

APPENDIX DATED 9 APRIL 2019

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix is issued by KrisEnergy Ltd. (the “Company”) together with the Company’s Annual Report for the financial year ended 31 December 2018. Its purpose is to provide shareholders with information on, and to explain the rationale for, the proposed renewal of the general mandate for Interested Person Transactions to be tabled at the annual general meeting to be held on 26 April 2019. The Notice of Annual General Meeting and the Depositor Proxy Form or Shareholder Proxy Form are enclosed with the Annual Report.

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

If you have sold all your shares in the capital of the Company, please forward this Appendix together with the Notice of Annual General Meeting and the enclosed Depositor Proxy Form or Shareholder Proxy Form (as the case may be) immediately to the purchaser or to the agent through whom the sale was effected for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix.



KRISENERGY LTD.

(Company Registration Number: 231666)
(Incorporated in the Cayman Islands on 5 October 2009)

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING
IN RELATION TO
THE PROPOSED RENEWAL OF THE
INTERESTED PERSON TRANSACTIONS MANDATE**

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DEFINITIONS

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

“2018 Circular”	: The circular to Shareholders in relation to the proposed adoption of the IPT Mandate issued by the Company on 9 April 2018
“2018 EGM”	: The extraordinary general meeting of the Company held on 26 April 2018 in relation to the proposed adoption of the IPT Mandate
“2019 AGM”	: The annual general meeting of the Company to be held on 26 April 2019, notice of which is given in the Notice of Annual General Meeting dated 9 April 2019
“CDP”	: The Central Depository (Pte) Limited.
“Company”	: KrisEnergy Ltd.
“Cooperation Agreement”	: The cooperation agreement dated 9 April 2018 entered into between the Company, Keppel FELS Limited and Keppel Shipyard Ltd, pursuant to which the Company appointed Keppel as its preferred contractor for the Work.
“Directors”	: The directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof and shall include an alternate director.
“Evaluation Factors”	: The evaluation factors to be taken into account when assessing a bid/quote from Keppel, as described in paragraph 2.2(c) of this Appendix.
“Independent Directors”	: The Directors who are considered independent for the purposes of the proposed adoption of the IPT Mandate, being Koh Tiong Lu John, Kelvin Tang, Duane Carl Radtke, Alan Rupert Nisbet and Keith James Pringle.
“IPT Mandate”	: The proposed mandate pursuant to Rule 920 of the Listing Manual for interested person transactions, as modified or altered from time to time.
“KCL”	: Keppel Corporation Limited.
“Keppel”	: KCL and/or its subsidiaries.
“KrisEnergy Group”	: The Company and its subsidiaries.
“Latest Practicable Date”	: 27 March 2019.
“Law”	: The Companies Law (as amended) of the Cayman Islands.

DEFINITIONS

- “Listing Manual”** : The listing manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date.
- “Register”** : The register of members of the Company required to be kept pursuant to the Law and includes any branch register(s) of such category or categories of members as the Company may from time to time determine, established by the Company in accordance with the Law.
- “Singapore Securities and Futures Act”** : The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
- “SGX-ST”** : Singapore Exchange Securities Trading Limited.
- “Shareholders”** : Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register.
- “Shares”** : Shares in the capital of the Company. All references to **“Shares”** shall be deemed to be to Shares of any or all class or classes of Shares as the context may require. For the avoidance of doubt, in this Appendix, the expression **“Share”** includes a fraction of a Share.
- “Work”** : Work related to products and/or services to be provided by the relevant subsidiary of KCL designated for the specific purpose in relation to the following:
- (a) newbuilding, repair, conversion and upgrading of a range of marine assets and/or vessels and the use of Keppel’s yard and associated yard services for the construction and refurbishment of facilities, including but not limited to mobile offshore production units (MOPU), mobile offshore drilling units (MODU), production barges, floating production and storage units (FPSO) and floating storage offloading (FSO); and
 - (b) lease, chartering and the use of, or the provision of services by, Keppel’s marine assets and/or vessels, including but not limited to MOPU, MODU, FPSO, FSO, floating cranes, barges and tugs.
- “%” or “per cent.”** : Per centum or percentage.

DEFINITIONS

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Singapore Securities and Futures Act.

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

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Appendix between the listed amount and the totals thereof are due to rounding.

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KRISENERGY LTD.

Company Registration Number: 231666
(Incorporated in the Cayman Islands on 5 October 2009)

Directors:

Tan Ek Kia (*Non Executive Chairman*)
Kelvin Tang (*Chief Executive Officer*)
Chris Ong Leng Yeow (*Non-Executive Director*)
Koh Tiong Lu John (*Independent Director*)
Duane Carl Radtke (*Independent Director*)
Alan Rupert Nisbet (*Independent Director*)
Keith James Pringle (*Independent Director*)

Registered Office:

Intertrust Corporate Services
(Cayman) Limited
190 Elgin Avenue
George Town
Grand Cayman
KY1-9005
Cayman Islands

Singapore Office:

83 Clemenceau Avenue #10-05
UE Square
Singapore 239920

9 April 2019

To: The Shareholders of KrisEnergy Ltd.

Dear Sir/Madam

1. INTRODUCTION

1.1 Background. We refer to:

- (a) the Notice of Annual General Meeting of the Company dated 9 April 2019, accompanying the Annual Report for the financial year ended 31 December 2018, convening the 6th Annual General Meeting of the Company to be held on 26 April 2019 (the “**2019 AGM**”); and
- (b) Ordinary Resolution No. 7 relating to the proposed renewal of the general mandate for interested person transactions (the “**Proposed Renewal**”).

1.2 **Appendix.** The purpose of this Appendix is to provide Shareholders with information relating to the Proposed Renewal.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 **IPT Mandate.** At an extraordinary general meeting of the Company held on 26 April 2018 (the “**2018 EGM**”), Shareholders had approved the adoption of an interested person transactions mandate (the “**IPT Mandate**”) to enable the Company and its subsidiaries that are “entities at risk” (as that term is defined in Chapter 9 of the Listing Manual), or any of them, to enter into certain types of interested person transactions with certain classes of interested persons as set out in the IPT Mandate, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions.

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Particulars of the IPT Mandate are set out in the Circular to Shareholders dated 9 April 2018 (the “**2018 Circular**”) and in paragraph 2.3 below.

- 2.2 **Proposed Renewal of IPT Mandate.** The IPT Mandate was expressed to take effect until the conclusion of the next annual general meeting of the Company, being the forthcoming 2019 AGM. Accordingly, the Directors propose that the IPT Mandate be renewed at the 2019 AGM. There is no change to the scope and terms of the IPT Mandate which is proposed to be renewed.
- 2.3 **Particulars of IPT Mandate.** The Company entered into the Cooperation Agreement dated 9 April 2018 with Keppel FELS Limited and Keppel Shipyard Ltd, pursuant to which the Company shall appoint Keppel as its preferred contractor for the Work. KCL is a controlling shareholder of the Company, and is therefore regarded as an “interested person” *vis-à-vis* the Company for the purposes of Chapter 9 of the Listing Manual. Accordingly, the Cooperation Agreement, and each contract awarded to Keppel pursuant to the Cooperation Agreement, would constitute “interested person transactions” under Chapter 9 of the Listing Manual. Details of the IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in the Annexure to this Appendix.
- 2.4 **Rationale.** The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will facilitate and enhance the ability of companies in the EAR Group (as defined in paragraph 2.5 of the Annexure to this Appendix) to enter into transactions with Keppel pursuant to the Cooperation Agreement which are time-sensitive in nature, as it will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek shareholders’ prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining corporate objectives.

3. **AUDIT AND RISK MANAGEMENT COMMITTEE STATEMENT**

The Audit and Risk Management Committee (“**Audit Committee**”), comprising John Koh, Tan Ek Kia, Alan Nisbet and Keith Pringle as at the Latest Practicable Date, confirms (with Tan Ek Kia abstaining) that:

- (i) the methods and procedures for determining transaction prices under the IPT Mandate have not changed since last shareholder approval obtained at the 2018 EGM; and
- (ii) the methods and procedures referred to in sub-paragraph (i) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1 **Interests of Directors.** The interests of the Directors in Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date, are set out below:

Director	Direct Interest		Deemed Interest		Number of Shares comprised in outstanding Awards
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	
Tan Ek Kia	142,000	0.0	-	-	-
Kelvin Tang	1,392,185	0.1	-	-	The aggregate of: (i) up to one-ninth of 2.5% of the issued share capital of the Company at the time when the conditions of the PSP (MS-Awards) have been satisfied; and (ii) up to 683,777 PSP Awards
Chris Ong Leng Yeow	-	-	-	-	
Koh Tiong Lu John	142,000 ⁽²⁾	0.0	-	-	-
Duane Carl Radtke	-	-	2,000,000 ⁽³⁾	0.1	-
Alan Rupert Nisbet	-	-	-	-	-
Keith James Pringle	243,308 ⁽⁴⁾	0.0	-	-	-

Notes:

- (1) Based on 1,502,849,065 issued Shares as at the Latest Practicable Date. Excludes interests in Shares comprised in awards ("**Awards**") granted pursuant to the KrisEnergy Performance Share Plan ("**PSP**").
- (2) Held through nominee, DBS Nominees Pte Ltd.
- (3) Duane Radtke is deemed interested in the 2,000,000 Shares held by Radtke Investments L.P ("**RILP**") as Duane Radtke and his wife are the general partners of RILP and each is able to make investment decisions for RILP. RILP is owned by Duane Radtke (4.0 per cent.) and his wife (4.0 per cent.) and their two sons (46.0 per cent.).
- (4) Held through nominee, TD Direct Investing (Europe) Ltd.

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- 4.2 **Interests of Substantial Shareholders.** The interests of the substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Keppel Oil & Gas Pte Ltd	598,263,893	39.81	-	-
Kepventure Pte Ltd	-	-	598,263,893 ⁽²⁾	39.81
Keppel Corporation Limited	-	-	598,263,893 ⁽²⁾	39.81
Temasek Holdings (Private) Limited	-	-	598,263,893 ⁽³⁾	39.81
Serle Investments Limited	175,421,133	11.67	-	-
Yeoh Sock Siong	-	-	175,421,133 ⁽⁴⁾	11.67
Tan Siew Bee	-	-	175,421,133 ⁽⁴⁾	11.67
Ng Kay Yip	142,224,097	9.46	-	-

Notes:

- (1) Based on 1,502,849,065 issued Shares as at the Latest Practicable Date.
- (2) Kepventure Pte Ltd ("**KPL**") and KCL are each deemed under Section 4 of the Singapore Securities and Futures Act to have an interest in the Shares held by Keppel Oil & Gas Pte Ltd ("**KOG**") as:
- (a) KOG is a wholly owned subsidiary of KPL; and
- (b) KPL is a wholly owned subsidiary of KCL.
- (3) Temasek Holdings (Private) Limited ("**Temasek**") is deemed under Section 4 of the Singapore Securities and Futures Act to have an interest in the Shares held by KOG as:
- (a) KOG is a wholly owned subsidiary of KPL;
- (b) KPL is a wholly owned subsidiary of KCL; and
- (c) Temasek has more than 20% interest in KCL, an independently managed Temasek portfolio company.
- (4) Yeoh Sock Siong and Tan Siew Bee (being spouses) are each deemed under Section 4 of the Singapore Securities and Futures Act to have an interest in the Shares held by Serle Investments Limited as they hold the entire issued share capital of Serle Investments Limited.

5. DIRECTORS' RECOMMENDATION

The Independent Directors are of the opinion that the entry by the EAR Group (as described in paragraph 2 of the Annexure of the Appendix) into the Interested Person Transactions (as described in paragraph 5 of the Annexure of the Appendix) with the Interested Persons (as described in paragraph 4 of the Annexure of the Appendix) in the ordinary course of business will enhance the efficiency of the EAR Group, and is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Renewal of the IPT Mandate to be proposed at the 2019 AGM.

The Independent Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder.

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As each Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his or her investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

5. ABSTENTION FROM RECOMMENDATION AND VOTING

5.1 **Abstaining Shareholders.** KCL and its associates will abstain from voting their respective Shares (if any) on the Ordinary Resolution relating to the Proposed Renewal of the IPT Mandate to be proposed at the 2019 AGM. The Company will disregard any votes cast by KCL and its associates on the Ordinary Resolution.

5.2 **Abstaining Directors.** Each of the following Directors has abstained from making any recommendation to Shareholders in relation to the Proposed Renewal of the IPT Mandate:

- (a) Mr Tan Ek Kia, the independent non-executive director of KCL, a controlling shareholder of the Company and an interested person in relation to the IPT Mandate; and
- (b) Mr Chris Ong Leng Yeow, managing director of Keppel FELS Limited and the chief executive officer of Keppel Offshore & Marine Limited, which are wholly-owned subsidiaries of KCL, a controlling shareholder of the Company and an interested person in relation to the IPT Mandate.

Each of the above Directors will abstain from voting his holding of Shares (if any), and has undertaken to ensure that his respective associates will abstain from voting their respective holdings of Shares (if any), on the Ordinary Resolution relating to the Proposed Renewal of the IPT Mandate to be proposed at the 2019 AGM. The Company will disregard any votes cast by each of the above Directors and their respective associates in respect of their holdings of Shares (if any) on the Ordinary Resolution.

Each of the above Directors will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Ordinary Resolution relating to the Proposed Renewal of the IPT Mandate to be proposed at the 2019 AGM, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the Ordinary Resolution.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 **Appointment of Proxies.** If a Shareholder is unable to attend the 2019 AGM and wishes to appoint a proxy to attend and vote in his place or on his behalf, he should complete, sign and return the Depositor Proxy Form or Shareholder Proxy Form (as the case may be) in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 72 hours before the time appointed for holding the 2019 AGM. Completion and return of the Depositor Proxy Form or Shareholder Proxy Form (as the case may be) by a Shareholder will not prevent him from attending and voting at the 2019 AGM if he subsequently wishes to do so. In such an event, the relevant Proxy Form shall be deemed to be revoked.

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- 6.2 **When Depositor deemed appointed as Proxy.** A Depositor shall not be deemed to have been appointed as proxy of CDP to attend the 2019 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the 2019 AGM.

7. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company in the Cayman Islands at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands and at the office of the Company in Singapore at 83 Clemenceau Avenue #10-05, UE Square, Singapore 239920, during normal business hours from the date of this Appendix up to the date of the 2019 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2018;
- (b) 2018 Circular; and
- (c) the Articles of Association of the Company.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries 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 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. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

Yours faithfully
for and on behalf of the Board of Directors of the Company

Kelvin Tang
Chief Executive Officer

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THE IPT MANDATE

1. Chapter 9 of the Listing Manual

- 1.1 Chapter 9 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons.
- 1.2 Except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company’s latest audited consolidated net tangible assets (“**NTA**”)), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:
- (a) 5% of the listed company’s latest audited consolidated NTA; or
 - (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.
- 1.3 Based on the latest audited consolidated financial statements of KrisEnergy Ltd. (the “**Company**”) and its subsidiaries (the “**KrisEnergy Group**”) for the financial year ended 31 December 2018, the consolidated net tangible liabilities (“**NTL**”) of the KrisEnergy Group was US\$7,974,978 (S\$10,965,196 based on the S\$ to US\$ exchange rate of 1.37495:1). Accordingly, in relation to the Company, for the purpose of Chapter 9 of the Listing Manual, 5% of the latest audited consolidated NTL of the KrisEnergy Group would be US\$398,749 (S\$548,260 based on the S\$ to US\$ exchange rate of 1.37495:1).
- 1.4 Chapter 9 of the Listing Manual, however, allows a listed company to seek and/or renew a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company’s interested persons. A general mandate is subject to annual renewal.
- 1.5 For the purposes of Chapter 9 of the Listing Manual:
- (a) an “**entity at risk**” means:
 - (i) the listed company;

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- (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (b) (in the case of a company) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (c) (in the case of a company) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (f) a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

2. Rationale and Benefit to Shareholders

- 2.1 The Company has, pursuant to the cooperation agreement dated 9 April 2018 (the “**Cooperation Agreement**”) entered into with Keppel FELS Limited and Keppel Shipyard Ltd, appointed Keppel Corporation Limited (“**KCL**”) and/or its Affiliates (as defined in the Cooperation Agreement) as its preferred contractor for work (the “**Work**”) related to products and/or services to be provided by the relevant subsidiary of KCL (KCL and/or its subsidiaries hereafter collectively referred to as “**Keppel**”) designated for the specific purpose in relation to the following:

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- (a) newbuilding, repair, conversion and upgrading of a range of marine assets and/or vessels and the use of Keppel's yard and associated yard services for the construction and refurbishment of facilities, including but not limited to mobile offshore production units (MOPU), mobile offshore drilling units (MODU), production barges, floating production and storage units (FPSO) and floating storage offloading (FSO); and
- (b) lease, chartering and the use of, or the provision of services by, Keppel's marine assets and/or vessels, including but not limited to MOPU, MODU, FPSO, FSO, floating cranes, barges and tugs.

The term of the Cooperation Agreement is 12 calendar months from 9 April 2018, and will (subject to the terms of the Cooperation Agreement) be automatically renewed after every 12 months.

2.2 Under the terms of the Cooperation Agreement:

- (a) *Right to Bid*: For any Work that is subject to a competitive bid, the Company will give Keppel the right to bid for such Work, provided that Keppel has met all the applicable pre-qualification criteria;
- (b) *Right to Quote*: For any Work that is not subject to a competitive bid, the Company will give Keppel the right to quote for such Work, provided that Keppel has met all the applicable pre-qualification criteria, with all quotes to be on the basis of acceptance of the Company's usual terms and conditions for similar work or such other terms and conditions as may be mutually negotiated and agreed by the parties;
- (c) *Bid/Quote Evaluation*: The bid/quote from Keppel will be assessed on the same basis as all other bids/quotes, taking into account certain evaluation factors ("**Evaluation Factors**") including (but not limited to) some or all of the following, depending on the Work to be provided:
 - (i) location of yard;
 - (ii) delivery of rig to yard and deployment site (costs of delivery);
 - (iii) schedule robustness;
 - (iv) quality of work;
 - (v) scale and complexity of scope of work vis-à-vis the bidder's capacity/capabilities;
 - (vi) any applicable taxes;
 - (vii) bidder's financial/balance sheet strength;
 - (viii) technical qualifications;
 - (ix) commercial and financial qualifications;
 - (x) quality, health, safety and environment ("**QHSE**") prerequisites and performance record;
 - (xi) track record for undertaking similar projects;
 - (xii) tender compliance;
 - (xiii) policy and regulatory compliance;
 - (xiv) insurance, bond and guarantee compliance;

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- (xv) local content;
- (xvi) financing options;
- (xvii) payment terms;
- (xviii) project management competency;
- (xix) engineering/procurement capability;
- (xx) senior management accessibility; and
- (xxi) bidder's corporate reputation.

The weightage of the above Evaluation Factors will be determined on a project-by-project basis.

Where the bid/quote from Keppel for any Work is the overall best bid/quote based on the Evaluation Factors and after taking into account bid normalisation, to ensure that there is no value leakage, the Company may award such Work to Keppel only if the price of the bid/quote from Keppel is no more than 5% higher than the lowest qualifying bidder and further if it is in the best interests of the Company to do so. The Company may evaluate all bidders according to the Evaluation Factors and is not obliged to award any Work to Keppel solely based on pricing.

- (d) *Right to Match:* If a third party bid/quote for any Work is the best bid/quote (taking into account the Evaluation Factors), Keppel will have the right to perform such Work at a discounted price equal to 99% of the price of such lower bid/quote (including on all line items of costs) and on the same or substantially the same conditions (including the Evaluation Factors) as the lower bid/quote. If Keppel does not exercise its right to match the third-party bid/quote, then the Company will be free to utilise the third party service provider for such Work.
- (e) *Master Contractors:* For any master turn-key arrangement that the Company subjects to a competitive bid, the Company will require the potential master contractors to give Keppel the right to bid/quote for the Work or any part of the Work, provided that Keppel has met all the potential master contractor's relevant pre-qualification criteria.

A potential master contractor will be required to submit to the Company either (i) its bid with Keppel as subcontractor or as one of the subcontractors, or (ii) two bids, one with Keppel as subcontractor or as one of the subcontractors and the other with any other third party or parties as subcontractor or subcontractors, all other aspects of the bid being equal. The Company will evaluate Keppel's bid or portion of the bid and award the contract as per sub-paragraph (c) above and in accordance with the Cooperation Agreement. If a bid which does not include Keppel as a subcontractor is awarded, the Company will notify the potential master contractor, who will then be requested, subject to the Cooperation Agreement, to give Keppel the right to match in accordance with sub-paragraph (d) above and the price as bid by the potential master contractor will accordingly be reduced.

In this paragraph 2, references to the "**Company**" include references to subsidiaries of the Company who put out bids or requests for quotes.

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- 2.3 The Cooperation Agreement sets out a framework for the cooperation arrangement between the KrisEnergy Group and Keppel, under which contracts for any Work may be awarded to Keppel on normal or better overall commercial terms (based on both pricing and Evaluation Factors) and so long as this is in the best interests of the KrisEnergy Group. The entry into the Cooperation Agreement, and recurrent contracts for any Work between the KrisEnergy Group and Keppel, will benefit the KrisEnergy Group as the KrisEnergy Group will gain access to Keppel's experience, facilities and equipment at a competitive price. This will in turn give the KrisEnergy Group a competitive edge in specialised areas where Keppel is able to provide services to the KrisEnergy Group.
- 2.4 It is therefore envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company's Interested Persons (defined below to mean KCL and its subsidiaries) pursuant to the Cooperation Agreement are likely to occur from time to time. Such transactions are set out in further detail in paragraph 5 below.
- 2.5 In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of a mandate (the **"IPT Mandate"**) pursuant to Chapter 9 of the Listing Manual will enable:
- (a) the Company; and
 - (b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange),
- (together, the **"EAR Group"**), or any of them, in the ordinary course of their businesses, to enter into the transactions envisaged under the Cooperation Agreement (**"Interested Person Transactions"**), with KCL and its subsidiaries (**"Interested Persons"**), provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.
- 2.6 The Proposed Renewal of the IPT Mandate (and its subsequent renewals on an annual basis) will facilitate and enhance the ability of companies in the EAR Group to enter into the Interested Person Transactions with the Interested Persons pursuant to the Cooperation Agreement which are time-sensitive in nature, as it will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining corporate objectives.
- 3. Scope and Validity Period of the IPT Mandate**
- 3.1 The IPT Mandate covers various types of Interested Person Transactions, and describes the review procedures for ensuring that such transactions will be entered into with the specified classes of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

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3.2 The IPT Mandate will not apply to any transaction by a company in the EAR Group with an Interested Person that:

- (a) is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction; or
- (b) is equal to or exceeds S\$100,000 in value, but qualifies as an excepted transaction for the purposes of Chapter 9 of the Listing Manual and is thus exempted from the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual.

Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of either of the exceptions in (a) or (b) above, or the scope of the IPT Mandate, will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.3 The Proposed Renewal of the IPT Mandate will take effect from the passing of the Ordinary Resolution relating thereto, and will continue in force until the conclusion of the next Annual General Meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Thereafter, approval from shareholders will be sought for further renewals of the IPT Mandate at the next Annual General Meeting and at each subsequent Annual General Meeting of the Company.

4. Classes of Interested Persons

The IPT Mandate will apply to the Interested Person Transactions that are carried out with KCL and its subsidiaries.

5. Categories of Interested Person Transactions

The Interested Person Transactions to which the IPT Mandate will apply, and the benefits to be derived therefrom, relate to transactions arising pursuant to the Cooperation Agreement in the normal course of business of the EAR Group, or which are necessary for the day-to-day operations of the EAR Group, comprising the following:

- (a) the obtaining of products and/or services for the newbuilding, repair, conversion and upgrading of marine assets and/or vessels;
- (b) the obtaining of the use of yard and associated yard services for the construction and refurbishment of facilities, including but not limited to mobile offshore production units (MOPU), mobile offshore drilling units (MODU), production barges, floating production and storage units (FPSO) and floating storage offloading (FSO);
- (c) the leasing, chartering and use of, or the obtaining of the provision of services by, marine assets and/or vessels, including but not limited to MOPU, MODU, FPSO, FSO, floating cranes, barges and tugs; and

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- (d) the obtaining of such other products and/or services which are incidental to or in connection with the obtaining of the products and/or services in paragraphs (a) to (c) above.

The EAR Group can benefit from the Interested Persons' experience, facilities and equipment.

6. Review Procedures for Interested Person Transactions

- 6.1 The EAR Group has an internal control system in place to ensure that Interested Person Transactions with the Interested Persons are made on normal commercial terms, supported by independent valuation where appropriate, and consistent with the EAR Group's usual policies and practices.

- (a) **Review Procedures**

The review procedures are:

- (i) an Interested Person will be given the right to bid or quote for any Work provided that such Interested Person has met the relevant pre-qualifications criteria required for a bid, offer or tender to be accepted. These criteria include the following, some of which may be stated as pre-qualifications:

- (1) technical qualification;
- (2) commercial and financial qualification;
- (3) quality, health, safety & environment (QHSE) pre-requisites;
- (4) track record and performance criteria;
- (5) tender compliance;
- (6) policy and regulatory compliance;
- (7) satisfaction of insurance, bond and guarantee requirements; and
- (8) local content, if applicable.

Whether an Interested Person has met the applicable criteria shall be determined in conformity with industry norms and usual business practices, and in no less favourable terms than for unrelated third parties;

- (ii) for any Work that is not subject to a competitive bid, quotes from an Interested Person shall be on the basis of acceptance of the EAR Group's usual terms and conditions for similar work or such other normal commercial terms and conditions as may be mutually negotiated and agreed on an arm's length basis by the parties in accordance with the Cooperation Agreement;
- (iii) wherever possible or available, bids and/or quotes shall be obtained from at least two other unrelated third-party suppliers for similar services, prior to the award of any Work to an Interested Person, as a basis for comparison to determine whether the bid or quote offered by such Interested Person is comparable to those offered by other unrelated third parties for the same or substantially similar type of services. In determining whether the price and terms offered by the Interested Person are comparable, any or all of the

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Evaluation Factors set out in paragraph 2.2(c) above will also be taken into account in deciding whether or not to accept a particular bid and/or quote, as it is not commercially viable, and therefore not beneficial to the EAR Group, to transact solely on the basis of quantitative factors (such as price) alone;

- (iv) in the event that such bids and/or quotes cannot be obtained (for instance, if there are no unrelated third-party vendors of similar services), whether the price and terms offered by the Interested Person are fair and reasonable, having regard to any or all of the Evaluation Factors, must be determined:
 - (1) where the bid or quote from the Interested Person is less than or equal to US\$5 million, by at least two of the following senior management staff of the EAR Group (with no interest, direct or indirect, in the transaction):
 - (A) Vice President, Operations (or equivalent position);
 - (B) Country Manager of the relevant entity in the EAR Group; and
 - (C) Finance Manager of the relevant entity in the EAR Group;
 - (2) where the bid or quote from the Interested Person is more than US\$5 million but less than or equal to US\$10 million, by at least two of the following senior management staff of the EAR Group (with no interest, direct or indirect, in the transaction):
 - (A) Chief Executive Officer;
 - (B) Vice President, Operations (or equivalent position); and
 - (C) Vice President, Exploration (or equivalent position);
 - (3) where the bid or quote from the Interested Person is more than US\$10 million, by the Audit Committee of the Company (the “**Audit Committee**”) (provided that where a member of the Audit Committee has an interest, direct or indirect, in the transaction, he shall abstain from participating in the process);
- (v) once all bids or quotes are received, the Interested Person’s bid or quote will be assessed on the same basis as all other bids or quotes, taking into account the Evaluation Factors;
- (vi) when evaluating the Interested Person’s bid or quote, where a bid or quote is also obtained from an unrelated third party supplier and that third party supplier is not located in Singapore, the cost of transporting the Work (including the vessel or other assets on which the Work is performed) between the yard and the required final delivery location shall also be included into the calculation of the lowest bid. The cost of transporting the Work shall include any applicable customs duties and additional insurance costs;

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- (vii) where the bid or quote from an Interested Person for any Work is the overall best bid or quote based on the Evaluation Factors and after taking into account bid normalisation, to ensure that there is no value leakage, the Work may be awarded to such Interested Person only if:
- (1) the price of the Interested Person's bid or quote is no more than 5% higher than the lowest qualifying bidder;
 - (2) it is in the best interests of the Company to do so, as determined:
 - (A) where the bid or quote from the Interested Person is less than or equal to US\$5 million, by at least two of the following senior management staff of the EAR Group (with no interest, direct or indirect, in the transaction):
 - (I) Vice President, Operations (or equivalent position);
 - (II) Country Manager of the relevant entity in the EAR Group; and
 - (III) Finance Manager of the relevant entity in the EAR Group;
 - (B) where the bid or quote from the Interested Person is more than US\$5 million but less than or equal to US\$10 million, by at least two of the following senior management staff of the EAR Group (with no interest, direct or indirect, in the transaction):
 - (I) Chief Executive Officer;
 - (II) Vice President, Operations (or equivalent position); and
 - (III) Vice President, Exploration (or equivalent position);
 - (C) where the bid or quote from the Interested Person is more than US\$10 million, by the Audit Committee (provided that where a member of the Audit Committee has an interest, direct or indirect, in the transaction, he shall abstain from participating in the process); and
 - (3) where the price of the Interested Person's bid or quote is higher than the lowest qualifying bidder, the award of the Work to such Interested Person has been reviewed and approved by the Audit Committee (provided that where a member of the Audit Committee has an interest, direct or indirect, in the transaction, he shall abstain from participating in the review and approval process).

All bidders may be evaluated according to the Evaluation Factors and the EAR Group is not obliged to award any Work to an Interested Person solely based on pricing;

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(viii) an Interested Person shall have the right to match a third party bid or quote that is the best bid or quote, having taken into account the Evaluation Factors, and to perform such Work:

- (1) at a discounted price equal to 99% of the price of such lower bid (with the price of such lower bid to include any agreed upon discounts offered by the third party), and such discounted price shall presumptively establish the price applicable to that Work; and
- (2) on the same or substantially the same conditions (including the Evaluation Factors) as the lower bid,

provided such right to match is not in breach of any applicable law, statutes, statutory instruments, bye-laws, order, directions, rules and other regulations of authorities and any local or other statutory governing or public authority or body, or any other body having jurisdiction, including without limitation, competition laws, which are relevant to the parties and to the award of such Work. If the Interested Person does not exercise its right to match the third party bid or quote, then the third-party service provider may be utilised for such Work; and

(ix) for any master turn-key arrangement that is subject to a competitive bid, the potential master contractors will be required to give the Interested Person the right to bid or quote for the Work or any part of the Work, provided that the Interested Person has met all the potential master contractor's relevant pre-qualification criteria. A potential master contractor will be required to submit either (1) its bid with the Interested Person as subcontractor or as one of the subcontractors, or (2) two bids, one with the Interested Person as subcontractor or as one of the subcontractors and the other with any other third party or parties as subcontractor or subcontractors, all other aspects of the bid being equal. If only one bid is submitted with the Interested Person as subcontractor or as one of the subcontractors, the Interested Person's bid or portion of the bid will be evaluated and the contract will be awarded in accordance with sub-paragraph (iv) above. If two bids are submitted, one with the Interested Person as subcontractor or as one of the subcontractors and the other with a third party or parties as subcontractor or subcontractors, the Interested Person's bid or portion of the bid will be evaluated and the contract will be awarded in accordance with sub-paragraphs (v) to (vii) above. If a bid which does not include the Interested Person as a subcontractor is awarded, the Company will notify the potential master contractor, who will then be requested, subject to the Cooperation Agreement, to give the Interested Person the right to match in accordance with sub-paragraph (viii) above and the price as bid by the potential master contractor will accordingly be reduced.

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(b) Threshold Limits

In addition to the above review procedures, the following review and approval procedures will apply to the Interested Person Transactions prior to their entry:

- (i) transactions less than or equal to US\$5 million each in value must be reviewed and approved prior to their entry by at least two of the following senior management staff of the EAR Group:
 - (1) Vice President, Operations (or equivalent position);
 - (2) Country Manager of the relevant entity in the EAR Group; and
 - (3) Finance Manager of the relevant entity in the EAR Group;
- (ii) transactions exceeding US\$5 million but less than or equal to US\$10 million each in value must be reviewed and approved prior to their entry by at least two of the following senior management staff of the EAR Group:
 - (1) Chief Executive Officer;
 - (2) Vice President, Operations (or equivalent position); and
 - (3) Vice President, Exploration (or equivalent position);
- (iii) transactions exceeding US\$10 million each in value must be reviewed and approved by the Audit Committee prior to their entry;
- (iv) where the value of a transaction, when aggregated with previous transactions of the same kind in any particular financial year, is equal to or exceeds US\$10 million, such transaction, and all future transactions of the same kind in that particular financial year must be reviewed and approved by the Audit Committee prior to their entry;
- (v) the senior management staff of the EAR Group referred to in sub-paragraphs (b)(i) and (ii) above, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers;
- (vi) if a senior management staff of the EAR Group referred to in sub-paragraphs (b)(i) and (ii) above has an interest in the transaction or is a nominee for the time being of the Interested Person, the review and approval process shall be undertaken by such other senior management staff of the EAR Group designated by the Audit Committee from time to time for such purpose;
- (vii) if a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction; and

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- (viii) if a member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Interested Person, he will abstain from participating in the review and approval process of the Audit Committee in relation to that transaction and from participating on any decision before the board or committee of that Interested Person with respect to such transaction.

For the avoidance of doubt, the senior management staff of the EAR Group referred to in sub-paragraphs (b)(i) or (ii) above or the members of the Audit Committee (as the case may be) who review and approve a transaction prior to its entry pursuant to this paragraph 6.1(b) may be the same as those who make the relevant determinations for the corresponding bid or quote for that transaction pursuant to paragraphs 6.1(a)(iv) or 6.1(a)(vii)(2) above.

- 6.2 The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the bids or quotes obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.
- 6.3 The Audit Committee will review the internal audit reports on an annual basis to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

7. Disclosures

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will:

- (a) disclose in the Company's Annual Report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the Annual Reports for subsequent financial years that the IPT Mandate continues in force); and
- (b) announce the aggregate value of transactions conducted with Interested Persons 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.

8. Audit Committee's Statements

- 8.1 The Audit Committee (currently comprising Koh Tiong Lu John, Tan Ek Kia, Alan Nisbet and Keith Pringle), with Tan Ek Kia abstaining, has reviewed the terms of the IPT Mandate, and is satisfied that the review procedures for Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee (with internal audit assistance) in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the relevant class of Interested Persons in accordance with the EAR Group's normal commercial terms, and are hence not prejudicial to the Company and its minority Shareholders.
- 8.2 If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the EAR Group or the Interested Persons are conducted, the Company will revert to shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.