares comprised in Options outstanding as at end of the Financial Year under review

- (c)
 - (aa) the names of and number and terms of Options granted to each director or employee of the parent company and its subsidiaries who receives 5% or more of the total number of options available to all directors and employees of the parent company and its subsidiaries under the DMSOS 2021, during the financial year under review; and
 - (bb) the aggregate number of Options granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of DMSOS 2021 to the end of the financial year under review,
- (d) that Controlling Shareholders and Associates of a Controlling Shareholder are not eligible to participate in the DMSOS 2021;
- (e) in respect of Incentive Options, the following disclosure shall be made:–
 - (aa) the number of Incentive Options granted at a discount of 10% or less and proportion to Market Price Options during the financial year under review; and
 - (bb) the number of Incentive Options granted at a discount of more than 10% and proportion to Market Price Options during the financial year under review,
- (f) such other information as may be required by the Listing Manual or Act.

If any of the disclosure above in the foregoing of this paragraph 6.2 is not applicable, an appropriate negative statement shall be included in the annual report.

LETTER TO SHAREHOLDERS

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interest of Directors and Substantial Shareholders in the Shares of the Company, as at the Latest Practicable Date, are as follows:

Directors	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Lim Tjew Yok	2,000,000	0.20	–	–
Teo Boon Hwee	1,500,000	0.15	–	–
Lim Ah Cheng	–	–	–	–
Tan Soo Kiat	–	–	–	–
Dr. Ong Seh Hong	–	–	–	–
Lee Kim Lian Juliana	–	–	–	–
Lim Rui Ping	–	–	–	–
Henry Tan Song Kok	–	–	–	–
Substantial Shareholders				
Estate of Lim Tze Jong ⁽²⁾	417,776,000	40.83	–	–
Lim Lie Tjing @ Lim Lee Cheng ⁽²⁾	–	–	417,776,000	40.83
Lee Soo Chye ⁽²⁾	–	–	417,776,000	40.83
KS Investments Pte. Ltd. ⁽³⁾	250,000,000	24.43	–	–
Keppel Offshore & Marine Limited ⁽³⁾⁽⁴⁾	–	–	250,000,000	24.43
Keppel Corporation Limited ⁽⁴⁾⁽⁵⁾	–	–	250,000,000	24.43
Temasek Holdings (Private) Limited ⁽⁵⁾	–	–	250,000,000	24.43

Notes:–

- (1) Based on 1,023,211,000 shares as at the Latest Practicable Date. The Company does not hold any treasury shares.
- (2) Estate of Lim Tze Jong's direct interest in the 417,776,000 shares comprises of 217,776,000 shares registered under his Estate and the remaining 200,000,000 shares are held through Raffles Nominees (Pte) Ltd. The Joint Executors, Lim Lie Tjing @ Lim Lee Cheng and Lee Soo Chye are deemed interest in their capacity as Joint Executors of the Estate of Lim Tze Jong in the 417,776,000 ordinary shares in which the Estate has a direct interest in.
- (3) Keppel Offshore & Marine Limited owns 100% of KS Investments Pte. Ltd. and accordingly is deemed by virtue of Section 7(4) of the Companies Act to have an interest in Shares held by KS Investments Pte. Ltd.
- (4) Keppel Corporation Limited owns 100% of Keppel Offshore & Marine Limited and accordingly is deemed by virtue of Section 7(4) of the Companies Act to have an interest in Shares held by Keppel Offshore & Marine Limited.
- (5) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Corporation Limited by virtue of Section 7(4A) of the Act.

LETTER TO SHAREHOLDERS

8. DIRECTORS' RECOMMENDATIONS

8.1 THE RECOMMENDING DIRECTORS

8.1.1 Mr. Lim Tjew Yok and Ms. Lim Rui Ping, being the Recommending Directors, were Associates of the late Lim Tze Jong, and as the Estate of Lim Tze Jong is a Controlling Shareholder, the Recommending Directors are not eligible to participate in the DMSAS 2021 and the DMSOS 2021.

8.1.2 Accordingly, the Recommending Directors are able to make a recommendation to Shareholders in respect of Ordinary Resolutions 1, 2 and 3 as set out in the Notice of EGM.

8.1.3 Save for the Recommending Directors, all of the other Directors are eligible to participate in the DMSAS 2021 and DMSOS 2021, and are therefore deemed to be interested in the DMSAS 2021 and DMSOS 2021, and have accordingly, refrained from making any recommendation to Shareholders in respect of Ordinary Resolutions 1, 2 and 3 as set out in the Notice of EGM.

8.1.4 **In addition, all persons (including Directors who are also Shareholders) who are eligible to participate in the DMSAS 2021 and DMSOS 2021 are required to abstain from voting in respect of the DMSAS 2021 and DMSOS 2021 at the EGM.**

8.2 DMSAS 2021

8.2.1 The Recommending Directors, having considered carefully the Rules of the DMSAS 2021, and all relevant information set out in this Circular, are of the view that the proposed adoption of the DMSAS 2021 is in the interests of the Company. Accordingly, the Recommending Directors recommend that Shareholders vote in favour of Ordinary Resolution 1 as set out in the Notice of EGM.

8.3 DMSOS 2021

8.3.1 The Recommending Directors, having considered carefully the Rules of the DMSOS 2021, and all relevant information set out in this Circular, are of the view that the proposed adoption of the DMSOS 2021 is in the interests of the Company. Accordingly, the Recommending Directors recommend that Shareholders vote in favour of Ordinary Resolutions 2 and 3 as set out in the Notice of EGM.

9. 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 DMSAS 2021 and DMSOS 2021, 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 the 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 the Circular in its proper form and context.

LETTER TO SHAREHOLDERS

10. ABSTENTION FROM VOTING

Save for the Recommending Directors, as all of the other Directors will be eligible to participate in the DMSAS 2021 and the DMSOS 2021, they shall abstain from voting in respect of their holdings of Shares (if any), and shall not accept appointments as proxies for voting at the EGM, in respect of all the ordinary resolutions to be tabled at the EGM for the proposed adoption of the DMSAS 2021 and DMSOS 2021, and the grant of authority to offer and grant Options at a discount under the DMSOS 2021, unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for such ordinary resolutions.

Group Employees, who are eligible to participate in the DMSAS 2021 and the DMSOS 2021 and are also Shareholders (provided that such employees are not Controlling Shareholders or Associates of a Controlling Shareholder), shall abstain from voting in respect of their holdings of Shares (if any), and shall not accept appointments as proxies for voting at the EGM, in respect of all the ordinary resolutions to be tabled at the EGM for the proposed adoption of the DMSAS 2021 and DMSOS 2021, and the grant of authority to offer and grant Options at a discount under the DMSOS 2021, unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for such ordinary resolutions.

11. EXTRAORDINARY GENERAL MEETING

The EGM will be held by electronic means on 29 April 2021 at 4.00 p.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be convened at 3.30 p.m. on the same day) for the purpose of considering and, if thought fit, passing with or without any amendments, the resolutions set out in the Notice of EGM in this Circular.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders will only be able to vote at the EGM by appointing the Chairman of the EGM as proxy to vote on their behalf. Duly completed Proxy Forms must be deposited with the Company (a) via post to the office of the Company's Polling Agent, 10 Anson Road, #29-07 International Plaza, Singapore 079903; or (b) via electronic mail to the Company's Polling Agent at dyna-mac-agm@complete-corp.com.sg (enclosing a clear scanned completed and signed Proxy Form), and must be received by the Company no later than 72 hours before the time appointed for holding the EGM.

A depositor shall not be regarded as a member entitled to attend, speak and vote at the EGM unless his name appears in the depository register as at 72 hours before the time appointed for holding the EGM.

LETTER TO SHAREHOLDERS

13. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of the (i) constitution of the Company and the (ii) annual report for FY2020 will be available for inspection at the registered office of the Company at 59 Gul Road Singapore 629354 during normal business hours on any weekday (public holidays excepted) from the date of this Circular up to and including the date of the EGM.

Yours faithfully

For and on behalf of the Board of Directors of
DYNA-MAC HOLDINGS LTD.
Lim Ah Cheng
Executive Director and Chief Executive Officer

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

1. Name of the Scheme

The scheme shall be called the “Dyna-Mac Share Award Scheme 2021”.

2. Definitions

2.1 Except where the context otherwise requires, the following expressions in the Rules shall have the following meanings:–

“Act”	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Adoption Date”	The date on which the DMSAS 2021 is adopted by the Company in general meeting
“Associate”	Shall have the same meaning as defined in the Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST, as amended, modified or supplemented from time to time
“Auditors”	The auditors of the Company for the time being
“Award”	The contingent award of Shares under the DMSAS 2021
“Board”	The board of Directors of the Company from time to time
“CDP”	The Central Depository (Pte) Limited
“CPF”	Central Provident Fund
“Committee”	Means the committee comprising members of the remuneration committee of the Company or such other committee comprising Directors of the Company duly authorised and appointed by the Board to administer the DMSAS 2021
“Company”	Dyna-Mac Holdings Ltd.
“Controlling Shareholder”	Shall have the same meaning as defined in the Listing Manual
“Constitution”	Shall mean the constitution of the Company, as amended from time to time
“Date of Grant”	Means in relation to an Award, the date on which the Award is granted to a Selected Person
“Directors”	The directors of the Company for the time being

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

“DMSAS 2021”	The Dyna-Mac Share Award Scheme 2021, as amended, modified, or supplemented from time to time
“Financial Year”	The financial year of the Company ended 31 December or as the case may be
“Group”	Means the Company and its Subsidiaries
“Group Employee”	Means a full-time confirmed employee of the Group (including any Group Executive Director)
“Group Executive Director”	Means a director of any of the Company and/or its Subsidiaries, as the case may be, who performs an executive function
“Group NED”	Means a director of any of the Company and/or its Subsidiaries (including an Independent Director), as the case may be, other than a Group Executive Director
“Independent Directors”	Means an independent director of any of the Company and/or its Subsidiaries, as the case may be
“Listing Manual”	The Listing Manual of the SGX-ST
“Market Day”	A day on which the SGX-ST is open for trading of securities
“Market Price”	Means the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the five (5) consecutive Market Days immediately preceding the Date of Grant on which there was trading in the Shares, rounded up to the nearest whole cent in the event of fractional prices
“month”	Means calendar month
“Performance Targets”	Means the performance targets prescribed by the Committee to be fulfilled by a Selected Person for any particular period under the DMSAS 2021
“Rules”	The rules of the DMSAS 2021, as the same may be amended, modified or supplemented from time to time
“Selected Person”	Means a person who is selected by the Committee to participate in the DMSAS 2021 in accordance with the provisions of the DMSAS 2021

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	Registered holders of Shares in the register of members of the Company or, where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register
“Shares”	Means the ordinary shares in the capital of the Company
“Subsidiary”	Shall have the same meaning in relation to the Company as defined in the Act
“Subsidiary Holdings”	Shall have the same meaning as defined in the Listing Manual
“%”	Percentage or per centum
“Singapore Dollars” or “\$” and “cents”	Singapore dollars and cents, respectively
2.2	The terms “Depositor”, “Depository Agent”, and “Depository Register” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act (Chapter 289).
2.3	Any reference in the DMSAS 2021 to any enactment is a reference to that enactment as for the time being amended, modified, supplemented or re-enacted. Any word defined under the Act and used in these Rules shall have the meaning assigned to it under the Act.
2.4	Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine and neuter genders where the context admits.
2.5	Any reference to a time of day shall be a reference to Singapore time.
3.	<u>Objectives</u> The purpose of the DMSAS 2021 is to provide an opportunity for Group Employees, Group Executive Directors, and Group NEDs who have met the eligibility criteria (as set out under Rule 4) and achieved the Performance Targets to be remunerated not just through cash bonuses but also by an equity stake in the Company. Controlling Shareholders or Associates of a Controlling Shareholder will not be eligible to participate in the DMSAS 2021.

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

The Company believes that the retention of outstanding employees within the Group is paramount to the Group's long-term objective of pursuing continuous growth and expansion in its business and operations. The Group also acknowledges that it is important to preserve financial resources for future business developments and to withstand difficult times. As such, one of the Group's strategies is to contain the remuneration of its employees and executives that is a major component of the Group's operating costs.

The DMSAS 2021 is formulated with those objectives in mind. It is hoped that through the DMSAS 2021, the Company would be able to remain an attractive and competitive employer and better able to manage its fixed overhead costs without compromising on performance standards and efficiency.

4. Eligibility

4.1 Subject to Rule 4.2, the following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the DMSAS 2021 at the absolute discretion of the Committee:–

- (a) Group Employees who have attained the age of 21 years on or before the Date of Grant;
- (b) Group Executive Directors; and
- (c) Group NEDs.

4.2 Controlling Shareholders or Associates of a Controlling Shareholder are not eligible to participate in the DMSAS 2021.

4.3 For the purposes of paragraph 4.1(a) above, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.

4.4 There shall be no restriction on the eligibility of any Selected Person to participate in any other share option or share incentive schemes implemented by the Company or any other company within the Group.

4.5 Subject to the Act and the Listing Manual, the terms of eligibility for participation in the DMSAS 2021 may be amended, modified or supplemented from time to time at the absolute discretion of the Committee.

5. Limitations on the size of the DMSAS 2021

5.1 The aggregate number of Shares to be delivered pursuant to the vesting of the Awards on any date, when added to the number of Shares issued and/or issuable under such other share-based incentive plans of the Company, shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date.

5.2 Awards may only be vested, and consequently any Shares comprised in such Awards shall only be delivered, upon the Committee being satisfied that the Selected Person has achieved the Performance Targets.

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

6. Date of Grant

No Awards shall be granted during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its Financial Year and one (1) month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements).

Save for the above, the Committee may grant Awards at any time during the Financial Year of the Company where the DMSAS 2021 is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is released.

7. Awards

7.1 Awards are personal to the Selected Person to whom it is given and shall not be transferred (other than to a Selected Person's personal representative on the death of that Selected Person), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.

7.2 Once an Award is finalised by the Committee, the Committee shall send an Award letter to the Selected Person confirming the said Award. The said Award letter shall specify inter alia, the following:–

- (a) the number of Shares which are the subject of the Award;
- (b) the Performance Target(s) for the Selected Person;
- (c) the performance period during which the Performance Target(s) shall be satisfied;
- (d) the date on which the Award shall be vested; and
- (e) any other condition which the Committee may determine in relation to that Award.

8. Vesting of the Awards

8.1 Notwithstanding that a Selected Person may have met his Performance Targets:–

- (a) no Shares shall be delivered pursuant to an Award; and
- (b) any Award, to the extent not yet vested or pursuant to which any Shares have not been delivered, shall forthwith become void and cease to have any effect,

upon the occurrence of any of the following events:–

- (a) the bankruptcy of the Selected Person or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

- (b) misconduct on the part of the Selected Person as determined by the Committee in its absolute discretion;
- (c) if the Committee shall, at its absolute discretion, deems it appropriate that such Award to be given or given, as the case may be, to a Selected Person shall so lapse on the grounds that any of the objectives of the DMSAS 2021 (as set out in Rule 3) have not been met;
- (d) subject to Rule 8.2 below, the Selected Person ceases to be in the employment of or ceases to hold any office in the Group for any reason whatsoever; or
- (e) the Selected Person becomes a Controlling Shareholder or an Associate of a Controlling Shareholder after the Date of Grant,

and in such an event, the Selected Person shall have no claim whatsoever against the Group and its respective directors and employees.

8.2 Where the Selected Person ceases to be employed by or ceases to hold any office in the Group by reason of:–

- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) retirement at or after the legal retirement age;
- (d) retirement before the legal retirement age with the consent of the Committee; or
- (e) any other reason where the cessation of employment is approved by the Committee,

the Committee may, in its absolute discretion, notwithstanding Rule 8.1(d), preserve all or any part of any Award and decide whether to give the Award in whole or in part to the Selected Person.

In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by the Selected Person, the extent to which the Performance Targets have been fulfilled.

8.3 If a Selected Person has fulfilled his Performance Targets but dies before an Award is made, the Award shall in such circumstances be given to the personal representatives of the Selected Person.

8.4 Shares to be delivered pursuant to the vesting of the Awards shall be in multiples of 100 Shares.

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

9. Take-over and winding up of the Company

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Selected Person shall be entitled to Awards if he has met the Performance Targets within the period commencing on the date on which such offer for a take-over of the Company is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:-

(a) the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the last date on which the Performance Targets are to be fulfilled); or

(b) the date of expiry of the period for which the Performance Targets are to be fulfilled.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Selected Persons that it intends to exercise such rights on a specified date, the Selected Person shall be obliged to fulfill such Performance Target until the expiry of such specified date or the expiry date of the Performance Target relating thereto, whichever is earlier, before an Award can be vested.

9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Selected Person shall be entitled, notwithstanding Rule 8 but subject to Rule 9.5, to any Awards so determined by the Committee to be vested in him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

9.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that they may have been so vested shall be deemed or become null and void.

9.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Awards shall so vest in the Selected Person for so long as, in the absolute determination by the Committee, the Selected Person has met the Performance Targets prior to the date that the members' voluntary winding-up shall be deemed to have been commenced or effective in law.

9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Selected Persons, whether by the payment of cash or by any other form of benefit, no Award shall be made in such circumstances.

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

10. Operation of the DMSAS 2021

10.1 Subject to legislation and the Listing Manual, such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the DMSAS 2021 and the Constitution, the Company will have the flexibility to deliver Shares to Selected Persons upon vesting of their Awards by the following means as it deems fit in its sole and absolute discretion:–

- (a) the allotment and issue to each Selected Person of the number of new Shares, deemed to be fully paid or credited upon their allotment and issuance;
- (b) delivering existing Shares to the Selected Person, whether such existing Shares are acquired pursuant to a share purchase mandate or (to the extent permitted by law) held as treasury shares or otherwise; and/or
- (c) payment of the aggregate Market Price of the Shares in cash in lieu of allotment or transfer.

10.2 The Company shall, within 10 Market Days after the vesting of an Award, allot the new Shares or transfer the purchased Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit. If payment in cash for the aggregate Market Price of the Shares is to be made in lieu of allotment or transfer, the payment shall be made, within 10 Market Days after the vesting of an Award.

10.3 The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of the new Shares.

10.4 Shares which are the subject of an Award shall be issued in the name of CDP to the credit of the securities account of that Selected Person maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.

10.5 New Shares issued and allotted upon the vesting of an Award shall be subject to all the provisions of the Constitution, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or after the relevant vesting date of the Award, and shall in all other respects rank pari passu with other existing Shares then in issue. “Record Date” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

10.6 The “aggregate Market Price” of the Shares to be paid to a Selected Person in lieu of allotment or transfer, shall be calculated in accordance with the following formula:–

$$A = B \times C$$

Where:

A is the aggregate Market Price of the Shares to be paid to the Selected Person in lieu of all or some of the Shares to be issued or transferred upon the release of an Award;

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

- B is the Market Price of each Share; and
- C is such number of Shares (as determined by the Committee in its sole and absolute discretion) to be issued or transferred to a Selected Person upon the release of an Award in accordance with the rules of the DMSAS 2021.

10.7 The Committee shall have the discretion to amend or waive the Performance Targets, the prescribed performance period and the prescribed vesting period or any of them in respect of any Award and the Committee shall notify the Selected Person of such amendment or waiver (but accidental omission to give notice to any Selected Person(s) shall not invalidate any such amendment or waiver).

11. Variation of Capital

11.1 If a variation in the issued ordinary share capital of the Company (whether by way of a bonus issue, rights issue, capital reduction, subdivision or consolidation of shares or distribution or otherwise) shall take place:–

- (a) the class and/or number of Shares comprised in an Award; and/or
- (b) the class and/or number of Shares which may be granted under the DMSAS 2021,

shall be adjusted by the Committee to give each Selected Person the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

11.2 Unless the Committee considers an adjustment to be appropriate:–

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) the increase in the number of issued Shares as a consequence of the exercise of options or other convertibles entitling holders of such options or convertibles to acquire Shares in the capital of the Company;
- (c) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force; and
- (d) the increase in the issued share capital of the Company as a consequence of the delivery of new Shares pursuant to the vesting of the Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company,

shall not normally be regarded as a circumstance requiring adjustment.

11.3 Notwithstanding the provisions of Rule 11.1:–

- (a) no such adjustment shall be made if as a result, a Selected Person receives a benefit that a Shareholder does not receive; and

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

- (b) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a bonus issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 11.4 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Selected Person (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.
12. Administration of the DMSAS 2021
- 12.1 The DMSAS 2021 shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 12.2 The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the DMSAS 2021) for the implementation and administration of the DMSAS 2021 as they think fit including, but not limited to:–
- (a) imposing restrictions on the number of Awards that may be vested within each Financial Year; and
- (b) amending or waiving the Performance Targets, the prescribed performance period and the prescribed vesting period or any of them in respect of any Award.
- 12.3 Any decision of the Committee made pursuant to any provision of the DMSAS 2021 (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested or to disputes as to the interpretation of the DMSAS 2021 or any rule, regulation, procedure thereunder or as to any rights under the DMSAS 2021).
13. Notices and Annual Report
- 13.1 Any notice required to be given by a Selected Person to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) as may be notified by the Company to him in writing.
- 13.2 Any notices or documents required to be given to a Selected Person or any correspondence to be made between the Company and the Selected Person shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or at the last known address, electronic mail address or facsimile number of the Selected Person.

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

- 13.3 Any notice or other communication from a Selected Person to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Selected Person shall be deemed to be received by that Selected Person, when left at the address specified in Rule 13.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.
- 13.4 The Company shall disclose the following in its annual report:–
- (a) the names of the members of the Committee administering the DMSAS 2021;
 - (b) the information required in the table below in respect of the following Selected Persons of the DMSAS 2021:–
 - (i) Directors of the Company; and
 - (ii) Selected Persons (other than those in Rule 13.4(b)(i) above) who have received Shares pursuant to the vesting of Awards granted under the DMSAS 2021 which, in aggregate, represent 5% or more of the total number of new Shares available under the DMSAS 2021,

Name of Selected Person	Awards granted during the Financial Year under review (including terms)	Aggregate Awards granted since commencement of the DMSAS 2021 to the end of the Financial Year under review	Aggregate Awards vested since commencement of the DMSAS 2021 to the end of the Financial Year under review	Aggregate Awards outstanding as at the end of the Financial Year under review

- (c) that Controlling Shareholders, Associates of a Controlling Shareholder, directors and employees of the parent company and its subsidiaries are not eligible to participate in the DMSAS 2021; and
- (d) such other information as may be required by the Listing Manual or the Act.

If any of the disclosure above in the foregoing of this Rule 13.4 is not applicable, an appropriate negative statement shall be included in the annual report.

14. Modifications to the DMSAS 2021

- 14.1 Any or all the provisions of the DMSAS 2021 may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:–
- (a) any modification or alteration of the provisions of the DMSAS 2021 relating to the matters contained in Rules 844 to 849, and Rules 853 to 854 of the Listing Manual which would be to the advantage of Selected Persons under the DMSAS 2021 shall be subject to the prior approval of Shareholders in general meeting;

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

- (b) no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Selected Persons under the DMSAS 2021 who, if their Awards were released to them, would thereby become entitled to not less than three-quarter in number of all the Shares which would be issued in full pursuant to all outstanding Awards under the DMSAS 2021; and
 - (c) no modification or alteration shall be made without due compliance with the Listing Manual and the prior approval of such other regulatory authorities as may be necessary.
- 14.2 The Committee may at any time by resolution (and without other formality, save where the prior approval of the SGX-ST is necessary) amend or alter the rules or provisions of the DMSAS 2021 in any way to the extent necessary to cause the DMSAS 2021 to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 14.3 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Selected Persons.
- 15. Terms of employment unaffected

The terms of employment of a Selected Person (who is a Group Employee) shall not be affected by his participation in the DMSAS 2021, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.
- 16. Duration of the DMSAS 2021
 - 16.1 The DMSAS 2021 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the DMSAS 2021 may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
 - 16.2 The DMSAS 2021 may be terminated at any time by the Committee or, at the discretion of the Committee, by an ordinary resolution passed by Shareholders at a general meeting subject to all relevant approvals which may be required and if the DMSAS 2021 is so terminated, no further Awards shall be vested hereunder.
 - 16.3 The termination, discontinuance or expiry of the DMSAS 2021 shall not affect Awards which have been vested, whether such Shares have been delivered or not.
- 17. Taxes
 - 17.1 All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Selected Person under the DMSAS 2021 shall be borne by that Selected Person.

APPENDIX A – RULES OF THE DYNA-MAC SHARE AWARD SCHEME 2021

18. Costs and expenses

18.1 Each Selected Person shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Selected Person's securities account with CDP, or the Selected Person's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the DMSAS 2021 to be payable by the Selected Persons, all fees, costs and expenses incurred by the Company in relation to the DMSAS 2021 including but not limited to the fees, costs and expenses relating to the allotment, issue, transfer and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

19. Disclaimer of liability

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the new Shares on the SGX-ST in accordance with Rule 10.3.

20. Abstention from Voting

Shareholders who are eligible to participate in the DMSAS 2021 shall abstain from voting on any resolution relating to the DMSAS 2021.

21. Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

22. Condition of Awards

Every Award shall be subject to the condition that no Shares shall be issued pursuant to the vesting of any Award if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

23. Governing law

The DMSAS 2021 shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Selected Persons, by accepting Awards in accordance with the DMSAS 2021, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

1. Name of the Scheme

The scheme shall be called the “Dyna-Mac Share Option Scheme 2021”.

2. Definitions

2.1 In this DMSOS 2021, except where the context otherwise requires, the following words and expressions shall have the following meanings:–

“Acceptance Form”	The form set out in Schedule B of the Rules
“Acceptance Period”	The period within which an Option may be accepted, as described in Rule 7.1
“Act”	The Companies Act, Chapter 50 of Singapore as amended, modified or supplemented from time to time
“Adoption Date”	The date on which the DMSOS 2021 is adopted by the Shareholders at a general meeting
“Aggregate Subscription Cost”	The total amount payable for the Shares to be subscribed for on the exercise of an Option
“Associate”	Shall have the same meaning as defined in the Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST, as amended, modified or supplemented from time to time
“Auditors”	The auditors of the Company for the time being
“Board”	The board of directors of the Company for the time being
“CDP”	The Central Depository (Pte) Limited
“CPF”	Central Provident Fund
“Committee”	Means the committee comprising members of the remuneration committee of the Company, or such other committee comprising Directors of the Company duly authorised and appointed by the Board to administer the DMSOS 2021
“Company”	Dyna-Mac Holdings Ltd.
“Controlling Shareholder”	Shall have the same meaning as defined in the Listing Manual
“Constitution”	Shall mean the constitution of the Company, as amended from time to time

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

“Directors”	The directors of the Company for the time being
“DMSOS 2021”	The Dyna-Mac Share Option Scheme 2021, as amended, modified or supplemented from time to time
“Group”	Means the Company and its Subsidiaries
“Group Employee”	Means a full-time confirmed employee of the Group (including any Group Executive Director)
“Group Executive Director”	Means a director of any of the Company and/or its Subsidiaries as the case may be, who performs an executive function
“Group NED”	Means a director of any of the Company and/or its Subsidiaries (including an Independent Director), as the case may be, other than a Group Executive Director
“Incentive Option”	The right to subscribe for Shares granted or to be granted pursuant to the DMSOS 2021 and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 8.1(b)
“Independent Directors”	Means an independent director of any of the Company and/or its Subsidiaries, as the case may be
“Listing Manual”	The Listing Manual of the SGX-ST
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Market Price”	Means the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the five (5) consecutive Market Days immediately preceding the Offer Date on which there was trading in the Shares, rounded up to the nearest whole cent in the event of fractional prices
“Market Price Option”	The right to subscribe for Shares granted or to be granted pursuant to the DMSOS 2021 and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 8.1(a)
“Offer Date”	The date on which an Option is granted pursuant to Rule 6.1

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

“Option”	A Market Price Option or an Incentive Option, as the case may be
“Option Period”	The period for the exercise of an Option as set out in Rule 9.1
“Rules”	The rules of the DMSOS 2021, as the same may be amended, modified or supplemented from time to time
“Selected Person”	Means a person who is selected by the Committee to participate in the DMSOS 2021 in accordance with the provisions of the DMSOS 2021
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	Registered holders of Shares in the register of members of the Company or, where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register
“Shares”	Means the ordinary shares in the capital of the Company
“Subscription Price”	The price at which a Selected Person shall subscribe for each Share upon the exercise of an Option as determined in accordance with Rule 8.1(a) in relation to a Market Price Option or Rule 8.1(b) in relation to an Incentive Option, as adjusted in accordance with Rule 12
“Subsidiary”	Shall have the same meaning in relation to the Company as defined in the Act
“Subsidiary Holdings”	Shall have the same meaning as defined in the Listing Manual
“%”	Per centum or percentage
“Singapore Dollars” or “\$” and “cents”	Singapore dollars and cents, respectively
2.2	The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act (Chapter 289).
2.3	Any reference in the DMSOS 2021 to any enactment is a reference to that enactment as for the time being amended, modified, supplemented or re-enacted. Any word defined under the Act and used in these Rules shall have the meaning assigned to it under the Act.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

- 2.4 Words importing the singular number shall include the plural number where the context so admits and vice versa. Words importing the masculine gender shall include the feminine and neuter genders where the context so admits.
- 2.5 Any reference to a time of day shall be a reference to Singapore time.
3. Objectives
- 3.1 The DMSOS 2021 is a share incentive scheme. The purpose of the DMSOS 2021 is to provide an opportunity for Group Employees, Group Executive Directors, and Group NEDs who have met the eligibility criteria (as set out under Rule 4). to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed to the success and development of the Company and the Group. Controlling Shareholders or Associates of a Controlling Shareholder will not be eligible to participate in the DMSOS 2021. The DMSOS 2021 is proposed on the basis that it is important to acknowledge the contribution made by these directors and employees. The Company, by adopting the DMSOS 2021, will give Selected Persons a stake in the Company with a view to achieving the following objectives:–
- (a) the motivation of Selected Persons to optimise performance standards and efficiency and to maintain a high level of contribution;
 - (b) the retention of key employees whose contributions are important to the long-term growth and profitability of the Group;
 - (c) the attraction of potential employees capable of adding value to the Company;
 - (d) the aligning of the interests of Selected Persons with the interests of Shareholders; and
 - (e) to instil loyalty to and a stronger sense of identification with the long-term prosperity of the Group.
4. Eligibility
- 4.1 Subject to Rule 4.2, the following persons are eligible to participate in the DMSOS 2021 at the absolute discretion of the Committee:–
- (a) Group Employees who have attained the age of 21 years on or before the Offer Date;
 - (b) Group Executive Directors; and
 - (c) Group NEDs.
- 4.2 Controlling Shareholders or Associates of a Controlling Shareholder will not be eligible to participate in the DMSOS 2021.
- 4.3 For the purposes of paragraph 4.1(a) above, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

- 4.4 There shall be no restriction on the eligibility of any Selected Person to participate in any other share option or share incentive schemes implemented by the Company or any other company within the Group.
- 4.5 Subject to the Act and the Listing Manual, the terms of eligibility for participation in the DMSOS 2021 may be amended, modified or supplemented from time to time at the absolute discretion of the Committee.
5. Limitations on the Size of the DMSOS 2021
- 5.1 The aggregate number of Shares over which Options may be granted, when added to the number of Shares issued and/or issuable under such other share-based incentive plans of the Company, including the DMSOS 2021, shall not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the date preceding the Offer Date of an Option.
- 5.2 The number of Shares in respect of which Options may be offered to any Selected Person for subscription in accordance with the DMSOS 2021 shall be determined at the absolute discretion of the Committee which shall take into account (where applicable) criteria such as rank, responsibilities, past performance, years of service, contributions to the Group and potential for future development of that Selected Person.
6. Offer Date
- 6.1 No offer of grant of Options shall be made during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements).
- 6.2 Save for the above, the Committee may, subject to Rule 4, Rule 5 and Rule 12, grant Options at any time during the period when the DMSOS 2021 is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Options may only be granted on or after the second Market Day from the date on which such announcement is released.
- 6.3 The Letter of Offer to grant the Option shall be in, or substantially in, the form set out in Schedule A, subject to such modifications as the Committee may from time to time determine.
7. Acceptance of Options
- 7.1 The grant of an Option under this Rule 7 shall be accepted within thirty (30) days from the Offer Date of that Option, and in any event, not later than 5.00 pm on the 30th day from such Offer Date by completing, signing and returning the Acceptance Form in, or substantially in, the form set out in Schedule B, subject to such modification as the Committee may from time to time determine, accompanied by payment of \$1.00 as consideration. The Option is deemed not accepted until actual receipt by the Company of the Acceptance Form.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

- 7.2 The Company shall be entitled at its absolute discretion to reject any purported acceptance of the grant of an Option made pursuant to this Rule 7 which does not strictly comply with the terms and conditions of the DMSOS 2021.
- 7.3 An Option shall be personal to the Selected Person to whom it is granted and shall not be transferred (other than to a Selected Person's personal representative on the death of that Selected Person), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior written approval of the Committee.
- 7.4 In the event that the grant of an Option results in a contravention of any applicable law, subsidiary legislation or other regulation, such grant shall be null, void and of no effect and the relevant Selected Person shall have no claim whatsoever against the Company.
- 7.5 Unless the Committee determines otherwise, the grant of an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:–
- (a) it is not accepted in the manner as provided in Rule 7.1 within the Acceptance Period;
 - (b) the Selected Person dies prior to his acceptance of the Option;
 - (c) the Selected Person is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option;
 - (d) the Selected Person ceases to be in the employment of the Group or ceases to be a director of the Company or its Subsidiaries, in each case, for any reason whatsoever, prior to his acceptance of the Option;
 - (e) the Selected Person becomes a Controlling Shareholder or an Associate of a Controlling Shareholder after the Offer Date; or
 - (f) the Company is liquidated or wound up prior to the Selected Person's acceptance of the Option.
8. Subscription Price
- 8.1 Subject to any adjustment pursuant to Rule 12, the Subscription Price for each Share in respect of which an Option is exercisable shall be fixed by the Committee at:–
- (a) a price (the "Market Price") equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the five (5) consecutive Market Days immediately preceding the Offer Date on which there was trading in the Shares, rounded up to the nearest whole cent in the event of fractional prices; or
 - (b) a price which is set at a discount to the Market Price, provided that:–
 - (aa) the maximum discount shall not exceed 20% of the Market Price; and shall have been approved by Shareholders in a separate resolution; and
 - (bb) the prior approval of the Shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of Options under the DMSOS 2021 at a discount not exceeding the maximum discount as aforesaid in a separate resolution.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

8.2 The Committee has the discretion to grant Options at the Subscription Price which is set at a discount to the Market Price. The Committee shall be at liberty to take into consideration factors including length of service, seniority, job performance and potential contribution to our growth and profitability as well as prevailing market conditions.

9. Exercise of Options

9.1 Subject as provided in Rule 7.5(e), this Rule 9 and Rule 10 and any other conditions as may be introduced by the Committee from time to time, each Option shall be exercisable, in whole or in part provided that Options may be exercised in part only in respect of 100 Shares or any multiples thereof, as follows:–

- (a) in the case of a Market Price Option, during the period commencing after the first anniversary of the Offer Date and expiring on the tenth anniversary of such Offer Date; and
- (b) in the case of an Incentive Option, during the period commencing after the second anniversary of the Offer Date and expiring on the tenth anniversary of such Offer Date, save that the Option Period for any Option granted to a Selected Person who is a Group NED of the Company or its Subsidiaries shall expire on the fifth anniversary of the Offer Date.

9.2 In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the DMSOS 2021 until such time as it shall lapse in accordance with the DMSOS 2021.

9.3 An Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company:–

- (a) subject to Rules 9.4 and 9.5, upon the Selected Person ceasing to be in the full-time employment of the Group, for any reason whatsoever;
- (b) upon the bankruptcy of the Selected Person or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option;
- (c) in the event of any misconduct on the part of the Selected Person as determined by the Committee in its sole and absolute discretion or any breach of any regulation of the Group, such breach being regarded as serious by the Committee in its absolute discretion; or
- (d) upon the company by which the Selected Person is employed ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group.

For the purpose of Rule 9.3(a), the Selected Person shall be deemed to have ceased to be so employed as of the date of the notice of termination or resignation, as the case may be, unless such notice shall be withdrawn prior to its effective date.

9.4 If a Selected Person ceases to be employed by the Group by reason of his:–

- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

- (b) redundancy;
- (c) retirement at or after the legal retirement age;
- (d) retirement before the legal retirement age with the consent of the Committee; or
- (e) any other reason where the cessation of employment is approved by the Committee,

he may (notwithstanding Rule 7.5(d)), at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period or such Option Period that would expire on an earlier date as may be determined by the Committee (such earlier date subject to Rule 9.1), and upon the expiry of such period, the Option shall immediately lapse and become null and void.

- 9.5 If a Selected Person dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Selected Person within the relevant Option Period or such Option Period that would expire on an earlier date as may be determined by the Committee (such earlier date subject to Rule 9.1), and upon the expiry of such period, the Option shall immediately lapse and become null and void.

10. Take-over and winding up

- 10.1 Notwithstanding Rule 9 but subject to Rule 10.5, in the event of a take-over being made for the Shares, a Selected Person shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:–

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Option Period relating thereto); or
- (b) the date of expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall lapse and become null and void.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Selected Persons that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Selected Person until the expiry of such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 9, remain exercisable until the expiry of the Option Period relating thereto.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

- 10.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Selected Person shall be entitled, notwithstanding Rule 9 but subject to Rule 10.5, to exercise any Option then held by him, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon the Option shall lapse and become null and void.
- 10.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 10.4 In the event that a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Selected Persons (together with a notice of the existence of the provision of this Rule 10.4) and thereupon, each Selected Person (or his legal personal representative) shall be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the Aggregate Subscription Cost whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Selected Person credited as fully paid.
- 10.5 If in connection with the making of a general offer referred to in Rule 10.1 or a scheme referred to in Rule 10.2 or a winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Selected Persons, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Selected Person holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 10.
- 10.6 To the extent that an Option is not exercised within the periods referred to in this Rule 10, it shall lapse and become null and void.
11. Manner of Exercise
- 11.1 Subject to Rule 9.1, an Option may be exercised, in whole or in part, by a Selected Person giving notice in writing to the Company in, or substantially in, the form set out in Schedule B, subject to such modification as the Committee may from time to time determine. Such notice must be accompanied by payment in cash for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, the relevant documentation required by the Committee and the Aggregate Subscription Cost.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

- 11.2 All payments shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 11.3 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to compliance with the terms of the DMSOS 2021 and the Constitution, the Company shall, within ten (10) Market Days after the exercise of an Option, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.
- 11.4 The Company shall, as soon as practicable after such allotment, apply to the SGX-ST (and any other stock exchange on which the Shares are quoted or listed) for permission to deal in and for quotation of such Shares, if necessary.
- 11.5 Shares which are allotted on the exercise of an Option by a Selected Person shall be issued in the name of CDP to the credit of the securities account of that Selected Person maintained with CDP, the securities sub-account of that Selected Person maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 11.6 Shares allotted and issued on the exercise of an Option shall be subject to all the provisions of the Act and the Constitution, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or after the relevant exercise date of the Option, and shall in all other respects rank pari passu with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
12. Variation of Capital
- 12.1 If a variation in the issued ordinary share capital of the Company (whether by way of bonus issue, rights issue, capital reduction, subdivision or consolidation of Shares or distribution or otherwise) shall take place:–
- (a) the Subscription Price for the Shares, the class and/or number of Shares comprised in an Option to the extent unexercised; and/or
 - (b) the class and/or number of Shares over which additional Options may be granted under the DMSOS 2021,
- shall be adjusted in such manner as the Committee may deem to be appropriate.
- 12.2 Unless the Committee considers an adjustment to be appropriate:–
- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
 - (b) the increase in the number of issued Shares as a consequence of the exercise of options or other convertibles entitling holders of such options or convertibles to acquire Shares in the capital of the Company;

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

- (c) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force; and
- (d) the increase in the issued share capital of the Company as a consequence of the delivery of new Shares pursuant to the exercising of Options from time to time by the Company or through any other share-based incentive schemes implemented by the Company,

shall not normally be regarded as a circumstance requiring adjustment.

12.3 Notwithstanding the provisions of Rule 12.1:–

- (a) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made must (except in relation to a bonus issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable; and
- (b) no adjustment shall be made if as a result, a Selected Person receives a benefit that a Shareholder does not receive.

12.4 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Selected Person (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Subscription Price thereafter in effect and the class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

13. Administration

13.1 The DMSOS 2021 shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

13.2 The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the DMSOS 2021) for the implementation and administration of the DMSOS 2021 as they think fit. Any matter pertaining to the DMSOS 2021 and any dispute and uncertainty as to the interpretation of the DMSOS 2021, any rule, regulation or procedure thereunder or any rights under the DMSOS 2021 shall be determined by the Committee.

13.3 Neither the DMSOS 2021 nor the grant of Options under the DMSOS 2021 shall impose on the Company or the Committee any liability whatsoever in connection with:–

- (a) the lapsing or early expiry of any Options pursuant to any provision of the DMSOS 2021;
- (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the DMSOS 2021; and/or

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

- (c) any decision or determination of the Committee made pursuant to any provision of the DMSOS 2021.
- 13.4 Any decision or determination of the Committee made pursuant to any provision of the DMSOS 2021 (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.
14. Notices and Annual Report
- 14.1 Any notice required to be given by a Selected Person to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 14.2 Any notices or documents required to be given to a Selected Person or any correspondence to be made between the Company and the Selected Person shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Selected Person.
- 14.3 Any notice or other communication from a Selected Person to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Selected Person shall be deemed to be received by that Selected Person, when left at the address specified in Rule 14.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.
- 14.4 The Company shall disclose the following (as applicable) in its annual report for so long as the DMSOS 2021 continues in operation:-
- (a) the names of the members of the Committee administering the scheme;
 - (b) the information required in the table below for the following Selected Persons:-
 - (aa) directors of the Company; and
 - (bb) Selected Persons, other than those in Rule 14.4 (b) (aa) above, who receive 5% or more of the total number of Shares comprised in Options available under the DMSOS 2021,

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

Name of Selected Person	Number of Shares comprised in Options granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Options granted since commencement of DMSOS 2021 to end of the financial year under review	Aggregate number of Shares comprised in Options exercised since commencement of DMSOS 2021 to end of the financial year under review	Number of Shares comprised in Options outstanding as at end of the financial year under review

(c)

(aa) the names of and number and terms of Options granted to each director or employee of the parent company and its subsidiaries who receives 5% or more of the total number of options available to all directors and employees of the parent company and its subsidiaries under the DMSOS 2021, during the financial year under review; and

(bb) the aggregate number of Options granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of DMSOS 2021 to the end of the financial year under review.

(d) that Controlling Shareholders and Associates of a Controlling Shareholder are not eligible to participate in the DMSOS 2021;

(e) In respect of Incentive Options, the following disclosure shall be made:–

(aa) the number of Incentive Options granted at a discount of 10% or less and proportion to Market Price Options during the financial year under review; and

(bb) the number of Incentive Options granted at a discount of more than 10% and proportion to Market Price Options during the financial year under review.

(f) such other information as may be required by the Listing Manual or the Act.

If any of the disclosure above in the foregoing of this Rule 14.4 is not applicable, an appropriate negative statement shall be included in the annual report.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

15. Modifications to the DMSOS 2021

15.1 Any or all the provisions of the DMSOS 2021 may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:–

- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the written consent of such number of Selected Persons under the DMSOS 2021 who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in the number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options under the DMSOS 2021;
- (b) any modification or alteration of the provisions of DMSOS 2021 relating to the matters contained in Rules 844 to 849, and Rules 853 to 854 of the Listing Manual which would be to the advantage of Selected Persons under the DMSOS 2021 shall be subject to the prior approval of the Shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of such regulatory authorities as may be necessary, and any modification or alteration shall comply with the Listing Manual.

15.2 The Committee may at any time by resolution (and without other formality, save where the prior approval of the SGX-ST is necessary) amend or alter the DMSOS 2021 in any way to the extent necessary to cause the DMSOS 2021 to comply with any statutory provision or the provisions or regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Selected Persons.

16. Terms of employment unaffected

The terms of employment of a Selected Person (who is a Group Employee) shall not be affected by his participation in the DMSOS 2021, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

17. Duration of the DMSOS 2021

17.1 The DMSOS 2021 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years commencing on the Adoption Date, provided always that the DMSOS 2021 may continue beyond the above stipulated period with the approval of the Shareholders by way of an ordinary resolution passed at a general meeting and of any relevant authorities which may then be required.

17.2 The DMSOS 2021 may be terminated at any time by the Committee or, at the discretion of the Committee, by an ordinary resolution passed by the Shareholders at a general meeting, subject to all relevant approvals which may be required and if the DMSOS 2021 is so terminated, no further Options shall be offered by the Company hereunder.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

17.3 The termination, discontinuance or expiry of the DMSOS 2021 shall not affect Options which have been granted and accepted as provided in Rule 7.1, whether such Options have been exercised (whether fully or partially) or not.

18. Taxes

All taxes (including income tax) arising from the exercise of any Option granted to any Selected Person under the DMSOS 2021 shall be borne by that Selected Person.

19. Costs and expenses

19.1 Each Selected Person shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Selected Person's securities account with CDP, or the Selected Person's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the DMSOS 2021 to be payable by the Selected Persons, all fees, costs and expenses incurred by the Company in relation to the DMSOS 2021 including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

20. Disclaimer of liability

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 11.4 (and any other stock exchange on which the Shares are quoted or listed).

21. Abstention from voting

Shareholders who are eligible to participate in the DMSOS 2021 shall abstain from voting on any resolution relating to the DMSOS 2021.

22. Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

23. Condition of Option

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the grant of Options hereto.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

24. Governing law

The DMSOS 2021 shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Selected Persons, by accepting Options in accordance with the DMSOS 2021, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

Schedule A

DYNA-MAC SHARE OPTION SCHEME 2021

LETTER OF OFFER

Serial No: _____

Date: _____

To: [Name]
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam,

We have the pleasure of informing you that you have been nominated to participate in the Dyna-Mac Share Option Scheme 2021 (the “DMSOS 2021”) by the Committee appointed by the Board of Directors of Dyna-Mac Holdings Ltd. (the “Company”) to administer the DMSOS 2021. Terms as defined in the DMSOS 2021 shall have the same meaning when used in this letter.

Accordingly, in consideration of the payment of a sum of \$1.00, an offer is hereby made to grant you an Option to subscribe for and be allotted _____ Shares at the price of \$ _____ for each Share.

The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed off by you, in whole or in part, except with the prior approval of the Committee.

The Option shall be subject to the terms and conditions of this Letter of Offer and the DMSOS 2021 (as the same may be amended, modified or supplemented from time to time pursuant to the terms and conditions of the DMSOS 2021), a copy of which is enclosed herewith.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of \$1.00 not later than 5.00 p.m. on _____, failing which this offer will forthwith lapse.

Yours faithfully
For and on behalf of
Dyna-Mac Holdings Ltd.

Name:
Designation:

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

Schedule B

DYNA-MAC SHARE OPTION SCHEME 2021

ACCEPTANCE FORM

Serial No: _____

Date: _____

To: The Committee
The Dyna-Mac Share Option Scheme 2021
Dyna-Mac Holdings Ltd.
45 Gul Road,
Singapore 629350

Closing Date for Acceptance of Offer : _____
Number of Shares Offered : _____
Subscription Price for each Share : \$ _____
Total Amount Payable : \$ _____
(exclusive of the relevant CDP charges)

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the DMSOS 2021 referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares at \$ _____ for each Share and enclose cash for \$1.00 in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP (if applicable) relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificate(s) with CDP, my securities account with CDP, or my securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank (as the case may be) (collectively, the "CDP charges").

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of the Shares or options to subscribe for such Shares.

I agree to keep all information pertaining to the grant of the Option to me strictly confidential.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitutes the entire agreement between us relating to the offer.

APPENDIX B – RULES OF THE DYNA-MAC SHARE OPTION SCHEME 2021

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* *Delete accordingly*