

8 April 2015

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If you have sold or transferred all your units in Keppel Infrastructure Trust, you should immediately forward this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

# **Keppel Infrastructure Trust**

(Registration No. 2010002)

(Constituted in the Republic of Singapore as a business trust pursuant to  
a trust deed dated 23 July 2009 (as amended))

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING**

**DATED 8 APRIL 2015**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF THE UNITHOLDERS' MANDATE**

**FOR INTERESTED PERSON TRANSACTIONS**

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## DEFINITIONS

In this Appendix, the following definitions apply throughout (including the Annexure attached hereto), unless the context otherwise requires:

- "AGM"** : The annual general meeting of KIT.
- "approved exchange"** : A stock exchange that has rules which safeguard the interests of unitholders and/or shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.
- "associate"** : In relation to a business trust, means:
- (a) in relation to any director, chief executive officer, or controlling shareholder of the trustee-manager, substantial unitholder or shareholder of the trustee-manager, substantial unitholder or controlling unitholder of the business trust (being an individual):
    - (i) his immediate family member;
    - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
  - (b) in relation to the controlling shareholder of the trustee-manager or substantial unitholder or controlling unitholder of the business trust (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- "associated company"** : A company in which at least 20% but not more than 50% of its shares are held by the listed company or group.
- "Audit Committee"** : The audit committee of the Trustee-Manager.
- "Board"** : The board of directors of the Trustee-Manager.

<b>“Business Trust Act” or “BTA”</b>	:	The Business Trusts Act (Chapter 31A of Singapore) (including all subsidiary legislation made thereunder) as modified, supplemented or amended from time to time.
<b>“CDP”</b>	:	The Central Depository (Pte) Limited.
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50 of Singapore) as modified, supplemented or amended from time to time.
<b>“control”</b>	:	Has the meaning ascribed to it in the Listing Manual and <b>“controlling Unitholder”</b> and <b>“controlling shareholder”</b> shall be construed accordingly.
<b>“Directors”</b>	:	The directors of the Trustee-Manager for the time being.
<b>“EGM”</b>	:	An extraordinary general meeting of KIT.
<b>“Independent Directors”</b>	:	The independent directors for purposes of the BTA.
<b>“Investment Mandate”</b>	:	The business objectives and investment policies of KIT as set out in the Trust Deed.
<b>“KCL”</b>	:	Keppel Corporation Limited.
<b>“KIT”</b>	:	Keppel Infrastructure Trust.
<b>“Latest Practicable Date”</b>	:	18 March 2015, being the latest practicable date prior to the printing of this Appendix.
<b>“Listing Date”</b>	:	The date of commencement of dealing in the Units on the SGX-ST.
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as modified, supplemented or amended from time to time.
<b>“Register”</b>	:	The register of Unitholders kept in accordance with the Trust Deed.
<b>“Securities Account”</b>	:	Securities account or sub-account maintained by a depositor with CDP.
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited.
<b>“Sponsor”</b>	:	Keppel Infrastructure Holdings Pte Ltd.
<b>“substantial unitholder”</b>	:	A person who has an interest or interests in units representing not less than 5% of the total voting rights of all the unitholders of the business trust.

<b>"Temasek"</b>	:	Temasek Holdings (Private) Limited.
<b>"Trust Deed"</b>	:	The trust deed dated 23 July 2009 constituting KIT, as amended and restated by a First Amending and Restating Deed dated 25 May 2010 and supplemented by a trust deed supplement dated 16 April 2014.
<b>"Trustee-Manager"</b>	:	Keppel Infrastructure Fund Management Pte. Ltd., acting in its capacity as trustee-manager of KIT.
<b>"Unitholders"</b>	:	Persons who are registered as holders of Units in the Register including persons so registered as joint holders, except that where the registered holder is CDP, the term <b>"Unitholders"</b> shall, in relation to such Units, mean the persons named as depositors in the Depository Register and whose Securities Account are credited with Units.
<b>"Unitholders' Mandate"</b>	:	Has the meaning ascribed to it in paragraph 1.1 of this Appendix.
<b>"Unit"</b>	:	An undivided interest in KIT, as provided for in the Trust Deed.
<b>"S\$" or "\$"</b>	:	Singapore dollars.
<b>"%" or "per cent."</b>	:	Per centum or percentage.

The terms **"depositor"** and **"Depository Register"** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act. The term **"subsidiary"** shall have the meaning ascribed to it in Section 5 of the Companies Act.

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

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

Any discrepancies in this Appendix between the listed amounts and the totals thereof and/or respective percentages are due to rounding.

# **Keppel Infrastructure Trust**

(Registration No. 2010002)

(Constituted in the Republic of Singapore as a business trust pursuant to a trust deed dated 23 July 2009 (as amended))

## **Directors of the Trustee-Manager**

Mr Khor Poh Hwa (*Non-Executive and Non-Independent Director and Chairman of the Board*)  
Mr Alan Ow Soon Sian (*Independent Director*)  
Mr Paul Ma Kah Woh (*Independent Director*)  
Ms Quek Soo Hoon (*Independent Director*)  
Mr Thio Shen Yi (*Independent Director*)  
Dr Ong Tiong Guan (*Non-Executive and Non-Independent Director*)  
Mr Tan Boon Leng (*Non-Executive and Non-Independent Director*)

## **Registered Office**

1 HarbourFront Avenue #18-01  
Keppel Bay Tower  
Singapore 098632

8 April 2015

## **To: The Unitholders**

Dear Sir/Madam

### **1. INTRODUCTION**

- 1.1 We refer to the Notice of Annual General Meeting of KIT dated 8 April 2015 and Ordinary Resolution 4 under the heading "Special Business" set out therein. The purpose of this Appendix is to provide Unitholders with information relating to Ordinary Resolution 4. Pursuant to Rule 920(2) of the Listing Manual, KIT had obtained a mandate from its Unitholders ("**Unitholders' Mandate**") to enable any or all members of the EAR Group (as defined in the Annexure to this Appendix), in the ordinary course of their business, to enter into the Mandated Transactions (as defined in the Annexure to this Appendix) with the Mandated Interested Persons (as defined in the Annexure to this Appendix) which are necessary for the day-to-day operations of KIT, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders. The Unitholders' Mandate was renewed at the AGM held on 15 April 2014.
- 1.2 The Unitholders' Mandate will (unless revoked or varied by KIT at a general meeting) continue in force until the forthcoming AGM to be held on 30 April 2015. If the proposed resolution for the renewal of the Unitholders' Mandate is approved at the forthcoming AGM, the Unitholders' Mandate shall continue in force until the date that the next AGM of KIT is held or is required by law to be held, whichever is the earlier.
- 1.3 The rationale of the Unitholders' Mandate, the scope of the Unitholders' Mandate, the benefit to Unitholders, the classes of Mandated Interested Persons, the particulars of the Mandated Transactions and the review procedures for Mandated Transactions in respect of which the Unitholders' Mandate is sought to be renewed remain unchanged and are set out in the Annexure to this Appendix.

- 1.4 The Directors wish to highlight that immediately after the forthcoming AGM is concluded, an EGM would be held to seek Unitholders' consent for (i) the proposed acquisition of a 51% equity interest in Keppel Merlimau Cogen Pte Ltd and the proposed KIT equity fund raising; (ii) the proposed disposal of the business undertaking and assets of KIT to CitySpring Infrastructure Trust ("CIT") in consideration for 1,326,319,374 new units in CIT; (iii) the proposed distribution-in-specie of 1,326,319,374 new units in CIT to entitled Unitholders; and (iv) the proposed winding up of KIT (*please refer to the circular to Unitholders in relation to the above proposed transactions dated 8 April 2015 for more information*).

## **2. AUDIT COMMITTEE'S STATEMENTS**

- 2.1 Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee (comprising Mr Paul Ma Kah Woh, Mr Alan Ow Soon Sian and Ms Quek Soo Hoon) confirms that:

- (a) the methods or procedures for determining the transaction prices under the Unitholders' Mandate ("**Review Procedures**") have not changed in any material respects since the last Unitholders' approval of the Unitholders' Mandate obtained on 15 April 2014;
- (b) the Review Procedures are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of KIT and its minority Unitholders, and

as such, an independent financial adviser's opinion is not required for the renewal of the Unitholders' Mandate.

- 2.2 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 Mandated Transactions will be on normal commercial terms, and will not be prejudicial to the interests of KIT and its minority Unitholders, 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 KIT to revert to Unitholders for a fresh mandate based on new guidelines and procedures for transactions with interested persons.

## **3. DISCLOSURES**

Disclosure will be made in KIT's financial statements for each of the first three quarters of its financial year, its full year financial statement and its annual report of the aggregate value of all Mandated Transactions conducted with Mandated Interested Persons pursuant to the Unitholders' Mandate during the financial year in accordance with the requirements of Chapter 9 of the Listing Manual.

## **4. DIRECTORS' RECOMMENDATION AND VOTING**

- 4.1 The Directors (except for Mr Khor Poh Hwa, Dr Ong Tiong Guan and Mr Tan Boon Leng who are not Independent Directors and who therefore abstain from making any recommendation to Unitholders to vote in favour of Ordinary Resolution 4 relating to the renewal of the Unitholders' Mandate) are of the view that the proposed renewal of the Unitholders' Mandate is in the best interests of KIT and accordingly recommend that Unitholders vote in favour of Ordinary Resolution 4 relating to the renewal of the Unitholders' Mandate as set out in the Notice of Annual General Meeting.

- 4.2 In accordance with the requirements of Chapter 9 of the Listing Manual, Temasek (being the controlling shareholder of the Trustee-Manager), the Sponsor (being the controlling Unitholder of KIT) and all the Directors will abstain from voting, and each has undertaken to ensure that its associates will abstain from voting, on Ordinary Resolution 4 relating to the renewal of the Unitholders' Mandate as set out in the Notice of Annual General Meeting in respect of the Units held by them respectively (if any).

## **5. 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 Unitholders' Mandate, KIT and its subsidiaries that are relevant to the Unitholders' 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 extracted from those sources and/or reproduced in this Appendix in its proper form and context.

## **6. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Trust Deed is available for inspection at the registered office of the Trustee-Manager during normal business hours from the date of this Appendix up to and including the date of the forthcoming AGM.

**UNITHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS****GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

The Sponsor is a controlling Unitholder as well as the controlling shareholder of the Trustee-Manager as at the Latest Practicable Date. The Sponsor is wholly-owned by KCL, which is listed on the SGX-ST. Temasek is a controlling shareholder of a number of publicly listed companies including KCL. Owing to the size of the KCL group of companies and the Temasek group of companies, the Trustee-Manager anticipates that it would, on and after the Listing Date, in the ordinary course of business, enter into certain transactions with interested persons (as such term is defined in the Listing Manual), including but not limited to those categories of transactions described below. In view of the time-sensitive nature of commercial transactions and the frequency of commercial transactions between members in the EAR Group (as defined below) and KIT's interested persons, it would be advantageous for KIT to obtain a general mandate from its Unitholders pursuant to Chapter 9 of the Listing Manual to enable any or all members of the EAR Group, in the ordinary course of their business, to enter into the Mandated Transactions (as defined below) with the Mandated Interested Persons (as defined below) which are necessary for the day-to-day operations of KIT, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders.

**1. UNITHOLDERS' MANDATE**

Chapter 9 of the Listing Manual permits a listed business trust to obtain a mandate from its unitholders 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 in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed business trust's interested persons.

In relation to KIT, the information required by Rule 920(1)(b) of the Listing Manual is as follows:

- (a) the class of interested persons with which the Entity At Risk (as defined below) will be transacting;
- (b) the nature of the transactions contemplated under the mandate;
- (c) the rationale for, and benefit to the Entity At Risk;
- (d) the methods or procedures for determining transaction prices;
- (e) the independent financial adviser's opinion on whether the methods or procedures in (d) 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 KIT and the interests of its minority Unitholders;
- (f) an opinion from the Audit Committee if it takes a different view to the independent financial adviser;
- (g) a statement from KIT that it will obtain a fresh mandate from Unitholders if the methods or procedures in (d) above become inappropriate; and

- (h) a statement that the Mandated Interested Persons will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

The Unitholders' Mandate will not cover any transaction which has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such transactions.

Transactions which do not fall within the ambit of the Unitholders' Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual and/or any applicable law. Transactions conducted under the Unitholders' Mandate are not separately subject to Rules 905 and 906 of the Listing Manual pertaining to threshold and aggregation requirements.

The Unitholders' Mandate, if approved at the AGM, will continue in force until the next AGM of KIT (unless revoked or varied by KIT in general meeting). Approval from the Unitholders will thereafter be sought for the renewal of the Unitholders' Mandate at each subsequent AGM of KIT.

## **2. BENEFITS TO UNITHOLDERS**

The Unitholders' Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Unitholders' prior approval as and when potential Mandated Transactions (as defined below) with a specific class of Mandated Interested Persons (as defined below) 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 EAR Group.

The Unitholders' Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Mandated 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 KIT and its minority Unitholders. The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non-Mandated Interested Persons.

## **3. ENTITIES AT RISK**

For the purposes of the Unitholders' Mandate, an "Entity At Risk" means:

- (a) KIT;
- (b) a subsidiary of KIT (excluding subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) an associated company of KIT (other than an associated company that is listed on the SGX-ST or an approved exchange) over which KIT and its subsidiaries ("KIT Group"), or the KIT Group and its interested person(s), has or have control,

(together, the "EAR Group").

#### 4. MANDATED INTERESTED PERSONS

The Unitholders' Mandate will apply to transactions which are carried out between any member of the EAR Group and the following classes of interested persons:

- (a) the Sponsor, which is the controlling Unitholder as at the Latest Practicable Date, and its associates;
- (b) Temasek, which is a controlling shareholder of the Trustee-Manager as at the Latest Practicable Date, and its associates;
- (c) a director, chief executive officer or controlling shareholder of the Trustee-Manager (other than the controlling shareholder of the Trustee-Manager described in sub-paragraph (b) above);
- (d) Trustee-Manager or controlling Unitholder (other than the controlling Unitholder described in sub-paragraph (a) above); and
- (e) an associate of any of the persons or entities in (c) and (d) above,

("Mandated Interested Persons" and each a "Mandated Interested Person", all being "interested persons" as defined in the Listing Manual).

For the avoidance of doubt, such Mandated Interested Persons would include such persons who may, during such period while such Unitholders' Mandate is effective, become Mandated Interested Persons where previously they were not so.

#### 5. CATEGORIES OF MANDATED TRANSACTIONS

The types of transactions with the Mandated Interested Persons to which the Unitholders' Mandate applies and the benefits to be derived therefrom ("Mandated Transactions") are as follows:

(a) **General transactions**

Within the ambit of this category are general transactions ("**General Transactions**") between any member within the EAR Group and any Mandated Interested Person relating to the provision or receipt of products and services in the normal course of business of the EAR Group within the Investment Mandate, for example, transactions relating to:

(i) *Energy-related services*

Such transactions include:

- (A) the engagement of contractors and suppliers for the development and construction of energy-related projects and the purchase of materials, plants and machinery for such projects;
- (B) the purchase of meter reading, data management, power transmission and other essential regulated services required by an electricity retailer;
- (C) the hedging of electricity prices with electricity generating companies;
- (D) the retail or purchase of electricity;

- (E) the purchase of gas distribution, power transmission, metering services and other essential regulated services required by a power generator;
- (F) the provision of NEWater, processed water, demineralised water, steam, cooling water and other utility services; and
- (G) the provision of guarantees in relation to obligations to be performed under the transactions described in sub-paragraphs (A) to (F) above.

(ii) *Engineering services*

Such transactions include:

- (A) the receipt of engineering, procurement and construction services in infrastructure, industrial and commercial developments within the Investment Mandate;
- (B) the purchase of material handling equipment and heavy cranes, services relating to structural steel engineering, comprehensive operations and maintenance services, and precision engineering services;
- (C) the purchase of services for supply, install, repair and service automation, instrumentation and control systems;
- (D) the purchase of general engineering contracting and fabrication services and building materials, equipment and products;
- (E) the purchase of environmental engineering design, process technology and equipment and services in environmental engineering business; and
- (F) the purchase of services for the development and construction of infrastructural plants in environmental business and other services required for such development and construction.

(iii) *Other services*

Such transactions include:

- (A) the engagement of operators for the provision of operations and maintenance services for infrastructure, industrial and commercial projects within the Investment Mandate;
- (B) the purchase of services for the management of tender projects, including but not limited to application for the relevant permits, licences and approvals, management of tender process, advice on appointment of consultants, liaison with consultants and contractors, supervision of construction work and the provision of financial and administrative support services related to such projects;
- (C) the purchase of telecommunications and related services including but not limited to phone, paging and messaging services, voice recognition systems, installation and infrastructure services for telecommunications systems and the sale and purchase of telecommunications products and equipment;

- (D) the purchase of technology solutions, including data storage, data centre and hosting services, software licences, design and other technology services;
- (E) the purchase of services relating to development and management of network infrastructure and automation devices;
- (F) the purchase of information technology support services, information technology products and equipment and the obtaining of repair and maintenance services in respect of software and information technology products; and
- (G) the rental of premises, and the obtaining of building maintenance services and facility and property management services.

The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non-Mandated Interested Persons.

(b) ***Treasury transactions***

Within the ambit of this category are treasury transactions (“**Treasury Transactions**”) between any member within the EAR Group and any Mandated Interested Person, for example:

- (i) the placement of funds with any Mandated Interested Person;
- (ii) the borrowing of funds from any Mandated Interested Person;
- (iii) the entry into foreign exchange, swap and option transactions with any Mandated Interested Person; and
- (iv) the subscription of debt securities issued by any Mandated Interested Person, the issue of debt securities to any Mandated Interested Person, the purchase from any Mandated Interested Person, or the sale to any Mandated Interested Person of debt securities previously issued by any member within the EAR Group.

The EAR Group can benefit from the more competitive rates and quotes offered by the Mandated Interested Persons by leveraging on the financial strength and credit standing of the Mandated Interested Persons for placement of funds with, borrowings from, foreign exchange, swap and option transactions with, and the subscription and purchase of debt securities to the Mandated Interested Persons. In respect of the issue or sale of debt securities to the Mandated Interested Persons, the EAR Group can benefit from the financial support of the Mandated Interested Persons arising from such issuance or sale, which will be on terms no less favourable to the EAR Group than those issued or sold to other third parties.

(c) ***Management and support services***

These transactions relate to the receipt of management and support services in the areas of finance, treasury, investment risk review, governmental relations, business development, management information systems, human resources and staff secondment, management and development, accounting, legal, corporate

secretarial, public and investors relations, tax, internal audit, central purchasing and other administrative services including computer-based services (“**Management and Support Services**”).

By having access to such services, the EAR Group will derive operational and financial leverage through savings in terms of reduced overheads and greater economies of scale (such as bulk discounts enjoyed by the EAR Group on a group basis). In addition, the EAR Group is able to obtain expertise in the areas of investment risk review, governmental relations and business development through the extensive global network of the Mandated Interested Persons. The ability to tap on such expertise and experience, especially in relation to matters which are highly confidential, commercially sensitive or involve historical data, is particularly important for KIT’s ability to respond in a timely manner to take advantage of opportunities as and when they arise.

## **6. METHODS OR REVIEW PROCEDURES FOR MANDATED TRANSACTIONS WITH MANDATED INTERESTED PERSONS**

To ensure that Mandated Transactions with Mandated Interested Persons are undertaken at arm’s length and on normal commercial terms, and will not be prejudicial to the interests of KIT and its minority Unitholders, the following procedures will be implemented for the review and approval of the Mandated Transactions under the Unitholders’ Mandate:

### **(a) *Review procedures for all Mandated Transactions***

- (i) Quotations are to be obtained from the Mandated Interested Person and at least one other similar product or service provider or supplier. Mandated Transactions shall not be approved unless such transactions are entered into at rates/prices of the service or product providers which are no more favourable to the Mandated Interested Person than those extended to unrelated third parties (including where applicable, preferential rates/prices/discounts accorded to corporate customers or bulk purchases), or on terms similar to the service or product providers’ usual commercial terms, or otherwise in accordance with other applicable industry norms.
- (ii) In the event that it is not possible to obtain quotations from unrelated third parties or to determine whether the terms of the Mandated Transaction with the Mandated Interested Person are more or less favourable than the aggregate terms quoted by unrelated third parties, any two members of a committee comprising the executive Directors and the Chief Financial Officer of the Trustee-Manager for the time being and such other person as the Directors may from time to time appoint (“**Review Committee**”) will evaluate and weigh the benefits of, and rationale for, transacting with the Mandated Interested Person before submitting a written recommendation to the Audit Committee. In its evaluation, the Review Committee will include considerations of the efficiencies and flexibilities derived by KIT in transacting with the Mandated Interested Person compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee in respect of the Mandated Transaction before deciding to approve or reject the Mandated 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).

- (iii) All Mandated Transactions must be consistent with the usual practices and policies of the EAR Group, and will be reviewed quarterly by the internal auditors who will report to the Audit Committee. To assist the Audit Committee in its review, the Trustee-Manager will maintain a Register of Mandated Transactions in which relevant particulars of all Mandated Transactions will be recorded.

**(b) *Review procedures for General Transactions***

In addition to the procedures in paragraph (a) above, the following review and approval procedures for General Transactions will be implemented to supplement existing internal control procedures:

- (i) transactions equal to or exceeding S\$500,000 but less than S\$5,000,000 each in value will be reviewed and approved by any two members of the Review Committee;
- (ii) transactions equal to or exceeding S\$5,000,000 but less than S\$10,000,000 each in value will be reviewed and approved by any two members of the Review Committee and the Chairman of the Board or, if he has an interest in the Mandated Transaction, another member of the Audit Committee; and
- (iii) transactions equal to or exceeding S\$10,000,000 each in value will be reviewed and approved by the Audit Committee.

**(c) *Review procedures for Management and Support Services***

In addition to the procedures in paragraph (a) above, the following review and approval procedures for Management and Support Services will be implemented to supplement existing internal control procedures:

- (i) transactions equal to or exceeding S\$500,000 but less than S\$5,000,000 each in value will be reviewed and approved by any two members of the Review Committee;
- (ii) transactions equal to or exceeding S\$5,000,000 but less than S\$10,000,000 each in value will be reviewed and approved by any two members of the Review Committee and the Chairman of the Board or, if he has an interest in the Mandated Transaction, another member of the Audit Committee; and
- (iii) transactions equal to or exceeding S\$10,000,000 each in value will be reviewed and approved by the Audit Committee.

**(d) *Review procedures for Treasury Transactions***

In addition to the procedures in paragraph (a) above, the following review and approval procedures for Treasury Transactions will be implemented to supplement existing internal control procedures:

- (i) *Placements*

In relation to any placement with any Mandated Interested Person by any member within the EAR Group of its funds, quotations shall be obtained from such Mandated Interested Person and at least one of the principal bankers of KIT for interest rates for deposits with such bankers. Such member within the

EAR Group will place its funds with such Mandated Interested Person only if the interest rate quoted is not less favourable than that quoted by such principal banker(s). In addition, such member shall comply with the procedures set out in paragraph (e)(ii) below.

(ii) *Borrowings*

In relation to the borrowings of funds from any Mandated Interested Person by any member within the EAR Group, quotations shall be obtained from such Mandated Interested Person and at least one of the principal bankers of KIT for interest rates and conditions of loans from such bankers. Such member within the EAR Group will borrow funds from such Mandated Interested Person only if the interest rate and conditions quoted are not less favourable than those quoted by such principal banker(s). In cases where such principal banker(s) is/are unable to quote a rate for the loan for any reason whatsoever (for example, where the banks have reached their exposure, credit or lending limits in respect of their lending activities, or in respect of their lending limits to the EAR Group), the member within the EAR Group shall be able to borrow the funds from the Mandated Interested Person. In addition, such member shall comply with the procedures set out in paragraph (e)(i) below.

(iii) *Foreign exchange, swap and option transactions*

In relation to foreign exchange, swap and option transactions with any Mandated Interested Person by any member within the EAR Group, quotations shall be obtained from such Mandated Interested Person and at least one of the principal bankers of KIT. Such member within the EAR Group will enter into such foreign exchange, swap or option transactions with such Mandated Interested Person only if the rates quoted are not less favourable than the rates quoted by such principal banker(s). In addition, such member shall comply with the procedures in paragraph (e)(iii) below.

(iv) *Debt securities*

In relation to the subscription of debt securities issued by any Mandated Interested Person, or the purchase from any Mandated Interested Person of debt securities previously issued by such Mandated Interested Person, such transactions will be entered into by members within the EAR Group only if the consideration for such debt securities is not more than that at which such debt securities are subscribed or purchased by any other third parties. Conversely, members within the EAR Group will only issue new debt securities or sell debt securities (previously issued by any member within the EAR Group) to Mandated Interested Persons at prices not lower than the prices at which such debt securities are issued or sold to third parties.

In addition, in relation to debt securities issued or sold by a member within the EAR Group to any Mandated Interested Person, and to debt securities subscribed or purchased from any Mandated Interested Person, such member shall comply with the procedures in paragraph (e)(i) below.

(e) ***Monitoring procedures for Treasury Transactions***

The Trustee-Manager will monitor Treasury Transactions entered into by the EAR Group as follows:

(i) *Borrowings and debt securities issued or sold to Mandated Interested Persons*

In relation to borrowings by a member within the EAR Group from the same Mandated Interested Person during the same financial year, or debt securities issued or sold by any member within the EAR Group to the same Mandated Interested Person during the same financial year:

- (A) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Mandated Interested Person equals to or exceeds S\$500,000 but is less than S\$5,000,000, subsequent borrowings from that Mandated Interested Person, or issue or sale of debt securities to that Mandated Interested Person, by any member within the EAR Group, will be reviewed and approved by any two members of the Review Committee. In view of the capital intensive nature of KIT's business and in the interest of operational efficiency, the Review Committee shall have power in its discretion to pre-approve any such further interest expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of KIT from the time of review until the next review, but subject to such aggregate interest expense being less than S\$5,000,000;
- (B) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Mandated Interested Person equals to or exceeds S\$5,000,000 but is less than S\$10,000,000, subsequent borrowings from that Mandated Interested Person, or issue or sale of debt securities to that Mandated Interested Person, by any member within the EAR Group, will be reviewed and approved by any two members of the Review Committee, and the Chairman of the Board or, if he has an interest in the Mandated Transaction, another member of the Audit Committee. In view of the capital intensive nature of KIT's business and in the interest of operational efficiency, the Review Committee and the Chairman or Audit Committee member (as the case may be) shall have power in their discretion to pre-approve any such further interest expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of KIT from the time of review until the next review, but subject to such aggregate interest expense being less than S\$10,000,000; and
- (C) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Mandated Interested Person equals to or exceeds S\$10,000,000, subsequent borrowings from that Mandated Interested Person, or issue or sale of debt securities to that Mandated Interested Person, by any member within the EAR Group, will be reviewed and approved by the Audit Committee. In view of the capital intensive nature of KIT's business and in the interest of operational efficiency, the Audit Committee shall have power in its discretion to pre-approve any such further interest

expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly, having regard to the foreseeable requirements of KIT from the time of review until the next review, but in any event not more than five per cent. of the value of KIT's net tangible assets (based on the latest audited consolidated accounts).

(ii) *Placements with and subscription and purchase of debt securities from Mandated Interested Persons*

(A) Where the aggregate of the principal amount of funds placed with and all debt securities subscribed and/or purchased from, the same Mandated Interested Person shall at any one time exceed S\$100,000,000, additional placements of funds with, subscription of debt securities issued by, or purchase of debt securities from, that Mandated Interested Person by any member within the EAR Group shall require the prior approval of the Audit Committee. The Audit Committee shall have power in its discretion to pre-approve any such further placements of funds with, subscription of debt securities issued by, or purchase of debt securities, up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of KIT from the time of review until the next review, but in any event not more than five per cent. of the latest consolidated audited net tangible asset value of KIT.

(B) Placement of funds with, subscription of debt securities issued by, and/or purchase of debt securities from, the same Mandated Interested Person where the aggregate of the principal amounts thereof does not at any one time exceed the limit or interim sub-limits set out above or from time to time, will not require the prior approval of the Audit Committee but will be reviewed on a quarterly basis by the Audit Committee. The Audit Committee shall have power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to KIT.

(iii) *Foreign exchange, swap and option transactions*

Where the aggregate of the principal amount of all foreign exchange, swap and option transactions entered into with the same Mandated Interested Person shall at any one time exceed S\$100,000,000, each additional foreign exchange, swap and option transaction entered into with the same Mandated Interested Person by any member within the EAR Group will require the prior approval of the Audit Committee.

Entry into foreign exchange, swap and option transactions with the same Mandated Interested Person where the aggregate of the principal amounts thereof do not at any one time exceed the limit set out above will not require the prior approval of the Audit Committee but will be reviewed on a quarterly basis. The Audit Committee shall have power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to KIT.

**(f) *Review by internal auditors***

The internal auditors of KIT shall, on a quarterly basis, review the Register of Mandated Transactions and the operation of the review procedures, report to the Audit Committee on all Mandated Transactions, and the bases of such transactions, entered into by the EAR Group with the Mandated Interested Persons.

**(g) *Review by Audit Committee***

- (i) The Audit Committee shall have the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Trustee-Manager as it deems appropriate. If any member of the Review Committee or the Chairman of the Board has an interest in a Mandated Transaction to be reviewed, such member or the Chairman (as the case may be) 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 Review Committee or a member of the Audit Committee (in place of the Chairman of the Board), where applicable. If a member of the Audit Committee has an interest in a Mandated 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.
- (ii) Generally, the Review Committee, the Chairman and the Audit Committee will only approve a Mandated 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 rates/prices or are otherwise in accordance with prevailing industry norms. Any member of the Review Committee or the Audit Committee or the Chairman 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.
- (iii) The Audit Committee will review the terms of the Mandated Transactions and the review procedures adopted on a quarterly basis.
- (iv) If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established review procedures are inadequate or inappropriate to ensure that the Mandated Transactions will be on normal commercial terms, and will not be prejudicial to the interests of KIT and its minority Unitholders, 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 KIT to revert to Unitholders for a fresh mandate based on new guidelines and procedures for transactions with Mandated Interested Persons. In the event where KIT reverts to Unitholders for a fresh mandate, all Mandated Transactions proposed to be entered into pending the approval of the Unitholders for a fresh mandate shall be subject to the review and approval of the Audit Committee, and subject always to the applicable requirements of the Listing Manual.

