

CIRCULAR DATED 26 MARCH 2014

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Keppel Land Limited

(Incorporated in Singapore)
(Co. Reg. No.: 189000001G)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

- (2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**

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DEFINITIONS

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

"AGM"	:	Annual General Meeting.
"Articles"	:	The Articles of Association of the Company for the time being.
"Board"	:	The Board of Directors of the Company.
"CDP"	:	The Central Depository (Pte) Limited.
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"Company" or "KLL"	:	Keppel Land Limited.
"Convertible Bonds"	:	The convertible bonds comprising the S\$500,000,000 1.875 per cent. convertible bonds due 2015 constituted by the trust deed dated 29 November 2010 and for the time being outstanding or, as the context may require, a specific number or principal amount of them.
"Directors"	:	The directors of the Company for the time being.
"EGM"	:	Extraordinary General Meeting.
"EPS"	:	Earnings per Share.
"Group" or "KLL Group"	:	The Company and its subsidiaries.
"IPT Mandate" or "Shareholders' Mandate for Interested Person Transactions"	:	A general mandate given by Shareholders pursuant to Chapter 9 of the Listing Manual to enable the Company, its subsidiaries and associated companies which are entities at risk (as used in Chapter 9 of the Listing Manual) to enter into recurrent and/or day-to-day transactions for its operational needs with specified classes of the Company's interested persons (as used in Chapter 9 of the Listing Manual).
"Keppel Land Share Option Scheme"	:	The Keppel Land Share Option Scheme, adopted at a general meeting of the Company on 19 May 1977 and last revised at the general meeting of the Company on 5 October 1999, as modified from time to time.
"KLL RSP"	:	The Keppel Land Restricted Share Plan, adopted at a general meeting of the Company on 23 April 2010.
"KLL PSP"	:	The Keppel Land Performance Share Plan, adopted at a general meeting of the Company on 23 April 2010.
"Latest Practicable Date"	:	The latest practicable date prior to the printing of this Circular, being 5 March 2014.
"Listing Manual"	:	The listing manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date.

"Listing Rules"	:	The listing rules of the SGX-ST set out in the Listing Manual.
"Market Day"	:	A day on which the SGX-ST is open for trading in securities.
"Memorandum"	:	The Memorandum of Association of the Company for the time being.
"NTA"	:	Net tangible assets.
"Option"	:	A share option to subscribe for new Shares granted pursuant to the Keppel Land Share Option Scheme.
"Registrar"	:	The Registrar of Companies.
"Relevant Period"	:	The period commencing from the date on which the last AGM was held before the resolution relating to the Share Purchase Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date the resolution relating to the Share Purchase Mandate is passed.
"ROE"	:	Return on equity.
"Securities Account"	:	Securities accounts maintained by depositors with CDP, but not including securities accounts maintained with a depository agent.
"SIC"	:	Securities Industry Council.
"SGX-ST"	:	Singapore Exchange Securities Trading Limited.
"Shares"	:	Ordinary shares in the share capital of the Company.
"Shareholders"	:	Registered holders for the time being of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the depositors whose Securities Accounts are credited with Shares.
"Share Purchase Mandate"	:	A general and unconditional mandate given by Shareholders to enable the Company to purchase or otherwise acquire its Shares in accordance with the terms thereof.
"Substantial Shareholder"	:	A person (including a corporation) who has an interest in not less than five per cent. of the issued voting shares of the Company.
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers.
"\$" and "cents"	:	Singapore dollars and cents, respectively.
"%" or "per cent."	:	Per centum or percentage.

The terms “**depositor**” and “**depository agent**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term “**controlling shareholder**” shall have the meaning ascribed to it in the Listing Manual.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time.

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

KEPPEL LAND LIMITED

(Incorporated in Singapore)
(Co. Reg. No.: 189000001G)

Directors:

Loh Chin Hua (*Non-Independent, Non-Executive Chairman*)
Ang Wee Gee (*Chief Executive Officer*)
Lim Ho Kee (*Independent, Non-Executive Director*)
Tsui Kai Chong (*Independent, Non-Executive Director*)
Lee Ai Ming (*Independent, Non-Executive Director*)
Tan Yam Pin (*Independent, Non-Executive Director*)
Heng Chiang Meng (*Independent, Non-Executive Director*)
Edward Lee Kwong Foo (*Independent, Non-Executive Director*)
Koh-Lim Wen Gin (*Independent, Non-Executive Director*)
Yap Chee Meng (*Independent, Non-Executive Director*)
Huang Jing (*Independent, Non-Executive Director*)
Oon Kum Loon (*Non-Independent, Non-Executive Director*)

Registered Office:

230 Victoria Street #15-05
Bugis Junction Towers
Singapore 188024

26 March 2014

To: The Shareholders of Keppel Land Limited

Dear Sir/Madam

1. INTRODUCTION

The Directors refer to the Notice of the AGM of the Company to be held on 17 April 2014 (the "**2014 AGM**").

The purpose of this Circular is to provide Shareholders with information relating to proposed Resolution No. 11 in the Notice of the 2014 AGM ("**Resolution 11**") relating to the renewal of the Share Purchase Mandate and proposed Resolution No. 12 in the Notice of the 2014 AGM ("**Resolution 12**") relating to the renewal of the IPT Mandate.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 **Background.** Shareholders had, at the previous AGM of the Company held on 19 April 2013 (the "**2013 AGM**") approved the renewal of the Share Purchase Mandate. Particulars of the Share Purchase Mandate approved at the 2013 AGM are set out in a circular from the Company to Shareholders dated 28 March 2013. The authority conferred by the Share Purchase Mandate approved at the 2013 AGM will expire on the date of the 2014 AGM, being 17 April 2014.

It is proposed that the Share Purchase Mandate be renewed at the 2014 AGM, to take effect until the next AGM of the Company. The rationale for, and the authority and limitations placed on, the Share Purchase Mandate for which renewal is sought, and other relevant information, are set out in Appendix A of this Circular.

2.2 **Directors' Recommendation.** The Directors are of the opinion that the renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 11 at the 2014 AGM, being the Ordinary Resolution relating to the renewal of the Share Purchase Mandate.

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

3.1 **Background.** Shareholders had, at the 2013 AGM, also approved the modifications to, and renewal of the IPT Mandate. Particulars of the IPT Mandate approved at the 2013 AGM are set out in a circular from the Company to Shareholders dated 28 March 2013. The IPT Mandate approved at the 2013 AGM will, unless renewed at the 2014 AGM, expire on the date of the 2014 AGM.

It is proposed that the IPT Mandate be renewed at the 2014 AGM, to take effect until the next AGM of the Company. The rationale for the IPT Mandate, the scope of the IPT Mandate, the benefit to Shareholders, the classes of Interested Persons, the categories of Interested Person Transactions and the review procedures for Interested Person Transactions, are set out in paragraphs 4, 5, 6 and 7 of Appendix B of this Circular.

3.2 **Directors' Recommendation.** The Directors who are considered independent for the purpose of the IPT Mandate are Mr Ang Wee Gee, Mr Lim Ho Kee, Professor Tsui Kai Chong, Mrs Lee Ai Ming, Mr Tan Yam Pin, Mr Heng Chiang Meng, Mr Edward Lee Kwong Foo, Mrs Koh-Lim Wen Gin, Mr Yap Chee Meng and Professor Huang Jing (together, the "**Independent Directors**"). The Independent Directors are of the opinion that the entry into of the Interested Person Transactions (as described in paragraph 6 of Appendix B of this Circular) between the KLL IPT Group (as described in paragraph 4.1 of Appendix B of this Circular) and the Interested Persons (as described in paragraph 5 of Appendix B of this Circular) in the ordinary course of business will enhance the efficiency of the KLL IPT Group and is in the best interests of the Company. For the reasons set out in paragraph 4 of Appendix B of this Circular, the Independent Directors recommend that Shareholders vote in favour of Resolution 12 at the 2014 AGM, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate.

Mr Loh Chin Hua and Mrs Oon Kum Loon who are also directors of Keppel Corporation Limited, have abstained from making any recommendation in respect of the IPT Mandate.

3.3 **Voting Restrictions.** In accordance with the requirements of Chapter 9 of the Listing Manual, Keppel Corporation Limited and Temasek Holdings (Private) Limited (being Interested Persons as described in paragraph 5 of Appendix B of this Circular) and the Directors will abstain from voting, and each has undertaken to ensure that its/his/her associates will abstain from voting, on Resolution 12 being the Ordinary Resolution relating to the renewal of the IPT Mandate to be proposed at the 2014 AGM, in respect of the Shares, if any, held by them respectively. In addition, the Directors will decline to accept appointment as proxy for any Shareholder (being one who is not subject to the foregoing voting restrictions) to vote in respect of Resolution 12 at the 2014 AGM unless the Shareholder concerned has given specific instructions in his Proxy Form as to the manner in which his vote is to be cast in respect of Resolution 12 at the 2014 AGM.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1 **Interests of Directors.** As at the Latest Practicable Date, the interests of Directors in the Shares (as recorded in the Register of Directors' Shareholdings), Options granted under the Keppel Land Share Option Scheme and awards of Shares under the KLL RSP and KLL PSP are as follows:

Directors	Direct Interest		Deemed Interest		No. of Shares Comprised in Outstanding Options	No. of Shares Comprised in Outstanding:	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾		KLL RSP ⁽²⁾	KLL PSP ⁽³⁾
Loh Chin Hua	150,400	0.01	–	–	–	–	–
Ang Wee Gee	1,551,466	0.10	–	–	390,504	51,400	280,000
Lim Ho Kee	2,000	n.m.	–	–	–	–	–
Tsui Kai Chong	2,000	n.m.	–	–	–	–	–
Lee Ai Ming	2,000	n.m.	–	–	–	–	–
Tan Yam Pin	2,000	n.m.	–	–	–	–	–
Heng Chiang Meng	2,000	n.m.	–	–	–	–	–
Edward Lee Kwong Foo	145,198	0.01	–	–	–	–	–
Koh-Lim Wen Gin	2,000	n.m.	–	–	–	–	–
Oon Kum Loon	2,000	n.m.	–	–	–	–	–

Notes:

- (1) Based on 1,545,812,668 issued Shares (excluding 100,500 treasury shares) as at the Latest Practicable Date.
- (2) Refers to the number of Shares that were released but not vested under the KLL RSP as at the Latest Practicable Date.
- (3) Refers to the number of Shares which are the subject of contingent awards granted but not released under KLL PSP as at the Latest Practicable Date. Depending on the achievement of pre-determined performance targets, the actual number of performance shares to be released could range from zero to 150 per cent. of the numbers stated.
- (4) "n.m." means not meaningful.

Save as disclosed in the table above, none of the Directors has any interest, direct or indirect, in the proposal for the renewal of the Share Purchase Mandate to be considered at the 2014 AGM.

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

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Keppel Corporation Limited	843,797,572	54.59	68,000	n.m.	843,865,572	54.59
Temasek Holdings (Private) Limited ⁽²⁾	–	–	844,845,115	54.65	844,845,115	54.65

Notes:

- (1) Based on 1,545,812,668 issued Shares (excluding 100,500 treasury shares) as at the Latest Practicable Date.
- (2) Temasek Holdings (Private) Limited holds 21.17% of the issued shares of Keppel Corporation Limited, and is deemed to be interested in the Shares held by Keppel Corporation Limited and its wholly-owned subsidiary in the Company.
- (3) "n.m." means not meaningful.

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by Shareholders at the registered office of the Company, during normal business hours from the date of this Circular up to the date of the 2014 AGM:

- (a) the Memorandum and Articles; and
- (b) the annual report of the Company for the financial year ended 31 December 2013.

Yours faithfully
For and on behalf of the Board of Directors

Loh Chin Hua
Chairman
Keppel Land Limited

THE SHARE PURCHASE MANDATE

1. **The Share Purchase Mandate.** It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. The Share Purchase Mandate was originally approved by Shareholders on 5 October 1999. It was renewed annually at the Company's AGMs and EGMs held in subsequent years. The rationale for, the authority and limitations on, and the illustrative financial effects of, the Share Purchase Mandate and other relevant information are set out below. The authority conferred pursuant to the Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date on which the resolution relating to the Share Purchase Mandate is approved by Shareholders at a general meeting and expiring on the date when the next AGM of the Company is held, or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
2. **Rationale for the Share Purchase Mandate.** The rationale for the Company to undertake a purchase or acquisition of its Shares is as follows:
 - 2.1 In managing the business of the Group, management will strive to increase shareholder value by improving, *inter alia*, the ROE of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced.
 - 2.2 The Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds, which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner.
 - 2.3 Share purchase programmes help buffer short-term share price volatility.
 - 2.4 The Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

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

3. **Authority and Limits on the Share Purchase Mandate.** The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate are summarised below:

3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than ten per cent. of the total number of issued Shares (ascertained (i) as at the date of the last AGM of the Company held before the Share Purchase Mandate is approved, or (ii) as at the date of the AGM of the Company at which the Share Purchase Mandate is approved, whichever is higher, unless the share capital of the Company has been reduced in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered). Any Shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent. limit. As at the Latest Practicable Date, 100,500 Shares were held as treasury shares.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,545,812,668 Shares (excluding 100,500 treasury shares). In addition, as at the Latest Practicable Date, there were outstanding Options to subscribe for up to an aggregate of 1,977,120 Shares and Convertible Bonds which are convertible into up to 74,375,000 Shares.

As at the Latest Practicable Date, there were 994,719 restricted shares that were released but not vested under KLL RSP. In addition, there were contingent awards of 710,000 performance shares that were granted but not released under KLL PSP. Depending on the achievement of pre-determined performance targets, the actual number of performance shares to be released could range from zero to 150 per cent. of the contingent awards granted.

Except in respect of Shares which are issuable on the exercise of the outstanding Options, vesting of the awards under KLL RSP and KLL PSP and on the conversion of the Convertible Bonds, no Shares are reserved for issue by the Company as at the Latest Practicable Date.

Purely for illustrative purposes, on the basis of 1,545,812,668 issued Shares (excluding 100,500 treasury shares) as at the Latest Practicable Date and assuming (i) no further Shares are issued, (ii) no further Shares are purchased and held as treasury shares, and (iii) no treasury shares are used, sold, transferred or cancelled, the purchase by the Company of ten per cent. of its total number of issued Shares will result in the purchase or acquisition of 154,581,266 Shares.

3.2 Duration of Authority

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

- (a) the date on which the next AGM is held or required by law to be held; or

- (b) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

3.3 Manner of Purchases or Acquisitions of Shares

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

- (a) an on-market purchase ("**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) an off-market purchase ("**Off-Market Purchase**") effected pursuant to an equal access scheme.

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

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and (3) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

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

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

- (5) whether the purchases or acquisitions of Shares, if made, will have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

3.4 Purchase Price

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

- (a) in the case of a Market Purchase, 105 per cent. of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. of the Average Closing Price,

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

For the above purposes:

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

4. **Status of Purchased Shares.** A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.
5. **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

5.1 Maximum Holdings

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

5.2 Voting and Other Rights

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

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

5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

6. **Reporting Requirements.** Within 30 days of the passing of a Shareholders' resolution to approve the purchases or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar.

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

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

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

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

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

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

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

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

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

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

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

- (a) 1,545,913,168 issued Shares (none of which are held as treasury shares) as at 31 December 2013 and assuming no further Shares are issued, not more than 154,591,316 Shares (representing ten per cent. of the total number of issued Shares as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires the 154,591,316 Shares, the maximum amount of funds required for the purchase or acquisition of the 154,591,316 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses), assuming a Maximum Price for one Share of \$3.52, is approximately \$544.2 million; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 154,591,316 Shares, the maximum amount of funds required for the purchase or acquisition of the 154,591,316 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses), assuming a Maximum Price for one Share of \$4.03, is approximately \$623.0 million.

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed solely by internal sources of funds and/or external borrowings; (ii) the Share Purchase Mandate had been effective on 1 January 2013; and (iii) the Company had purchased or acquired the 154,591,316 Shares (representing ten per cent. of the total number of issued Shares of the Company as at 31 December 2013) on 1 January 2013, the financial effects of the purchase or acquisition of the 154,591,316 Shares by the Company pursuant to the Share Purchase Mandate:

- (1) by way of purchases held as treasury shares; and
- (2) by way of purchases made out of capital and profits and cancelled,

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

(1) Purchases Held as Treasury Shares

(A) Market Purchases

	<u>Group</u>		<u>Company</u>	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2013				
Issued capital and reserves (\$'000)	6,989,419	6,975,869	4,598,475	4,584,925
Treasury shares (\$'000)	–	(544,161)	–	(544,161)
NTA (\$'000)	6,989,419	6,431,708	4,598,475	4,040,764
NTA per Share (\$)	4.52	4.62	2.97	2.90
Net profit (\$'000)	885,892	872,342	122,630	109,080
EPS (cents)	57.3	62.7	n.m.	n.m.
Net borrowings (\$'000)	2,867,674	3,411,835	2,740,045	3,284,206
Net debt-equity ratio (times)	0.38	0.49	0.60	0.81
ROE (%)	14.1	15.2	2.7	2.7

(B) Off-Market Purchases

	<u>Group</u>		<u>Company</u>	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2013				
Issued capital and reserves (\$'000)	6,989,419	6,973,906	4,598,475	4,582,962
Treasury shares (\$'000)	–	(623,003)	–	(623,003)
NTA (\$'000)	6,989,419	6,350,903	4,598,475	3,959,959
NTA per Share (\$)	4.52	4.56	2.97	2.85
Net profit (\$'000)	885,892	870,379	122,630	107,117
EPS (cents)	57.3	62.6	n.m.	n.m.
Net borrowings (\$'000)	2,867,674	3,490,677	2,740,045	3,363,048
Net debt-equity ratio (times)	0.38	0.51	0.60	0.85
ROE (%)	14.1	15.3	2.7	2.7

Notes:

- (1) Earnings and EPS after the Share Purchase have been adjusted by the notional interest expense incurred at the interest rate of 3 per cent. per annum less taxation.
- (2) Net debt-equity ratio is equal to net borrowings divided by capital employed.
- (3) "n.m." means not meaningful.

(2) Purchases Made Entirely out of Capital and Profits and Cancelled

(A) Market Purchases

	<u>Group</u>		<u>Company</u>	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2013				
Issued capital and reserves (\$'000)	6,989,419	6,431,708	4,598,475	4,040,764
NTA (\$'000)	6,989,419	6,431,708	4,598,475	4,040,764
NTA per Share (\$)	4.52	4.62	2.97	2.90
Net profit (\$'000)	885,892	872,342	122,630	109,080
EPS (cents)	57.3	62.7	n.m.	n.m.
Net borrowings (\$'000)	2,867,674	3,411,835	2,740,045	3,284,206
Net debt-equity ratio (times)	0.38	0.49	0.60	0.81
ROE (%)	14.1	15.2	2.7	2.7

(B) Off-Market Purchases

	<u>Group</u>		<u>Company</u>	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2013				
Issued capital and reserves (\$'000)	6,989,419	6,350,903	4,598,475	3,959,959
NTA (\$'000)	6,989,419	6,350,903	4,598,475	3,959,959
NTA per Share (\$)	4.52	4.56	2.97	2.85
Net profit (\$'000)	885,892	870,379	122,630	107,117
EPS (cents)	57.3	62.6	n.m.	n.m.
Net borrowings (\$'000)	2,867,674	3,490,677	2,740,045	3,363,048
Net debt-equity ratio (times)	0.38	0.51	0.60	0.85
ROE (%)	14.1	15.3	2.7	2.7

Notes:

- (1) Earnings and EPS after the Share Purchase have been adjusted by the notional interest expense incurred at the interest rate of 3 per cent. per annum less taxation.
- (2) Net debt-equity ratio is equal to net borrowings divided by capital employed.
- (3) "n.m." means not meaningful.

As illustrated in the foregoing tables, the buy-back of Shares will:

- (i) reduce the number of Shares except where the Shares are purchased or acquired by the Company as treasury shares;
- (ii) increase the net debt-equity ratio of the Group;
- (iii) increase the consolidated NTA per Share of the Group;
- (iv) increase the consolidated EPS of the Group; and
- (v) increase the ROE of the Group.

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

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

- 9. Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

9.1 Obligation to Make a Take-over Offer

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

9.2 Persons Acting in Concert

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

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be persons acting in concert with each other:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent. or more of the client's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act in accordance with his instructions and companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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

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

9.3 Effect of Rule 14 and Appendix 2

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

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

Other than as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular Shareholder(s) is/are, or may be regarded as, person(s) acting in concert such that his/their respective interests in voting Shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

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

10. **Listing Rules.** While the Listing Rules do not expressly prohibit purchase or acquisition of shares by a listed company during any particular time or times, because the listed company will be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, in line with the best practices on dealings in securities issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:
- (a) one month immediately preceding the announcement of the Company's annual results; and
 - (b) two weeks immediately preceding the announcement of the Company's quarterly results for each of the first three quarters of its financial year.

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

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 45 per cent. of the issued Shares (excluding treasury shares), are in the hands of the public. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which will permit the Company to undertake purchases or acquisitions of its issued Shares up to the full ten per cent. limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

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

- 11. Previous Share Purchases.** During the 12-month period preceding the Latest Practicable Date, the Company had purchased an aggregate of 1,158,000 Shares by way of Market Purchase effected on the SGX-ST and held them as treasury shares. The highest and lowest price paid was \$3.27 and \$3.20 per Share respectively and the total consideration paid for the purchase was \$3,755,021.20, excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses. As at the Latest Practicable Date, 1,057,500 treasury shares had been transferred out and used for the purpose of awarding Shares under the Company's share plans, and the Company continues to hold the remaining 100,500 treasury shares.

THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

The Company has a Shareholders' mandate for interested person transactions (the "IPT Mandate") for the purposes of Chapter 9 of the Listing Manual. The IPT Mandate was first approved by the Shareholders of the Company on 25 June 1997 at an EGM of the Company. It was renewed annually at the Company's AGMs or EGMs held in subsequent years. Upon approval by Shareholders in general meeting, the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM of the Company is held or is required by law to be held, whichever is the earlier.

The rationale for the IPT Mandate, the scope of the IPT Mandate, the benefit to Shareholders, the classes of Interested Persons, the categories of Interested Person Transactions and the review procedures for Interested Person Transactions are set out in paragraphs 4, 5, 6 and 7 below.

2. CHAPTER 9 OF THE LISTING MANUAL

Under Chapter 9 of the Listing Manual, where a listed company or any of its subsidiaries or target associated companies (as defined in paragraph 3(e)(iii) below) which is an "entity at risk" (as defined in paragraph 3(e) below) proposes to enter into a transaction ("Interested Person Transaction") with a listed company's interested persons (as defined in paragraph 3(f) below), an immediate announcement, or an immediate announcement and shareholders' approval is required in respect of the transaction if the value of the transaction is equal to or exceeds certain thresholds set out in Chapter 9 of the Listing Manual.

In particular, an immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, three per cent. of the Group's latest audited NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to three per cent. or more of the Group's latest audited NTA;

and shareholders' approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, five per cent. of the Group's latest audited NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, five per cent. of the Group's latest audited NTA.

For the purposes of aggregation, any Interested Person Transaction which is below \$100,000 is to be excluded.

For illustration purposes, based on the audited consolidated financial statements of the KLL Group for the financial year ended 31 December 2013, the audited NTA of the KLL Group as at 31 December 2013 was approximately \$6,989 million. Accordingly, in relation to the KLL Group, for the purposes of Chapter 9 of the Listing Manual in the current financial year and until the audited consolidated financial statements of the KLL Group are published for the financial year ending 31 December 2014, Shareholders' approval is required where:

- (a) the transaction is of a value equal to, or more than, \$349 million, being five per cent. of the latest audited NTA value of the KLL Group; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, \$349 million.

Chapter 9 of the Listing Manual provides, however, that a listed company may seek a general 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, which may be carried out with the listed company's interested persons, but not for the purchase or sale of assets, undertakings or businesses.

3. MAIN TERMS USED IN CHAPTER 9

For the purposes of Chapter 9 of the Listing Manual:

- (a) **"approved exchange"** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (b) **"associate"** means:
 - (i) in relation to any director, chief executive officer or Controlling Shareholder (being an individual):
 - (1) his immediate family member (that is, the person's spouse, child, adopted child, step-child, sibling and parent);
 - (2) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (3) any company in which he and his immediate family together (directly or indirectly) have an interest of 30 per cent. or more; and
 - (ii) in relation to a Controlling Shareholder (being a company), any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30 per cent. or more;
- (c) **"Control"** means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;

- (d) **“Controlling Shareholder”** means a person who:
- (i) holds directly or indirectly 15 per cent. or more of the total number of issued shares excluding treasury shares in the company (the SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder); or
 - (ii) in fact exercises Control over a company,
- or such other definition as the SGX-ST may from time to time determine;
- (e) **“entity at risk”** means:
- (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company (which means any company in which at least 20 per cent. but not more than 50 per cent. of its shares are held by the listed company or the listed group) of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has or have Control over the associated company (which shall be referred to as a **“target associated company”** in this Circular);
- (f) **“interested person”** means:
- (i) a director, chief executive officer or Controlling Shareholder of the listed company; or
 - (ii) an associate of any such director, chief executive officer or Controlling Shareholder; and
- (g) **“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 in the ordinary course of business, and whether or not entered into directly or indirectly.

4. THE IPT MANDATE

4.1 Rationale for IPT Mandate

Keppel Corporation Limited (**“KCL”**) is a Controlling Shareholder of the Company. It is also the Controlling Shareholder and controlling unitholder (as the case may be) of other entities listed on the SGX-ST, including Keppel Telecommunications & Transportation Ltd, k1 Ventures Limited and Keppel REIT. Temasek Holdings (Private) Limited (**“Temasek”**), which is a Controlling Shareholder of a number of publicly listed companies, is also a Controlling Shareholder of KCL.

Owing to the size of the KCL group of companies and the Temasek group of companies, the Company, its subsidiaries and target associated companies (as defined in paragraph 3(e)(iii) above) (the **“KLL IPT Group”**) will in the ordinary course of business enter into transactions with the classes of interested persons as set out herein and with some degree of frequency.

In view of the time-sensitive and frequent nature of such Interested Person Transactions, the obtaining of a general mandate from Shareholders pursuant to Chapter 9 of the Listing Manual in the form of the IPT Mandate, will enable the Company, its subsidiaries and target associated companies to enter into Interested Person Transactions with the classes of interested persons set out in paragraph 5 below (“Interested Persons”), provided that such transactions are made at arm’s length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. Such Interested Person Transactions are described in paragraph 6 below.

The IPT Mandate will take effect from the date of receipt of Shareholders’ approval for the IPT Mandate at the relevant AGM or EGM of the Company until the next AGM of the Company, and shall apply in respect of Interested Person Transactions entered or to be entered into from the date of receipt of such Shareholders’ approval until the next AGM of the Company, unless revoked or varied by the Company in general meeting. Thereafter, approval from Shareholders for a renewal of the IPT Mandate will be sought at each subsequent AGM or EGM of the Company.

4.2 Scope of the IPT Mandate

The IPT Mandate will cover a wide range of transactions arising in the ordinary course of business operations of the KLL IPT Group, including its principal businesses of property development and investment, property fund management and property related services.

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

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

4.3 Benefit to Shareholders

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

The IPT Mandate is intended to facilitate transactions in the normal course of business of the KLL IPT Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out at arm’s length and on normal commercial terms, and are not prejudicial to the interests of the Company and minority Shareholders. The KLL IPT Group will benefit from having access to competitive quotes from its Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons.

5. CLASSES OF INTERESTED PERSONS

The IPT Mandate will apply to the Interested Person Transactions (as described in paragraph 6 below) which are carried out between any company within the KLL IPT Group and the following classes of Interested Persons:

- (a) KCL and its associates (as defined in paragraph 3(b) above);
- (b) Temasek and its associates (excluding KCL and its associates); and
- (c) Directors, chief executive officer(s) and Controlling Shareholders of the Company (other than the Controlling Shareholders described in sub-paragraphs (a) and (b) above) and their respective associates.

6. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The types of transactions with Interested Persons (as described in paragraph 5 above) to which the IPT Mandate applies and the benefits to be derived therefrom are set out below:

6.1 General Transactions

This category is in respect of general transactions (“**General Transactions**”) by the KLL IPT Group relating to the provision to, and the obtaining from, Interested Persons of the following products and services in the normal course of business of the KLL IPT Group:

- (i) leasing, rental and/or licensing of properties including but not limited to residential, commercial and industrial buildings and properties;
- (ii) provision of project development services including but not limited to master planning, concept development and liaison with the relevant authorities;
- (iii) provision of project management services 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;
- (iv) provision and obtaining of property management services in respect of completed residential, commercial and industrial properties including but not limited to the incorporation of management councils for condominium developments;
- (v) provision of property marketing services for the sale or lease of properties including but not limited to residential, commercial and industrial properties;
- (vi) provision and obtaining of data storage services including hosting services, software licences, design and other technology services;
- (vii) provision and obtaining of services relating to development and management of network infrastructure and home automation devices;

- (viii) provision of hotel and resort management services, including but not limited to marketing and sale of such hotel and resort accommodation;
- (ix) provision of property fund, real estate investment trust and asset management services;
- (x) receipt of financial assistance and services;
- (xi) obtaining of construction related items including but not limited to purchases of tiles and household fittings;
- (xii) obtaining of travel management services including corporate ticketing, and purchases of travel and transportation services including but not limited to purchases of air tickets, visa applications and hotel accommodation;
- (xiii) obtaining of energy services including electricity, water, other utilities and related services; and
- (xiv) provision or obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (i) to (xiii) above.

The KLL IPT Group will benefit from having access to competitive quotes from its Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons.

6.2 Treasury Transactions

Within the ambit of this category are treasury transactions (“**Treasury Transactions**”) between any company within the KLL IPT Group and any Interested Person, eg.:

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

The KLL IPT Group can benefit from competitive rates and quotes in an expeditious manner offered by the 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 Interested Persons. In respect of the issue or sale of debt securities to the Interested Persons, the KLL IPT Group can benefit from the financial support of the Interested Persons arising from such issuance or sale, which will be on terms no less favourable to the KLL IPT Group than those issued or sold to other third parties.

6.3 Management and Support Services Transactions

These transactions relate to the receipt of management and support services in the areas of finance, treasury, investment risk review, enterprise risk management, governmental relations, business development, management information systems, human resources and staff secondment, management and development, accounting, legal, corporate secretarial, public relations, tax, internal audit, central purchasing and other administrative services including computer-based services (the “Management and Support Services Transactions”).

By having access to such services, the KLL IPT 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 KLL IPT Group on a group basis). In addition, the KLL IPT Group is able to obtain expertise in the areas of investment risk review, governmental relations and business development through the extensive global network of its 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 the Company’s ability to respond in a timely manner to take advantage of opportunities as and when they arise.

7. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

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

All Interested Person Transactions

(a) In relation to all Interested Person Transactions as enumerated under paragraphs 6.1 and 6.2 above, quotations will be obtained from the Interested Person and at least one other similar service provider or supplier in respect of services and products obtained by any company within the KLL IPT Group from the Interested Person. All Interested Person Transactions as enumerated under paragraphs 6.1 and 6.2 above shall not be approved unless such transactions are entered into at rates/prices of the service or product providers which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to unrelated third parties (including where applicable, preferential rates/prices/discounts accorded to corporate customers or bulk purchases), or (in relation to services or products to be obtained from an Interested Person) are no less favourable than those extended by the Interested Person to unrelated third parties, or on terms similar to the service or product providers’ usual commercial terms, or otherwise in accordance with other applicable industry norms.

- (b) In the event that it is not possible to obtain quotations from unrelated third parties or to determine whether the terms of the Interested Person Transaction with the Interested Person are more or less favourable than the aggregate terms quoted by unrelated third parties, any two members of a committee comprising the executive Directors, Chief Financial Officer, and divisional heads of the Company for the time being and such other person as the Directors may from time to time appoint (the "**Review Committee**") will evaluate and weigh the benefits of, and rationale for, transacting with the Interested Person to determine whether the terms offered by the Interested Person are fair and reasonable. For those transactions equal to or exceeding the upper threshold stated in paragraph 7.2(a)(i) below, the Review Committee will submit a written recommendation to the chief executive officer of the Company (the "**Chief Executive Officer**"), and for transactions equal to or exceeding the upper threshold in paragraph 7.2(a)(ii) below, the Review Committee will submit a written recommendation to the Audit Committee of the Company (the "**Audit Committee**"). In its evaluation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Company in transacting with the Interested Person compared with transacting with unrelated third parties. The Chief Executive Officer or (as the case may be) the Audit Committee will evaluate the recommendation of the Review Committee in respect of the Interested Person Transaction before deciding to approve or reject the Interested Person Transaction. In determining the terms of the transaction, the Chief Executive Officer or (as the case may be) the Audit Committee will evaluate such terms in accordance with prevailing industry norms (including the reasonableness of the terms).
- (c) In relation to the Management and Support Services Transactions set out in paragraph 6.3 above, a management fee based on the turnover of the Company and its subsidiaries is levied. The fee takes into consideration the synergies and benefits derived by the Company from being a member of the Interested Person's group of companies, complexity of issues encountered, time spent and the operating environment. At the close of the financial year, the Review Committee will review the fees to be paid to the Interested Person having regard to the factors cited above, and satisfy itself that the fees for any Management and Support Services Transactions provided by any Interested Person shall be at arm's length and on normal commercial basis and in accordance with the formula for such fees agreed with such Interested Person. For those transactions equal to or exceeding the upper threshold stated in paragraph 7.2(a)(i) below, the Review Committee will submit a written recommendation to the Chief Executive Officer, and for transactions equal to or exceeding the upper threshold in paragraph 7.2(a)(ii) below, the Review Committee will submit a written recommendation to the Audit Committee. The Chief Executive Officer or (as the case may be) the Audit Committee will evaluate the recommendation of the Review Committee and satisfy himself or (as the case may be) itself that the fees are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.
- (d) All Interested Person Transactions must be consistent with the usual practices and policies of the KLL IPT Group, and will be reviewed semi-annually by the internal auditors who will report to the Audit Committee. To assist the Audit Committee in its review, the Company will maintain a Register of Interested Person Transactions in which relevant particulars of all Interested Person Transactions will be recorded.

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

(a) **General Transactions and Management and Support Services Transactions**

In addition to paragraph 7.1 above, in relation to all General Transactions and Management and Support Services Transactions as enumerated under paragraph 6 above:

- (i) transactions equal to or exceeding \$1,000,000 but less than \$10,000,000 each in value will be reviewed and approved by any two members of the Review Committee;
- (ii) transactions equal to or exceeding \$10,000,000 but less than \$20,000,000 each in value will be reviewed and approved by any two members of the Review Committee and the Chief Executive Officer or, if he has an interest in the transaction, a member of the Audit Committee; and
- (iii) transactions equal to or exceeding \$20,000,000 each in value will be reviewed and approved by the Audit Committee.

(b) **Treasury Transactions**

In addition to paragraph 7.1 above, in relation to Treasury Transactions, the Company will implement the procedures in this paragraph 7.2(b) and in paragraph 7.3:

(i) *Placements*

In relation to any placement of funds with any Interested Person by any company within the KLL IPT Group, quotations shall be obtained from such Interested Person and at least one of the principal bankers of the Company for interest rates for deposits with such bankers. Such company within the KLL IPT Group will place its funds with such Interested Person only if the interest rate quoted is not less favourable than that quoted by such principal banker(s). In addition, such company shall comply with the procedures set out in paragraph 7.3(b) below. Historically, the Company has not had difficulty obtaining quotations for comparison.

(ii) *Borrowings*

In relation to the borrowings of funds from any Interested Person by any company within the KLL IPT Group, quotations shall be obtained from such Interested Person and at least one of the principal bankers of the Company for interest rates and conditions of loans from such bankers. Such company within the KLL IPT Group will borrow funds from such 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 KLL IPT Group), the company within the KLL IPT Group shall be able to borrow the funds from the Interested Person. In addition, such company shall comply with the procedures set out in paragraph 7.3(a) below.

(iii) *Foreign Exchange, Swap and Option Transactions*

In relation to foreign exchange, swap and option transactions with any Interested Person within the KLL IPT Group, quotations shall be obtained from such Interested Person and at least one of the principal bankers of the Company. Such company within the KLL IPT Group will enter into such foreign exchange, swap or option transactions with such Interested Person only if the rates quoted are not less favourable than the rates quoted by such principal banker(s). In addition, such company shall comply with the procedures in paragraph 7.3(c) below. Historically, the Company has not had difficulty obtaining quotations for comparison.

(iv) *Debt Securities*

In relation to the subscription of debt securities issued by any Interested Person, or the purchase from any Interested Person of debt securities previously issued by such Interested Person, such transactions will be entered into by companies within the KLL IPT 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, companies within the KLL IPT Group will only issue new debt securities or sell debt securities (previously issued by any company within the KLL IPT Group) to 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 company within the KLL IPT Group to any Interested Person, and debt securities subscribed or purchased from any Interested Person, such company shall comply with the procedures in paragraph 7.3(a) below.

7.3 The Company will monitor Treasury Transactions entered into by the KLL IPT Group as follows:

(a) **Borrowings and Debt Securities Issued or Sold to Interested Persons**

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

- (i) where the aggregate value of the interest expense incurred by the KLL IPT Group on borrowings from, and debt securities issued and/or sold to, that Interested Person equals to or exceeds \$2,000,000 (but does not exceed \$15,000,000), such interest expense incurred or to be incurred in aggregate up to \$15,000,000 by any company within the KLL IPT Group, will be reviewed and approved by any two members of the Review Committee;

- (ii) where the aggregate value of the interest expense incurred by the KLL IPT Group on borrowings from, and debt securities issued and/or sold to, that Interested Person equals to or exceeds \$15,000,000 (but does not exceed \$40,000,000), such interest expense incurred or to be incurred in aggregate up to \$40,000,000 by any company within the KLL IPT Group, will be reviewed and approved by any two members of the Review Committee, and the Chief Executive Officer or, if he has an interest in the transaction, a member of the Audit Committee; and
- (iii) where the aggregate value of the interest expense incurred by the KLL IPT Group on borrowings from, and debt securities issued and/or sold to, that Interested Person equals to or exceeds \$40,000,000, any further interest expense to be incurred by any company within the KLL IPT Group, will be reviewed and approved by the Audit Committee.

(b) Placements with and Subscription and Purchase of Debt Securities from Interested Persons

- (i) Where the aggregate of the principal amount of funds placed with and all debt securities subscribed and/or purchased from, the same Interested Person shall at any one time exceed \$500,000,000, additional placements of funds with, subscription of debt securities issued by, or purchase of debt securities from, that Interested Person by any company within the KLL IPT Group shall require the prior approval of the Audit Committee.
- (ii) Placement of funds with, subscription of debt securities issued by, and/or purchase of debt securities from, the same Interested Person where the aggregate of the principal amounts thereof does 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 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 the Company.

(c) 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 Interested Person shall at any one time exceed \$100,000,000, each additional foreign exchange, swap and option transaction entered into with the same Interested Person by any company within the KLL IPT Group will require the prior approval of the Audit Committee.

Entry into foreign exchange, swap and option transactions with the same 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.

7.4 The internal auditors of KLL shall, on a semi-annual basis, review the Register of Interested Person Transactions and the operation of the review procedures, report to the Audit Committee on all Interested Person Transactions, and the bases of such transactions, entered into by the KLL IPT Group with the Interested Persons.

- 7.5 The Audit Committee shall have the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Company as it deems appropriate. If any member of the Review Committee or the Chief Executive Officer has an interest in an Interested Person Transaction to be reviewed, such member of the Review Committee or the Chief Executive Officer (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. If a member of the Audit Committee has an interest in an Interested Person Transaction to be reviewed by the Audit Committee, he will abstain from any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.
- 7.6 Generally, the Review Committee, the Chief Executive Officer and the Audit Committee will only approve an Interested Person Transaction if the terms of the transaction are no more favourable than the terms extended by the KLL IPT Group to unrelated third parties, or (where applicable) no less favourable than those extended by the Interested Person 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 Chief Executive Officer 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.
- 7.7 The Audit Committee will review the terms of the Interested Person Transactions and the review procedures adopted on a semi-annual basis.

8. AUDIT COMMITTEE'S CONFIRMATION

The Audit Committee comprises Professor Tsui Kai Chong (Chairman), Mrs Lee Ai Ming, Mr Heng Chiang Meng, Mr Yap Chee Meng (all of whom are independent non-executive Directors of the Company), and Mrs Oon Kum Loon (non-independent non-executive Director of the Company). In view of Mrs Oon being an independent director of KCL, she has abstained from the Audit Committee's confirmations given in the following paragraphs.

The Audit Committee (comprising Professor Tsui Kai Chong, Mrs Lee Ai Ming, Mr Heng Chiang Meng and Mr Yap Chee Meng, with Mrs Oon abstaining for the reason explained above), having considered the terms of the IPT Mandate and the review procedures for Interested Person Transactions therein, confirms that the methods and procedures for determining the transaction prices as set out in paragraph 7 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.

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 Interested Person Transactions will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will in consultation with the Board take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.

9. VALIDITY PERIOD OF THE IPT MANDATE

The IPT Mandate will take effect from the passing of the Ordinary Resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next AGM or EGM (as the case may be) and at each subsequent AGM or EGM of the Company (as the case may be), subject to satisfactory review by the Audit Committee of its continued application to transactions with Interested Persons.

10. DISCLOSURE IN FINANCIAL STATEMENTS AND ANNUAL REPORT

Disclosure will be made in the Company'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 Interested Person Transactions conducted with Interested Persons under the IPT Mandate during the current financial year in accordance with the requirements of Chapter 9 of the Listing Manual.

