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If you have sold all your ordinary shares in Keppel Corporation Limited, please forward these Appendices to the purchaser or bank or stockbroker or agent through whom the sale was effected for onward transmission to the purchaser.

Keppel Corporation

Keppel Corporation Limited
(Company Registration No. 196800351N)
(Incorporated in the Republic of Singapore)

APPENDICES TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 26 MARCH 2014

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APPENDIX 1

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. BACKGROUND

1.1 It is a requirement under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders at a general meeting of its shareholders. Keppel Corporation Limited (the "**Company**") proposes to seek the approval of shareholders of the Company ("**Shareholders**") at the forthcoming annual general meeting to be held on 17 April 2014 for the renewal of the general mandate (the "**Share Purchase Mandate**") to authorise the directors of the Company ("**Directors**") to buy back issued and fully paid ordinary shares in the capital of the Company ("**Shares**") in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**").

1.2 The Share Purchase Mandate was originally approved by Shareholders on 18 February 2000 and was last renewed at the annual general meeting of the Company on 19 April 2013 ("**2013 AGM**"). The mandate as renewed at the 2013 AGM will expire on the date of the forthcoming annual general meeting. If the proposed resolution for the renewal of the Share Purchase Mandate is approved at the forthcoming annual general meeting, the mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

1.3 The purpose of this Appendix is to provide information relating to and to explain the rationale for, the authority and limitation on, and the financial effects of, the proposed renewal of the Share Purchase Mandate.

2. RATIONALE FOR SHARE PURCHASE MANDATE

2.1 The rationale for the Company to undertake a purchase or acquisition of its Shares is as follows:

(a) in managing the business of the Company and its subsidiaries (the "**Group**"), management of the Company will strive to increase shareholders' value by improving, *inter alia*, the return on equity ("**ROE**") of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced;

(b) in line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;

(c) share purchase programmes help buffer short-term share price volatility; and

(d) the Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

2.2 The Share Purchase Mandate would authorise a purchase or acquisition of Shares up to a maximum of five (5) per cent. of the issued Shares ascertained in accordance with paragraph 3.2 below during the duration referred to in paragraph 3.3 below. The five (5) per cent. limit is lower than the ten (10) per cent. limit allowed under the Companies Act. Shareholders should also note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out up to the full five (5) per cent. limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate would be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

3. AUTHORITY AND LIMITS ON THE SHARE PURCHASE MANDATE

3.1 The authority and limitations placed on share purchases or acquisitions of Shares by the Company under the proposed renewal of the Share Purchase Mandate are summarised in paragraphs 3.2 to 3.5 below.

3.2 *Maximum Number of Shares*

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than five (5) per cent. of the total number of issued Shares (ascertained as at the date of the 2013 AGM or the forthcoming annual general meeting at which the renewal of the Share Purchase Mandate is approved, whichever is the higher, unless the share capital of the Company has been reduced in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered). Any Shares which are held as treasury shares will be disregarded for purposes of computing the five (5) per cent. limit. As at 4 March 2014 (the "**Latest Practicable Date**"), the Company is not holding any treasury shares.

For the above purposes, the "**Relevant Period**" means the period commencing on the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date the resolution relating to the renewal of the Share Purchase Mandate is passed.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,814,043,858 Shares. In addition, as at the Latest Practicable Date, there were outstanding and remaining unexercised share options to subscribe for up to an aggregate of 23,243,962 Shares and awards to issue up to 6,069,635 Shares pursuant to the Keppel Corporation Limited Restricted Share Plan and Performance Share Plan (collectively, the "**KCL Share Plans**"). Except in respect of Shares which are issuable on exercise of the outstanding share options or on the vesting of the awards granted pursuant the KCL Share Plans, no Shares are reserved for issue by the Company as at the Latest Practicable Date.

Purely for illustrative purposes, on the basis of 1,814,043,858 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued, the purchase or acquisition by the Company of five (5) per cent. of its issued Shares will result in the purchase or acquisition of 90,702,192 Shares.

3.3 *Duration of Authority*

Purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the forthcoming annual general meeting, at which the Share Purchase Mandate is approved, up to:

(a) the date on which the next annual general meeting is held or is required by law to be held;

(b) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

3.4 *Manner of Purchases or Acquisitions of Shares*

Purchases or acquisitions of Shares may be made by way of:

(a) an on-market purchase ("**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(b) an off-market purchase ("**Off-Market Purchase**") effected pursuant to an equal access scheme under section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the listing rules set out in the Listing Manual ("**Listing Rules**") and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

(a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances;

(3) the reasons for the proposed purchase or acquisition of Shares;

(4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Singapore Code on Take-over and Mergers ("**Take-over Code**") or other applicable take-over rules;

(5) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;

(6) details of any purchases or acquisitions of Shares made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions; and

(7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

3.5 *Purchase Price*

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

(a) in the case of a Market Purchase, one hundred and five (105) per cent. of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty (120) per cent. of the Average Closing Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, in the case of Market Purchases, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days, or in the case of Off-Market Purchases, before the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

4. STATUS OF PURCHASED SHARES

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

5. TREASURY SHARES

5.1 Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised in paragraphs 5.2 to 5.4 below.

5.2 *Maximum Holdings*

The number of Shares held as treasury shares cannot at any time exceed ten (10) per cent. of the total number of issued Shares.

5.3 *Voting and Other Rights*

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

5.4 *Disposal and Cancellation*

Where Shares are held as treasury shares, the Company may at any time:

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

5.5 In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred,

cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

6. REPORTING REQUIREMENTS

6.1 Within thirty (30) days of the passing of a Shareholders' resolution to approve the purchases or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar of Companies.

6.2 The Company shall notify the Registrar of Companies within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase or acquisition, including the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase or acquisition of Shares, the Company's issued share capital after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of profits or the capital of the Company, and such other particulars as may be required.

6.3 The Listing Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

7. SOURCE OF FUNDS

7.1 The Company may only apply funds for the purchase or acquisition of the Shares as provided in the articles of association of the Company and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

7.2 The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits.

7.3 Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

8. FINANCIAL EFFECTS

8.1 Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount of the Company's capital will be reduced correspondingly but the amount available for the distribution of cash dividends by the Company will not be reduced. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of the Company's capital and profits, the amount of its capital and profits will be correspondingly reduced.

8.2 It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the net tangible assets ("**NTA**") and earnings per Share ("**EPS**") as the resultant effect would depend on, *inter alia,* the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

8.3 The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, the availability of financial resources and the prevailing market conditions. The proposed Share Purchase Mandate will be exercised with a view to enhancing the EPS and/or the NTA value per Share.

8.4 **Illustrative Financial Effects.** The financial effects of the Share Purchase Mandate on the Group and on the Company based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2013 are based on the assumptions set out below:

(a) based on 1,807,970,459 Shares issued as at 31 December 2013 and assuming no further Shares are issued, not more than 90,398,522 Shares (representing five (5) per cent. of the issued Shares of the Company as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate;

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires the 90,398,522 Shares, the maximum amount of funds required for the purchase or acquisition of the 90,398,522 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses), assuming a Maximum Price for one (1) Share of $11.00[1], is approximately $994 million; and

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[1] Being 105% of the average closing price for one (1) Share five (5) Market Days before the Latest Practicable Date.

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 90,398,522 Shares, the maximum amount of funds required for the purchase or acquisition of the 90,398,522 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses), assuming a Maximum Price for one (1) Share of $12.50[2], is approximately $1,130 million.

8.5 **For illustrative purposes only**, and based on the assumptions set out in paragraph 8.4 above and assuming that (i) the purchase or acquisition of Shares is financed solely by internal sources of funds; (ii) the Share Purchase Mandate had been effective on 1 January 2013; and (iii) the Company had purchased or acquired the 90,398,522 Shares (representing five (5) per cent. of the total number of issued Shares as at 31 December 2013) on 1 January 2013, the financial effects of the purchase or acquisition of the 90,398,522 Shares by the Company pursuant to the Share Purchase Mandate:

(a) by way of purchases or acquisitions held as treasury shares; and

(b) by way of purchases or acquisitions made out of capital and profits and cancelled,

on the audited financial statements of the Company and the Group for the financial year ended 31 December 2013 are set out below:

(1) Purchases held as treasury shares

Market Purchases

	Group		Company	
	Before Share Purchase	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
As at 31 December 2013				
Issued capital and reserves ($'000)	9,701,181	9,701,181	5,694,899	5,694,899
Treasury shares ($'000)	–	994,384	–	994,384
NTA ($'000)	9,614,941	8,620,557	5,694,899	4,700,515
NTA per Share ($)	5.32	5.02	3.15	2.74
Profit after taxation and non-controlling interests ($'000)[(1)]	1,845,792	1,837,291	1,275,575	1,267,074
EPS (cents)[(1)]	102.25	107.14	n.m.[(2)]	n.m.[(2)]
Net borrowings ($'000)	1,535,343	2,529,727	1,497,534	2,491,918
Net gearing (times)[(3)]	0.11	0.20	0.26	0.53
Return on equity (%)	19.5	21.7	n.m.[(2)]	n.m.[(2)]

[2] Being 120% of the average closing price for one (1) Share five (5) Market Days before the Latest Practicable Date.

Off-Market Purchases

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2013				
Issued capital and reserves ($'000)	9,701,181	9,701,181	5,694,899	5,694,899
Treasury shares ($'000)	–	1,129,982	–	1,129,982
NTA ($'000)	9,614,941	8,484,959	5,694,899	4,564,917
NTA per Share ($)	5.32	4.94	3.15	2.66
Profit after taxation and non-controlling interests ($'000)[(1)]	1,845,792	1,836,132	1,275,575	1,265,915
EPS (cents)[(1)]	102.25	107.08	n.m.[(2)]	n.m.[(2)]
Net borrowings ($'000)	1,535,343	2,665,325	1,497,534	2,627,516
Net gearing (times)[(3)]	0.11	0.21	0.26	0.58
Return on equity (%)	19.5	22.0	n.m.[(2)]	n.m.[(2)]

Notes:

(1) Earnings and EPS after the Share purchase has been adjusted by the notional interest expense incurred at the interest rate of 1.03 per cent. per annum less taxation. "Earnings" means profit after taxation and non-controlling interests.

(2) Not meaningful.

(3) Net gearing is equal to total borrowings less cash divided by capital employed.

(2) Purchases made out of capital and profits and cancelled

Market Purchases

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2013				
Issued capital and reserves ($'000)	9,701,181	8,706,797	5,694,899	4,700,515
NTA ($'000)	9,614,941	8,620,557	5,694,899	4,700,515
NTA per Share ($)	5.32	5.02	3.15	2.74
Profit after taxation and non-controlling interests ($'000)[(1)]	1,845,792	1,837,291	1,275,575	1,267,074
EPS (cents)[(1)]	102.25	107.14	n.m.[(2)]	n.m.[(2)]
Net borrowings ($'000)	1,535,343	2,529,727	1,497,534	2,491,918
Net gearing (times)[(3)]	0.11	0.20	0.26	0.53
Return on equity (%)	19.5	21.7	n.m.[(2)]	n.m.[(2)]

Off-Market Purchases

	Group		Company	
	Before Share Purchase	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
As at 31 December 2013				
Issued capital and reserves ($'000)	9,701,181	8,571,199	5,694,899	4,564,917
NTA ($'000)	9,614,941	8,484,959	5,694,899	4,564,917
NTA per Share ($)	5.32	4.94	3.15	2.66
Profit after taxation and non-controlling interests ($'000)[(1)]	1,845,792	1,836,132	1,275,575	1,265,915
EPS (cents)[(1)]	102.25	107.08	n.m.[(2)]	n.m.[(2)]
Net borrowings ($'000)	1,535,343	2,665,325	1,497,534	2,627,516
Net gearing (times)[(3)]	0.11	0.21	0.26	0.58
Return on equity (%)	19.5	22.0	n.m.[(2)]	n.m.[(2)]

Notes:

(1) Earnings and EPS after the Share purchase has been adjusted by the notional interest expense incurred at the interest rate of 1.03 per cent. per annum less taxation. "Earnings" means profit after taxation and non-controlling interests.

(2) Not meaningful.

(3) Net gearing is equal to total borrowings less cash divided by capital employed.

8.6 As illustrated above, the purchases or acquisitions of Shares of the Company will:

(a) reduce the number of Shares unless the Shares purchased or acquired are held by the Company as treasury shares;

(b) increase the gearing ratio of the Group;

(c) decrease the consolidated NTA per Share of the Group;

(d) increase the consolidated EPS of the Group; and

(e) increase the ROE of the Group.

8.7 **Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to five (5) per cent. of its issued Shares, the Company may not necessarily purchase or acquire or be in the position to purchase or acquire the entire five (5) per cent. of its issued Shares. In particular, the Directors do not intend to exercise the Share Purchase Mandate up to the maximum limit or to such an extent where such exercise would materially and adversely affect the financial position of the Group. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.**

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

9. TAKE-OVER IMPLICATIONS

9.1 Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out in paragraphs 9.2 to 9.4 below.

9.2 *Obligation to make a Take-over Offer*

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and person acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and become obliged to make a general offer under Rule 14 of the Take-over Code.

9.3 *Persons Acting in Concert*

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be acting in concert:

(a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above companies for the purchase of voting rights;

(b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten (10) per cent. or more of the client's equity share capital;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions and companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above persons for the purchase of voting rights.

For this purpose, ownership or control of at least twenty (20) per cent. but not more than fifty (50) per cent. of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

9.4 *Effect of Rule 14 and Appendix 2*

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty (30) per cent. or more, or in the event that such Directors and their concert parties hold between thirty (30) per cent. and fifty (50) per cent. of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one (1) per cent. in any period of six (6) months. In calculating the percentage of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Based on the Register of Directors' Shareholdings of the Company and the issued share capital of the Company as at the Latest Practicable Date, the shareholdings of the Directors of the Company before and after the purchase of Shares by the Company pursuant to the Share Purchase Mandate (assuming (a) the Company purchases or acquires, as at the Latest Practicable Date, the maximum amount of five (5) per cent. of the issued Shares of the Company, and (b) there is no change in the number of Shares held or deemed to be held by the Directors) would be as follows:

	No. of Shares before buy-back			**No. of Shares after buy-back**		
Names of Directors	**Direct Interest[1]**	**Deemed Interest[1]**	**Total Interest[1]**	**Direct Interest[2]**	**Deemed Interest[2]**	**Total Interest[2]**
Lee Boon Yang	53,000 (n.m%[3])	–	53,000 (n.m%[3])	53,000 (n.m%[3])	–	53,000 (n.m%[3])
Loh Chin Hua	80,212 (n.m%[3])	38,500 (n.m%[3])	118,712 0.01%	80,212 (n.m%[3])	38,500 (n.m%[3])	118,712 0.01%
Tony Chew Leong-Chee	20,000 (n.m%[3])	–	20,000 (n.m%[3])	20,000 (n.m%[3])	–	20,000 (n.m%[3])
Oon Kum Loon	63,200 (n.m%[3])	54,000 (n.m%[3])	117,200 (0.01%)	63,200 (n.m%[3])	54,000 (n.m%[3])	117,200 (0.01%)
Tow Heng Tan	19,888 (n.m%[3])	28,789 (n.m%[3])	48,677 (n.m%[3])	19,888 (n.m%[3])	28,789 (n.m%[3])	48,677 (n.m%[3])
Alvin Yeo Khirn Hai	15,225 (n.m%[3])	32,000 (n.m%[3])	47,225 (n.m%[3])	15,225 (n.m%[3])	32,000 (n.m%[3])	47,225 (n.m%[3])
Tan Ek Kia	6,825 (n.m%[3])	–	6,825 (n.m%[3])	6,825 (n.m%[3])	–	6,825 (n.m%[3])
Danny Teoh	31,825 (n.m%[3])	–	31,825 (n.m%[3])	31,825 (n.m%[3])	–	31,825 (n.m%[3])
Tan Puay Chiang	23,600 (n.m.%[3])	7,103 (n.m.%[3])	30,703 (n.m%[3])	23,600 (n.m%[3])	7,103 (n.m%[3])	30,703 (n.m%[3])
Teo Soon Hoe	5,451,322 0.30%	–	5,451,322 0.30%	5,451,322 0.32%	–	5,451,322 0.32%

Notes:

(1) Based on the total issued and paid-up share capital of the Company 1,814,043,858 Shares as at the Latest Practicable Date.

(2) Based on the total issued and paid-up share capital of the Company of 1,723,341,666 Shares, (assuming that the Company purchases or acquires, as at the Latest Practicable Date, the maximum number of 90,702,192 Shares under the Share Purchase Mandate).

(3) Not meaningful.

As at the Latest Practicable Date, the shareholdings of the Directors in the Company are not material and none of the Directors (together with persons acting in concert with them) would become obligated to make a mandatory offer in the event that the Company purchases or acquires the maximum amount of five (5) per cent. of its Shares under the Share Purchase Mandate.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty (30) per cent. or more, or, if such Shareholder held between thirty (30) per cent. and fifty (50) per cent., of the Company's voting rights, the voting rights of such Shareholder would increase by more than one (1) per cent. in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Purchase Mandate.

Based on the Register of Substantial Shareholders of the Company, and assuming that (a) there is no change in the direct and deemed interest of the substantial Shareholders in the Shares, (b) no new Shares are issued to the substantial Shareholders by the Company following approval being received from Shareholders at the annual general meeting for the renewal of the Share Purchase Mandate, and (c) the substantial Shareholders do not sell or otherwise dispose of their interest in the Shares, the direct and deemed interests of the substantial Shareholders in the Shares before and after the purchase by the Company of five (5) per cent. of the issued Shares of the Company pursuant to the Share Purchase Mandate will be as follows:

	Before buy-back		**After buy-back**	
Substantial Shareholder	**No. of Shares**	**% of total issued Shares[1]**	**No. of Shares**	**% of total issued Shares[2]**
Temasek Holdings (Private) Limited	383,948,563	21.17	383,948,563	22.28
Aberdeen Asset Management PLC	107,190,900	5.91	107,190,900	6.22
Aberdeen Asset Management Asia Limited	102,546,900	5.65	102,546,900	5.95

Notes:

(1) Based on the total issued and paid-up share capital of the Company of 1,814,043,858 Shares as at the Latest Practicable Date.

(2) Based on the total issued and paid-up share capital of the Company of 1,723,341,666 Shares, (assuming that the Company purchases or acquires, as at the Latest Practicable Date, the maximum number of 90,702,192 Shares under the Share Purchase Mandate).

Accordingly, based on the direct and deemed interest of the substantial Shareholders in the Shares as at the Latest Practicable Date, none of the substantial Shareholders would, under Appendix 2, be required to make a mandatory offer under Rule 14 of the Take-over Code following the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

10. LISTING RULES

10.1 While the Listing Rules do not expressly prohibit the purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase or acquire any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, in line with the best practices on dealings in securities issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) one (1) month immediately preceding the announcement of the Company's annual results; and

(b) two (2) weeks immediately preceding the announcement of the Company's results for each of the first three quarters of its financial year.

10.2 The Company is required under Rule 723 of the Listing Manual to ensure that at least ten (10) per cent. of its Shares are in the hands of the public. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial Shareholders or controlling shareholders of the Company or its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 66 per cent. of the issued Shares, are in the hands of the public. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full five (5) per cent. limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisitions, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

11. PREVIOUS SHARE PURCHASES

The Company has not purchased or acquired any Shares during the 12-month period preceding the Latest Practicable Date.

12. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Directors' and Substantial Shareholders' interests in Shares as at the Latest Practicable Date as recorded in the Registers of Directors' Shareholdings and Substantial Shareholders are set out below:

	Direct Interest		Deemed Interest		Total Interest		No. of Shares comprised in KCL Options	Contingent Awards of Shares under	
Director	No.	%[1]	No.	%[1]	No.	%[1]		Restricted Share Plan	Performance Share Plan
Lee Boon Yang	53,000	n.m[2]	–	–	53,000	n.m[2]	–	–	–
Loh Chin Hua	80,212	n.m[2]	38,500	n.m[2]	118,712	0.01	–	2012 Award: 25,881[3] 2013 Award: 58,664[3]	2012 Award: 77,643[4] 2013 Award: 93,171[4]
Tony Chew Leong-Chee	20,000	n.m[2]	–	–	20,000	n.m[2]	–	–	–
Oon Kum Loon	63,200	n.m[2]	54,000	n.m[2]	117,200	0.01	–	–	–
Tow Heng Tan	19,888	n.m[2]	28,789	n.m[2]	48,677	n.m[2]	–	–	–
Alvin Yeo Khirn Hai	15,225	n.m[2]	32,000	n.m[2]	47,225	n.m[2]	–	–	–
Tan Ek Kia	6,825	n.m[2]	–	–	6,825	n.m[2]	–	–	–
Danny Teoh Leong Kay	31,825	n.m[2]	–	–	31,825	n.m[2]	–	–	–
Tan Puay Chiang	23,600	n.m[2]	7,103	n.m[2]	30,703	n.m[2]	–	–	–
Teo Soon Hoe	5,451,322	0.30	–	–	5,451,322	0.30	2,530,000	2012 Award: Nil 2013 Award: Nil	2012 Award: 93,171[4] 2013 Award: 93,171[4]

Notes:

(1) Based on the total issued and paid-up ordinary share capital of 1,814,043,858 Shares as at the Latest Practicable Date.

(2) Not meaningful

(3) Refers to the number of Shares which are the subject of awards granted which have been released under the KCL restricted share plan on satisfaction of performance conditions being met, but not vested.

(4) Refers to the number of Shares which are the subject of contingent awards granted but not released under the KCL performance share plan. Based on the achievement factor, the actual release of awards could range from zero to a maximum of 150% under the KCL performance share plan.

Substantial Shareholder	Number of Shares					
	Direct Interest		Indirect Interest		Total Interest	
	No.	%(1)	No.	%(1)	No.	%(1)
Temasek Holdings (Private) Limited	371,408,292	20.47	12,540,271(2)	0.69	383,948,563	21.17
Aberdeen Asset Management PLC	–	–	107,190,900(3)	5.91	107,190,900	5.91
Aberdeen Asset Management Asia Limited	–	–	102,546,900(4)	5.65	102,546,900	5.65

Notes:

(1) Based on the total issued and paid-up ordinary share capital of 1,814,043,858 Shares as at the Latest Practicable Date.

(2) Temasek Holdings (Private) Limited is deemed to be interested in an aggregate of 12,540,271 Shares in which its subsidiaries and associated companies have an aggregate interest.

(3) Aberdeen Asset Management PLC (AAMPLC) is deemed to be interested in an aggregate of 107,190,900 shares held by various accounts managed or advised by AAMPLC over which AAMPLC has disposal and voting rights.

(4) Aberdeen Asset Management Asia Limited (AAMAL) is deemed to be interested in an aggregate of 102,546,900 shares held by various accounts managed or advised by AAMAL over which AAMAL has disposal and voting rights.

13. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the Share Purchase Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming annual general meeting as set out in the Notice of Annual General Meeting dated 26 March 2014.

14. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office during normal business hours from the date of this Appendix up to the date of the annual general meeting:

(a) Annual Report 2013;

(b) Circular to Shareholders dated 1 February 2000 relating to the proposed Share Purchase Mandate; and

(c) the Memorandum and Articles of Association of the Company.

APPENDIX 2

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. BACKGROUND

1.1 At the annual general meeting of the Company held on 19 April 2013, Shareholders had renewed a mandate ("**IPT Mandate**") to enable the Company, its subsidiaries and target associated companies (as defined in Appendix 2 to the Company's notice of annual general meeting dated 28 March 2013 ("**2013 Circular**"), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in the 2013 Circular, with any person who falls within the classes of Interested Persons described in the 2013 Circular, provided that such transactions are made on normal commercial terms and in accordance with the methods or procedures for determining the transaction prices for Interested Person Transactions as set out in the 2013 Circular.

1.2 The IPT Mandate will (unless revoked or varied by the Company at a general meeting) continue in force until the forthcoming annual general meeting of the Company to be held on 17 April 2014. If the proposed resolution for the renewal of the IPT Mandate is approved at the forthcoming annual general meeting, the IPT Mandate shall continue in force until the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

1.3 The rationale of the IPT Mandate, the scope of the IPT Mandate, the benefit to Shareholders, the classes of Interested Persons, the particulars of the Interested Person Transactions and the methods or procedures for determining the transaction prices for Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged and are set out in the Annexure to this Appendix.

1.4 Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to transactions with Interested Persons.

2. DEFINITIONS

The following definitions, or such other definition as the Singapore Exchange Securities Trading Limited ("**SGX-ST**") may from time to time determine, shall apply throughout this Appendix (including the Annexure attached hereto), unless the context otherwise requires:

(a) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;

(b) an "associate" means:

(i) in relation to any director, chief executive officer or controlling shareholder (being an individual):

(1) his immediate family member (that is, the person's spouse, child, adopted child, step-child, sibling and parent);

(2) 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

(3) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and

(ii) in relation to a controlling shareholder (being a company), 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 30% or more;

(c) "associated company" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or listed group;

(d) "control" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;

(e) "controlling shareholder" means a person who:

(i) holds directly or indirectly 15% or more of the total number of issued shares (excluding treasury shares) in the company (the SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder); or

(ii) in fact exercises control over a company;

(f) "KCL IPT Group" means the Company, its subsidiaries and target associated companies;

(g) "listed company" means a company which is listed on the SGX-ST;

(h) "listed group" means the listed company and its subsidiaries;

(i) "Listing Manual" means the listing manual of the SGX-ST; and

(j) "target associated company" means an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.

3. AUDIT COMMITTEE'S STATEMENTS

3.1 Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee (comprising Mr Danny Teoh, Mr Tony Chew Leong-Chee, Mrs Oon Kum Loon and Mr Alvin Yeo Khirn Hai) confirms that:

(i) the methods or procedures for determining the transaction prices for Interested Person Transactions set out in the Annexure to this Appendix ("**Review Procedures**") have not changed since Shareholders approved the IPT Mandate at the annual general meeting of the Company held on 19 April 2013; and

(ii) the Review Procedures are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.2 If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the Review Procedures are inadequate or inappropriate to ensure that the Interested Person Transactions will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will in consultation with the Board take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with interested persons.

4. DISCLOSURES

Disclosure will be made in the Company's Annual Report of the aggregate value of all Interested Person Transactions conducted with Interested Persons pursuant to the IPT Mandate during the current financial year, and in the Annual Reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual. The Company will also announce the aggregate value of transactions conducted pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

5. DIRECTORS' RECOMMENDATION AND VOTING

5.1 The Directors (except for Mr Tow Heng Tan who is the Chief Executive Officer of Pavilion Capital International Pte Ltd, a wholly-owned subsidiary of Temasek Holdings (Private) Limited and who abstains from making any recommendation for Shareholders to vote in favour of the resolution relating to the proposed renewal of the IPT Mandate) are of the view that the proposed renewal of the IPT Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the resolution relating to the proposed renewal of the IPT Mandate as set out in the Notice of Annual General Meeting.

5.2 In accordance with the requirements of Chapter 9 of the Listing Manual, Temasek Holdings (Private) Limited (being the controlling shareholder of the Company) and all the Directors will abstain from voting, and each has undertaken to ensure that its associates will abstain from voting, on the resolution relating to the renewal of the IPT Mandate to be proposed at the forthcoming annual general meeting in respect of the Shares held by them respectively. Such Interested Persons will also not accept appointment as proxies for any Shareholder to vote on the said resolution unless specific voting instructions have been given by the Shareholder as to how he wants his votes to be cast in respect of the said resolution.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office during normal business hours from the date of this Appendix up to the date of the annual general meeting:

(a) Annual Report 2013;

(b) Appendix 3 to the Company's Notice of Annual General Meeting dated 21 April 2003 relating to the proposed IPT Mandate; and

(c) the Memorandum and Articles of Association of the Company.

ANNEXURE TO APPENDIX 2

SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS*

"3. SHAREHOLDERS' MANDATE

3.1 Rationale for Shareholders' Mandate

Temasek Holdings (Private) Limited ("**Temasek**"), which is a controlling shareholder of a number of publicly-listed companies, is a controlling shareholder of KCL.

Due to the size of the Temasek group of companies, the Company, its subsidiaries and target associated companies (as defined in paragraph 2(f)(iii) of this Appendix) that are not listed on the SGX-ST or an approved exchange (the "**KCL IPT Group**") would in the ordinary course of business enter into transactions with the classes of Interested Persons as set out herein and with some degree of frequency.

In view of the time-sensitive and frequent nature of such Interested Person Transactions, the directors of KCL ("**Directors**") are seeking the approval of Shareholders pursuant to Chapter 9 of the Listing Manual for a proposed Shareholders' Mandate pursuant to Chapter 9 of the Listing Manual for the Company, its subsidiaries and target associated companies to enter into Interested Person Transactions with the classes of interested persons set out in paragraph 4 below ("**Interested Persons**"), provided that such transactions are made at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders ("**Shareholders Mandate**"). Such Interested Person Transactions are described in paragraph 5 below.

If approved by Shareholders at the Annual General Meeting to be held on 22 May 2003 or any adjournment thereof ("**AGM**"), the proposed Shareholders' Mandate will take effect from the date of receipt of Shareholders' approval at the AGM until the next AGM of the Company, and shall apply in respect of Interested Person Transactions entered or to be entered into from the date of the AGM until the next AGM of the Company, unless revoked or varied by the Company in general meeting. Thereafter, approval from Shareholders for a renewal of the Shareholders' Mandate will be sought at each subsequent AGM of the Company.

3.2 Scope of the Shareholders' Mandate

The Shareholders' Mandate will cover a wide range of transactions arising in the ordinary course of business operations of the KCL IPT Group, including its principal businesses of offshore and marine, engineering and energy, as well as ancillary businesses such as procurement services and travel.

The Shareholders' Mandate will not cover any Interested Person Transaction which has a value below $100,000 as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

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* This Annexure is an extract of Appendix 3 of the Company's notice of annual general meeting to Shareholders dated 21 April 2003 on the rationale of the Shareholders' Mandate, the scope of the Shareholders' Mandate, the benefit to Shareholders, the particulars of the Interested Person Transactions, classes of Interested Persons and the Review Procedures for Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed.

Transactions with Interested Persons which do not come within the ambit of the Shareholders' Mandate (including any renewal thereof) will be subject to applicable provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.3 Benefit to the Company

The obtaining of the Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis would eliminate the need for the Company to announce, or to announce and convene, separate general meetings from time to time to seek Shareholders' prior approval as and when potential Interested Person Transactions with a specific class of Interested Persons arise, thereby reducing substantial administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the KCL IPT Group. In addition, this will considerably improve administrative efficacy.

The Shareholders' Mandate is intended to facilitate transactions in the normal course of business of the KCL IPT Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. The KCL IPT Group will benefit from having access to competitive quotes from its Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons. In respect of the issue or sale of debt securities to the Interested Persons, the KCL IPT Group can benefit from the financial support of the Interested Persons arising from such issuance or sale, which would be on terms no less favourable to the KCL IPT Group than those issued or sold to other third parties.

4. CLASSES OF INTERESTED PERSONS

The Shareholders' Mandate will apply to the Interested Person Transactions (as described in paragraph 5 below) which are carried out between any company within the KCL IPT Group and the following classes of Interested Persons:

(a) Temasek and its associates; and

(b) Directors, chief executive officer(s) and controlling shareholders (other than Temasek) of the Company and their respective associates.

5. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The types of transactions with Interested Persons (as described in paragraph 4 above) to which the Shareholders' Mandate applies and the benefits to be derived therefrom are set out below:

5.1 Offshore and Marine Services

(a) Provision and purchases of services and expertise in the construction, fabrication and repair of offshore production facilities, drilling rigs, power barges and specialised vessels to/from Interested Persons and/or to provide the same to third parties jointly with Interested Persons;

(b) Provision and purchases of services relating to shipbuilding, dry docking, afloat repairs and voyage repairs, major modifications as well as conversion of vessels;

(c) Provision and purchases of services relating to fabrication of steel structures and industrial equipment and plant;

(d) Provision and purchases of sub-contracting services, and services relating to engineering, advisory, consultancy and assistance, design and drafting services, project management, material and equipment procurement and procurement services, and the leasing/rental of facilities and equipment, shotblasting services, acquisition and/or supply of materials, equipment and products, and the provision of tug boat services and ocean towage; and

(e) Provision and purchases of services related to ship repair and shipbuilding contracting and fabrication services.

5.2 Energy-related Services

(a) Engaging contractors and suppliers for the development and construction of energy-related projects, and the purchase of materials, plants and machinery for such projects;

(b) Purchase of meter reading, data management, power transmission and other essential regulated services required by an electricity retailer in the Singapore electricity market;

(c) Contracts with electricity generating companies for hedging of electricity prices;

(d) retail of electricity;

(e) Purchase of natural gas as fuel for its facility and backup fuel or chemicals and other raw materials required for power generation;

(f) Purchase of gas distribution, power transmission, metering services and other essential regulated services required by a power generator;

(g) Provision of demineralised water, steam, cooling water and other utility services; and

(h) Provision of guarantees for obligations under the above contracts relating to the purchase of energy-related services.

5.3 Engineering Services

(a) Provision of engineering, procurement and construction services in infrastructure, industrial and commercial developments;

(b) Sale of material handling equipment and heavy cranes, provision and purchase of services relating to structural steel engineering, comprehensive operations and maintenance services, and provision of precision engineering services;

(c) Supply, install, repair and service automation, instrumentation and control systems;

(d) Provision of general engineering contracting and fabrication services and the supply of marine and building materials, equipment and products;

(e) Provision of environmental engineering design, process technology and equipment and services in environmental engineering business; and

(f) Provision of services for the development and construction of infrastructural plants in environmental business, and the engagement of sub-contractors and suppliers to provide services required for such development and construction.

5.4 Debt Securities Transactions

The subscription of debt securities issued by any Interested Person, the issue of debt securities to any Interested Person, the purchase from any Interested Person of debt securities previously issued by such Interested Person, or the sale to any Interested Person of debt securities previously issued by any company within the KCL IPT Group ("**Debt Securities Transactions**").

5.5 Property Related Transactions

(a) Sale and lease of properties, including but not limited to residential, commercial and industrial buildings and properties;

(b) Provision and purchase of project development and project management services;

(c) Provision and purchase of property marketing services for the sale or lease of residential, commercial and industrial properties, as well as property funds; and

(d) Provision of facilities for leisure activities, including without limitation, marina facilities.

5.6 Other Transactions

(a) Provision of services relating to the procurement of goods and services including procurement agency, strategic sourcing, auctions, and provision of related technology platforms, consultancy and outsourcing services;

(b) Provision of travel management services, including corporate ticketing, and purchases of travel and transportation services including but not limited to purchases of air tickets and hotel accommodation;

(c) Provision of charter-party and other shipping related services;

(d) Purchase of data storage services including hosting services, software licences, design and other technology services; and

(e) Purchase of services relating to development and management of network infrastructure and automation devices.

6. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

6.1 To ensure that Interested Person Transactions are undertaken at arm's length, on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, the following procedures will be implemented for the review and approval of Interested Person Transactions under the Shareholders' Mandate:

All Interested Person Transactions

(a) In relation to all Interested Person Transactions as enumerated under paragraph 5 above, quotations will be obtained from the Interested Person and at least one similar service or product provider in respect of services and products obtained by any company within the KCL IPT Group from the Interested Person. All Interested Person Transactions as enumerated under paragraph 5 above shall not be approved unless such transactions are entered into (i) at rates/prices which are no more favourable to the Interested Person than those extended to unrelated third parties (including where applicable, preferential rates/prices/discounts accorded to corporate customers or bulk purchases), or (ii) in relation to purchases of products and services, on terms similar to the service or product providers' usual commercial terms and in accordance with industry norms for similar services or products, or (iii) in relation to provision of products or services, on terms similar to the usual commercial terms of such company in the KCL IPT Group, or (iv) otherwise in accordance with other applicable industry norms.

(b) In the event that it is not possible to obtain quotations from unrelated third parties or to determine whether the terms of the Interested Person Transaction with the Interested Person are more or less favourable than the aggregate terms quoted by unrelated third parties, any two members of a committee comprising the directors and the senior financial officer of the relevant company in the KCL IPT Group for the time being and such other person as the Directors may from time to time appoint (the "**Review Committee**") will evaluate and weigh the benefits of, and rationale for, transacting with the Interested Person before submitting a written recommendation to the Audit Committee of the Company. In its evaluation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Company in transacting with the Interested Person compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee in respect of the Interested Person Transaction before deciding to approve or reject the Interested Person Transaction. In determining the terms of the transaction, the Audit Committee will evaluate such terms in accordance with prevailing industry norms (including the reasonableness of the terms).

(c) All Interested Person Transactions must be consistent with the usual practices and policies of the KCL IPT Group. The KCL IPT Group will maintain a register of Interested Person Transactions and the register will be reviewed on a quarterly basis by the internal auditors who will report to the Audit Committee.

6.2 In addition to the above procedures, the following review and approval procedures will be implemented to supplement existing internal control procedures:

(a) All Transactions other than Debt Securities Transactions

In addition to paragraph 6.1 above, in relation to all Interested Person Transactions (other than Debt Securities Transactions) as enumerated under paragraph 5 above:–

(i) transactions equal to or exceeding $2,000,000 but less than $10,000,000 each in value will be reviewed and approved by any two members of the Review Committee, before the transaction is entered into;

(ii) transactions equal to or exceeding $10,000,000 but less than $50,000,000 each in value will be reviewed and approved by any two members of the Review Committee and an Executive Director of KCL (the "**Executive Director**") or, if he has an interest in the transaction, a member of the Audit Committee, before the transaction is entered into; and

(iii) transactions equal to or exceeding $50,000,000 each in value will be reviewed and approved by the Audit Committee, before the transaction is entered into.

(b) Debt Securities Transactions

In addition to paragraph 6.1 above, in relation to Debt Securities Transactions, the Company will implement the following procedures:

(i) In relation to the subscription of debt securities issued by any Interested Person, or the purchase from any Interested Person of debt securities previously issued by such Interested Person, such transactions will be entered into by companies within the KCL IPT Group only if the consideration for such debt securities will not be higher than the price(s) at which such debt securities are subscribed or purchased by any other third parties. Conversely, companies within the KCL IPT Group will only issue new debt securities or sell debt securities (previously issued by any company within the KCL IPT Group) to Interested Persons at prices not lower than the prices at which such debt securities are issued or sold to third parties. If, in the case of subscription of debt securities, the KCL IPT Group company is the only subscriber, or in the case of sale of debt securities, the Interested Person is the only purchaser, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the Interested Person before submitting a written recommendation to the Audit Committee of the Company. The Audit Committee will evaluate the recommendation of the Review Committee in respect of the Interested Person Transaction before deciding to approve or reject the Interested Person Transaction. In determining the terms of the transaction, the Audit Committee will evaluate the reasonableness of the consideration.

(ii) **Debt securities issued or sold to Interested Persons**

In addition, in relation to debt securities issued or sold by any company within the KCL IPT Group to the same Interested Person during the same financial year:

(aa) Where the aggregate value of the interest expense incurred by the KCL IPT Group on debt securities issued and/or sold to, that Interested Person equals to or exceeds $500,000 but is less than $10,000,000, each subsequent issue or sale of debt securities to that Interested Person, by any company within the KCL IPT Group, will be reviewed and approved by any two members of the Review Committee;

(bb) Where the aggregate value of the interest expense incurred by the KCL IPT Group on debt securities issued and/or sold to, that Interested Person equals to or exceeds $10,000,000 but is less than $50,000,000, each subsequent issue or sale of debt securities to that Interested Person, by any company within the KCL IPT Group, will be reviewed and approved by any two members of the Review Committee, and the Executive Director or, if he has an interest in the transaction, a member of the Audit Committee; and

(cc) Where the aggregate value of the interest expense incurred by the KCL IPT Group on debt securities issued and/or sold to, that Interested Person equals to or exceeds $50,000,000, each subsequent issue or sale of debt securities to that Interested Person, by any company within the KCL IPT Group, will be reviewed and approved by the Audit Committee.

(iii) **Subscription and purchase of debt securities from Interested Persons**

In addition, in relation to debt securities subscribed or purchased by any company within the KCL IPT Group from the same Interested Person during the same financial year:

(aa) Where the aggregate of the principal amount of all debt securities subscribed and/or purchased from, the same Interested Person shall at any one time exceed $200,000,000, each additional subscription of debt securities issued by, or purchase of debt securities from, that Interested Person by any company within the KCL IPT Group shall require the prior approval of the Audit Committee; and

(bb) Subscription of debt securities issued by, and/or purchase of debt securities from, the same Interested Person where the aggregate of the principal amounts thereof do not at any one time exceed the limit set out in sub-paragraph (aa) above will not require the prior approval of the Audit Committee but will be reviewed on a quarterly basis by the Audit Committee.

6.3 The internal auditors of KCL shall review the register of Interested Person Transactions (referred to in paragraph 6.1(c) above) and the operation of the review procedures on a quarterly basis and report to the Audit Committee on the compliance by the KCL IPT Group with the review procedures, and the basis of such transactions, including the quotations (if any) obtained to support the basis, entered into by the KCL IPT Group with the Interested Persons.

6.4 The Audit Committee shall have the overall responsibility for determining the sufficiency of the review procedures to ensure that Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, with the authority to delegate the review of such procedures to individuals within the Company and/or such external advisers as they deem appropriate. If any member of the Review Committee or the Executive Director has an interest in an Interested Person Transaction to be reviewed, such member or the Executive Director (as the case may be) will abstain from any decision making in respect of that transaction. If a member of the Audit Committee has an interest in an Interested Person Transaction to be reviewed by the Audit Committee, he will abstain from any decision making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

6.5 Generally, the Review Committee, the Executive Director and the Audit Committee will only approve an Interested Person Transaction if the terms of the transaction are no more favourable than the terms extended to unrelated third parties, or are in accordance with published or prevailing market rates/prices or are otherwise in accordance with prevailing industry norms. Any member of the Review Committee or the Audit Committee or the Executive Director may, as he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

6.6 The Audit Committee will review the terms of the Interested Person Transactions and the review procedures adopted on a quarterly basis."

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