

**CIRCULAR DATED 31 MAY 2010**

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

If you have sold or transferred all your shares in the capital of Keppel Corporation Limited (the "Company"), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and Closure of Books and the accompanying Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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

This Circular does not constitute, and is not intended to be, an offer, or a notice, circular or advertisement calling or drawing attention to an offer to the public or subscribe for or purchase any of the units in K-Green Trust ("KGT").

You should also have received, together with this Circular, the Introductory Document (as defined herein) which sets out detailed information on KGT. Please read the Introductory Document carefully.



**Keppel Corporation Limited**

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

**CIRCULAR TO SHAREHOLDERS**

in relation to

**THE PROPOSED DIVIDEND *IN SPECIE* OF  
UP TO 325,900,000 UNITS IN K-GREEN TRUST TO ENTITLED SHAREHOLDERS**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	14 June 2010 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	16 June 2010 at 10.30 a.m.
Place of Extraordinary General Meeting	:	Raffles City Convention Centre Level 4, Canning Room 2 Stamford Road Singapore 178882

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## **IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS**

### **General**

The distribution of this Circular and the Distribution (as defined herein) may be prohibited or restricted by law (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Overseas Shareholders (as defined herein) are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to the Company. It is the responsibility of Overseas Shareholders in such jurisdictions to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities which are required to be observed and/or payment of any issue, transfer or other taxes due in such jurisdiction.

This Circular may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation.

## **IMPORTANT NOTICE TO CPFIS INVESTORS**

If the Approvals (as defined herein) are obtained and remain in force, no further action is required by CPFIS Investors (as defined herein) in order to receive the KGT Units (as defined herein). Further details on the distribution of KGT Units to CPFIS Investors and the entitlement of CPFIS Investors to receive KGT Units pursuant to the Distribution are set out in section 2.8.6 "CPFIS Investors" of this Circular.

CPFIS Investors should however note that the KGT Units are not included as a type of investment under the CPF Investment Scheme. Accordingly, CPFIS Investors will not be permitted to use their CPF Funds to purchase (a) KGT Units traded on the Main Board of the SGX-ST (the listing thereof subject to the Approvals having been obtained) or (b) any entitlements in respect of the KGT Units standing to the credit of their respective CPF Investment Accounts (as defined herein) which are offered to them at a cost, such as additional KGT Units offered to them at a cost by way of a rights issue.

Where any entitlements in respect of the KGT Units standing to the credit of their respective CPF Investment Accounts are offered to them at a cost, CPFIS Investors who wish to purchase these entitlements will need to make cash payment in accordance with the instructions of their respective CPF approved agent banks where they hold their respective CPF Investment Accounts. The purchased entitlements may not be held through their respective CPF Investment Accounts.

## **IMPORTANT NOTICE TO SCRIP-BASED SHAREHOLDERS**

Scrip-based Shareholders (as defined herein) should note that entitlements to the KGT Units will be determined on the basis of their holdings of Shares (as defined herein) appearing in the Register of Members (as defined herein) as at the Books Closure Date.

Scrip-based Shareholders who have not registered their holdings in the Register of Members, are requested to take the necessary action to ensure that the Shares owned by them are registered in their names or in the names of their nominees by the Books Closure Date.

Scrip-based Shareholders should note that they will not be able to trade in such KGT Units on the SGX-ST unless they open Securities Accounts with CDP for such KGT Units to be held by CDP and recorded as such in the Register of Unitholders maintained by the Unit Registrar and Unit Transfer Office (each as defined herein). Scrip-based Shareholders are therefore encouraged to open Securities Accounts with CDP.

Scrip-based Shareholders who wish to trade their KGT Units on the SGX-ST on or immediately after the Listing should deposit with CDP their physical share certificates of the Company together with the duly executed instruments of transfer in favour of CDP no later than 5.00 p.m. on 8 June 2010 which is 10 Market Days prior to the Books Closure Date, so as to enable CDP to credit their Securities Accounts with their Shares and thereafter, for CDP to credit their Securities Accounts with the KGT Units.

In the case of Scrip-based Shareholders who have not opened their Securities Account with CDP, the Unit Registrar and Unit Transfer Office will send to each such Scrip-based Shareholder at his address as recorded in the Register of Members a confirmation note indicating the number of KGT Units he is entitled to and his entitlements shall be recorded in the Register of Unitholders. The entries in the Register of Unitholders shall (save in the case of manifest error) be conclusive evidence of the number of KGT Units held by each such Scrip-based Shareholder.

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## DEFINITIONS

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

<b>"Approvals"</b>	:	Has the meaning ascribed to it in section 2.7 of this Circular
<b>"Award"</b>	:	A contingent award of Shares granted under the KCL RSP and/or the KCL PSP
<b>"Board"</b>	:	The board of Directors as at the date of this Circular
<b>"Books Closure Date"</b>	:	22 June 2010 at 5.00 p.m. (or such other time and date as the Directors may determine), being the time and date at and on which, subject to the Approvals having been obtained, the Register of Members will be closed to determine the entitlement of Shareholders to KGT Units pursuant to the Distribution
<b>"Business Trusts Act"</b>	:	Business Trusts Act (Chapter 31A), as amended or modified from time to time
<b>"CDP"</b>	:	The Central Depository (Pte) Limited
<b>"Companies Act"</b>	:	Companies Act (Chapter 50), as amended or modified from time to time
<b>"Company" or "KCL"</b>	:	Keppel Corporation Limited
<b>"CPF"</b>	:	Central Provident Fund
<b>"CPFIS Investors"</b>	:	Investors who have subscribed for or purchased Shares using their respective CPF Funds and which Shares are held on their behalf by CPF approved agent banks
<b>"CPF Funds"</b>	:	The CPF account savings of CPF members under the CPF Investment Scheme — Ordinary Account
<b>"CPF Investment Account"</b>	:	The investment account maintained with a CPF approved agent bank for the purpose of investment of CPF Funds
<b>"Directors"</b>	:	The directors of the Company as at the date of this Circular
<b>"Distribution"</b>	:	The proposed dividend <i>in specie</i> of up to 325,900,000 KGT Units to Entitled Shareholders in proportion to their shareholdings in the Company, as described in this Circular
<b>"EGM"</b>	:	The extraordinary general meeting of the Company to be held on 16 June 2010, notice of which is given in the Notice of Extraordinary General Meeting and Closure of Books set out on pages 28 and 29 of this Circular (or any adjournment thereof)
<b>"Entitled Shareholders"</b>	:	Shareholders as at the Books Closure Date
<b>"Forecast Period 2010"</b>	:	The period from 29 June 2010 to 31 December 2010

<b>“FY”</b>	:	Financial year ended or ending on 31 December of the relevant year
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Introduction”</b>	:	The listing of KGT Units on the SGX-ST by way of introduction without any offer being made of the KGT Units for subscription or sale
<b>“Introductory Document”</b>	:	Introductory document dated 31 May 2010 issued by the Trustee-Manager in conjunction with the listing of the KGT Units on the Main Board of the SGX-ST by way of introduction
<b>“KCL Options”</b>	:	The share options granted under the KCL Share Option Scheme, adopted at an extraordinary general meeting of the Company on 7 May 1987 and as modified or altered from time to time
<b>“KCL PSP”</b>	:	The KCL Performance Share Plan adopted by the Company at an extraordinary general meeting of the Company on 23 April 2010, as the same may be modified or altered from time to time
<b>“KCL RSP”</b>	:	The KCL Restricted Share Plan adopted by the Company at an extraordinary general meeting of the Company on 23 April 2010, as the same may be modified or altered from time to time
<b>“Keppel Seghers”</b>	:	Keppel Seghers Engineering Singapore Pte. Ltd.
<b>“KGT”</b>	:	K-Green Trust, a business trust constituted on 23 July 2009 under the laws of the Republic of Singapore and registered (with registration number 2010002) on 27 May 2010 under the Business Trusts Act
<b>“KGT Unit”</b>	:	An undivided interest in KGT, as provided for in the Trust Deed
<b>“Listing”</b>	:	The admission of KGT to the Official List of the SGX-ST
<b>“Listing Date”</b>	:	The date of admission of KGT to the Official List of the SGX-ST, being the date of commencement of trading of the KGT Units
<b>“Latest Practicable Date”</b>	:	24 May 2010, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date
<b>“Lock-Up Period”</b>	:	The period of 12 months commencing from the Listing Date
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities

<b>"MAS"</b>	:	The Monetary Authority of Singapore
<b>"Minimum Unitholding"</b>	:	30% of the total number of KGT Units in issue at any time on and after the Completion Date (as defined in the Introductory Document)
<b>"NEA"</b>	:	National Environment Agency, a body corporate established pursuant to the National Environment Agency Act (Chapter 195)
<b>"O&amp;M"</b>	:	Operation and maintenance
<b>"Overseas Shareholders"</b>	:	Shareholders whose registered addresses as at the Books Closure Date, as recorded in the Register of Members or in the Depository Register maintained by CDP (as the case may be) for the service of notice and documents, are outside Singapore
<b>"Plants"</b>	:	Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant
<b>"Projection Year 2011"</b>	:	The 12-month period from 1 January 2011 to 31 December 2011
<b>"PUB"</b>	:	Public Utilities Board of Singapore, a body corporate established pursuant to the Public Utilities Act (Chapter 261)
<b>"QPDS"</b>	:	Qualifying project debt security
<b>"Register of Members"</b>	:	The register of members and transfer books of the Company kept in accordance with Section 190 of the Companies Act
<b>"Register of Unitholders"</b>	:	The register of Unitholders and transfer books of KGT kept in accordance with Section 69 of the Business Trusts Act
<b>"Scrip-based Shareholders"</b>	:	Shareholders whose Shares are not deposited with CDP and whose registered addresses as at the Books Closure Date, as recorded in the Register of Members for the service of notice and documents, are in Singapore
<b>"Securities Account"</b>	:	Securities accounts maintained by Depositors with CDP, but does not including a securities sub-account maintained with a Depository Agent
<b>"Securities and Futures Act"</b>	:	Securities and Futures Act (Chapter 289) as amended or modified from time to time
<b>"Senoko Plant"</b>	:	Senoko Waste-to-Energy Plant (formerly known as Senoko Incineration Plant), including its business undertakings
<b>"SGX-ST"</b>	:	Singapore Exchange Securities Trading Limited

<b>“Shareholders”</b>	:	Persons who are registered as holders of Shares in the Register of Members, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares, mean the persons named as Depositors in the Depository Register and whose Securities Account are credited with Shares
<b>“Shares”</b>	:	Ordinary shares in the share capital of the Company
<b>“Sponsor”</b>	:	Keppel Integrated Engineering Limited, being the sponsor of KGT
<b>“Sponsor Units”</b>	:	Up to 313,200,000 KGT Units to be held by the Sponsor immediately prior to the Listing
<b>“SRS”</b>	:	Supplementary Retirement Scheme
<b>“Substantial Shareholder”</b>	:	In relation to the Company, a person who has an interest in not less than 5% of the issued voting shares of the Company
<b>“Temasek”</b>	:	Temasek Holdings (Private) Limited
<b>“Trust Deed”</b>	:	The trust deed constituting KGT which was executed by the Trustee-Manager on 23 July 2009 and amended and restated on 25 May 2010
<b>“Trustee-Manager”</b>	:	Keppel Infrastructure Fund Management Pte. Ltd., acting in its capacity as trustee-manager of KGT
<b>“Tuas DBOO Plant”</b>	:	Keppel Seghers Tuas Waste-to-Energy Plant, including its business undertakings
<b>“Ulu Pandan Plant”</b>	:	Ulu Pandan NEWater Plant, including its business undertakings
<b>“Ulu Pandan Trust”</b>	:	The trust constituted to hold the assets and business undertakings relating to Ulu Pandan Plant
<b>“Unit Registrar and Unit Transfer Office”</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<b>“Unit Share Market”</b>	:	The unit share market of the SGX-ST which allows trading of securities in single units
<b>“Unitholders”</b>	:	Persons who are registered as holders of KGT Units in the Register of Unitholders 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 KGT Units, mean the persons named as Depositors in the Depository Register and whose Securities Account are credited with KGT Units
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively
<b>“%” or “per cent.”</b>	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” 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*. 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 Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Business Trusts Act, the Companies Act or the Listing Manual or any amendment or modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Business Trusts Act, the Companies Act or the Listing Manual or such amendment or modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

## INDICATIVE TIMETABLE

The following are the indicative dates and times for the Distribution:

Last date and time for lodgement of Proxy Forms for the EGM	:	14 June 2010 at 10.30 a.m.
Date and time of the EGM	:	16 June 2010 at 10.30 a.m.
Books Closure Date for the Distribution	:	22 June 2010 at 5.00 p.m.
Expected date for crediting KGT Units into the Securities Accounts of Entitled Shareholders (being Depositors)	:	29 June 2010
Expected date and time for commencement of trading of KGT Units on the SGX-ST	:	29 June 2010 at 9.00 a.m.
Expected date and time for commencement of trading of odd-lots of KGT Units	:	29 June 2010 at 9.00 a.m.
Expected last day of trading of odd-lots of KGT Units	:	28 July 2010

The above timetable is indicative only and is subject to change. As at the date of this Circular, the Company does not expect the above timetable to be modified. However, the Company may, with the approval of the SGX-ST, modify the above timetable subject to any limitation under any applicable laws. In such an event, the Company will publicly announce the same through an SGXNET announcement to be posted on the SGX-ST's website <http://www.sgx.com>.

## KEPPEL CORPORATION LIMITED

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

### Board of Directors:

Lee Boon Yang (Chairman and Independent Director)  
Lim Hock San (Deputy Chairman and Independent Director)  
Choo Chiau Beng (Senior Executive Director and Chief Executive Officer)  
Sven Bang Ullring (Independent Director)  
Tony Chew Leong-Chee (Independent Director)  
Oon Kum Loon (Independent Director)  
Tow Heng Tan (Non-Executive Non-Independent Director)  
Alvin Yeo (Independent Director)  
Teo Soon Hoe (Senior Executive Director and Group Finance Director)  
Tong Chong Heong (Executive Director)

### Registered Office:

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

31 May 2010

To: **The Shareholders of Keppel Corporation Limited**

Dear Sir/Madam

### PROPOSED DIVIDEND *IN SPECIE* OF UP TO 325,900,000 UNITS IN K-GREEN TRUST TO ENTITLED SHAREHOLDERS

#### 1. INTRODUCTION

1.1 **Proposed Distribution.** On 26 January 2010, the Company announced that Keppel Integrated Engineering Limited, a wholly-owned subsidiary of the Company, was sponsoring the listing of the units of a business trust known as K-Green Trust on the Main Board of the SGX-ST by way of introduction and that the Company was proposing a dividend *in specie* of approximately 51.0% of the total number of KGT Units in issue and held directly by the Company immediately prior to the Listing to be distributed to Entitled Shareholders.

The Distribution, which will be subject to the Approvals, will be effected by way of a dividend *in specie* to Entitled Shareholders in proportion to their shareholdings in the Company, on the basis of 1 KGT Unit for every 5 Shares held by Entitled Shareholders, fractional entitlements to be disregarded.

No payment will be required from Entitled Shareholders for the Distribution. The KGT Units will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Distribution is effected.

A copy of the announcement dated 26 January 2010 on the Distribution is available on the SGX-ST's website <http://www.sgx.com>.

1.2 **EGM.** The Directors are convening the EGM to seek Shareholders' approval for the Distribution, as Article 124 of the Articles of Association of the Company prescribes that Shareholders' approval is required for a dividend which is paid wholly or in part by the distribution of specific assets, including in particular, paid-up shares, debentures or debenture stock of any company. Notice of the EGM and Closure of Books is set out on pages 28 and 29 of this Circular.

1.3 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to as well as to seek Shareholders' approval at the EGM for the Distribution.

**This Circular does not constitute, and is not intended to be, an offer, or a notice, circular or advertisement calling or drawing attention to an offer to the public or subscribe for or purchase any KGT Units.**

- 1.4 **SGX-ST.** The SGX-ST takes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

## **2. PROPOSED DISTRIBUTION TO ENTITLED SHAREHOLDERS**

- 2.1 **Background to the Distribution.** KGT is a business trust constituted pursuant to the Trust Deed and is principally regulated by the Business Trusts Act and the Securities and Futures Act. Pursuant to the Trust Deed, the Trustee-Manager (a wholly-owned subsidiary of the Sponsor) will hold all the assets of KGT, as well as other assets acquired in future, on trust for the Unitholders.

The investment objective of KGT is to invest in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East (“**Investment Mandate**”).

As at the date of this Circular, KGT holds 100% of the beneficial interest in the assets and business undertakings relating to Senoko Plant. Prior to the Listing, the Sponsor will take steps to transfer, at book value, its ownership of 100% of the beneficial interest in the assets and business undertakings relating to Tuas DBOO Plant and Ulu Pandan Plant to KGT, with the effect that immediately prior to the Listing:

- (a) the portfolio of KGT will comprise Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant; and
- (b) the Sponsor will hold approximately 49.0% of the KGT Units in issue, with the balance of approximately 51.0% of the KGT Units in issue being held directly by the Company.

The Company intends to distribute, immediately prior to Listing, all or substantially all the KGT Units held directly by the Company to Entitled Shareholders in proportion to their shareholdings in the Company by way of a dividend *in specie*, with the effect that immediately after the Listing:

- (a) the Sponsor will hold approximately 49.0% of the KGT Units in issue; and
- (b) the Entitled Shareholders will hold approximately 51.0% of the KGT Units in issue.

An application has been made for the KGT Units to be listed on the Main Board of SGX-ST by way of the Introduction, enabling the KGT Units to be traded publicly after completion of the Distribution, and SGX-ST has granted approval in-principle for the listing of the KGT Units on the Main Board of the SGX-ST (see section 2.5.8 “Listing on the Main Board of SGX-ST” of this Circular for further details).

The completion of the Distribution and the commencement of trading of the KGT Units on the Main Board of the SGX-ST are expected to take place on 29 June 2010.

To demonstrate the Group’s commitment to KGT, the Sponsor will retain approximately 49.0% of the KGT Units in issue immediately after the Listing. The Sponsor has given an undertaking to the Trustee-Manager that it will not sell, transfer or otherwise dispose of any part of the KGT Units held by it as at the Listing Date, or any part thereof, for the Lock-Up Period.

The Sponsor has also given undertakings to NEA and PUB that it will, at any and all times, be the registered legal and beneficial owner of not less than the Minimum Unitholding free and clear of all encumbrances. In addition, the Sponsor has also given:

- (a) an undertaking to NEA that it will not sell, agree to sell or otherwise dispose or encumber any of the KGT Units comprised in the Minimum Unitholding without the prior written consent of NEA; and
- (b) an undertaking to PUB that it will not sell, agree to sell or otherwise dispose of or encumber the Sponsor Units or any of the KGT Units which may be acquired by it for the purpose of funding the Trustee-Manager's subscription for additional units in Ulu Pandan Trust without the prior written consent of PUB.

The Company has also given an undertaking to the Trustee-Manager that it will not, among other things, sell, transfer or otherwise dispose of its interests in the shares in the share capital of the Sponsor, or any part thereof, during the Lock-Up Period without the prior written consent of the Trustee-Manager (such consent not to be unreasonably withheld or delayed). This restriction will not apply to the transfer of such shares to and between wholly-owned subsidiaries of the Company if certain conditions are met.

**2.2 Steps to the Distribution.** The Distribution will involve the following key steps:

- (a) The Company will distribute all or substantially all the KGT Units held directly by the Company immediately prior to the Listing to Entitled Shareholders by way of a dividend *in specie* on the basis of 1 KGT Unit for every 5 Shares held by Entitled Shareholders, fractional entitlements to be disregarded.

As at the Latest Practicable Date, the share capital of the Company comprises 1,600,364,880 Shares and there are 60,148,300 outstanding KCL Options granted to Directors and employees of the Group under the KCL Share Option Scheme. As at the Latest Practicable Date, no Awards have been granted.

Assuming that all outstanding KCL Options that have vested on or before the Books Closure Date will be exercised and assuming there will not be any rounding up or rounding down of the number of KGT Units to be distributed to each Entitled Shareholder who holds odd-lots of Shares under the Distribution, up to 639,100,000 KGT Units will be issued by KGT immediately prior to the Listing and up to 325,900,000 KGT Units (representing approximately 51.0% of the total number of KGT Units immediately prior to the Listing) will be distributed to Entitled Shareholders.

- (b) The pro forma net book value of KGT (with the three Plants) is approximately S\$719.4 million as at 29 June 2010, which translates into an implied value of approximately S\$1.13 per KGT Unit (before taking into account the expenses relating to the establishment of KGT, the Introduction and the issue of the KGT Units). Accordingly, the distribution value per Share is approximately 23 cents (on the basis of 1 KGT Unit for every 5 Shares).
- (c) The KGT Units will be listed on the Main Board of the SGX-ST by way of the Introduction and trading of the KGT Units will commence on or about 29 June 2010. Entitled Shareholders will then hold listed investments in both the Company and KGT.

The Distribution will be effected by way of a dividend *in specie* to Entitled Shareholders on the basis of 1 KGT Unit for every 5 Shares held by an Entitled Shareholder, fractional entitlements to be disregarded, except that KGT Units which would otherwise be distributed to Overseas Shareholders pursuant to the Distribution will be dealt with in the manner described in section 2.8.9 "Overseas Shareholders" of this Circular. The number of

KGT Units to be received by each Entitled Shareholder will depend on the number of issued Shares held by the Entitled Shareholder as at the Books Closure Date. The KGT Units will be distributed to Entitled Shareholders free of encumbrances and together with all rights attaching to them on and from the date of the Distribution.

For the avoidance of doubt, the share capital of the Company will remain the same after the Distribution, and accordingly there will be no change in the number of Shares held by the Shareholders immediately after the Distribution.

**2.3 Rationale for the Establishment of KGT and for the Distribution.** The establishment of KGT and the Distribution have direct benefits for the Company as follows:

**2.3.1 *New investment vehicle.*** KGT will provide the Company with a new investment vehicle that has direct access to the equity market as an additional source of capital with which to make future investments in “green” infrastructure assets. Such a listed vehicle which offers greater transparency would provide the Company with a competitive advantage over other companies and equity funds in the sector in obtaining bids to acquire and/or manage “green” infrastructure assets.

**2.3.2 *Increased fee income from an expanded “green” infrastructure assets management platform.*** The Company’s existing “green” infrastructure asset management platform was expanded with the initial establishment of KGT and its acquisition of Senoko Plant. The listing of KGT with three Plants will generate additional streams of fee-based income for the Company.

**2.4 Benefits to Shareholders.** The establishment of KGT and the Listing have the following direct benefits for Shareholders:

**2.4.1 *Special dividend in specie for Entitled Shareholders.*** The Company will distribute approximately S\$366.9 million to Entitled Shareholders by way of a dividend *in specie*, in the form of up to 325,900,000 KGT Units which will be separately listed and traded on the SGX-ST. This translates into an implied value of approximately S\$1.13 per KGT Unit (before taking into account expenses relating to the establishment of KGT, the Introduction and the issue of the KGT Units). Accordingly, the distribution value per Share is approximately 23 cents (on the basis of 1 KGT Unit for 5 Shares).

**2.4.2 *Additional investment choice.*** KGT will provide Entitled Shareholders with an opportunity to invest directly in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East. A “green” focused business trust offers investors the ability to invest in a fast growing sub-segment of the infrastructure universe, as waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives are fast gaining acceptance from both governments and the public as viable alternatives to conventional technologies. Entitled Shareholders will become Unitholders without the need for any cash outlay. Separate listing of the Shares and the KGT Units will give greater transparency on valuations of the different components of the Group’s business. The creation of another listed instrument will give an additional choice and more flexibility for Shareholders on how they invest in the Group.

**2.4.3 *Tax incentives.*** The capital structure of KGT will be optimised by utilising the QPDS incentive introduced by the MAS. As Unitholders, Entitled Shareholders stand to benefit from this tax incentive which they would otherwise not receive.

## 2.5 Information on KGT.

2.5.1 **The Introductory Document.** Shareholders should also have received, together with this Circular, the Introductory Document which sets out detailed information on KGT, including its portfolio of assets and business immediately prior to the Listing, profit and cashflow forecast and profit and cashflow projection, risk factors and distribution policy. **Please read the Introductory Document carefully.** The following is a summary of selected information on KGT, and should be read in conjunction with the Introductory Document.

2.5.2 **Investment objective of KGT.** The investment objective of KGT is to invest in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East.

Such “green” infrastructure assets include:

- (a) waste management infrastructure assets including but not limited to waste pre-treatment plants, waste-to-energy plants and bio-solids/sludge treatment plants;
- (b) water and wastewater treatment plants including but not limited to wastewater treatment plants, process water treatment plants, drinking water treatment plants, water reclamation plants, desalination plants and water re-use plants;
- (c) renewable energy infrastructure assets including but not limited to wind and solar farms; and
- (d) energy efficient infrastructure assets including but not limited to district heating and cooling systems.

2.5.3 **Portfolio of KGT.** Immediately upon the Listing, KGT will own Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant. All three Plants have commenced commercial operations as at the date of this Circular. The Plants have long-term concession agreements with Singapore statutory bodies of between 15 years to 25 years. The term of the incineration services agreements with NEA for Senoko Plant is for 15 years commencing from 1 September 2009 and for Tuas DBOO Plant is for 25 years commencing from 30 October 2009. The term of the NEWater agreement with PUB for Ulu Pandan Plant is for 20 years commencing from 28 March 2007.

2.5.4 **Business strategy of KGT.** KGT aims to provide Unitholders with long-term, regular and predictable distributions through a combination of the following strategies:

- (a) **Growth strategy** — to provide growth in distributions to Unitholders through future investments in “green” infrastructure assets; and
- (b) **Risk and capital management strategy** — to manage and mitigate KGT’s overall risks and enhance financial flexibility by maintaining an optimal capital structure.

2.5.5 **Key investment highlights of KGT.** KGT aims to offer Unitholders the following key investment benefits:

- (a) **A listed “green” infrastructure business trust with potential for long-term capital growth** — A “green” focused business trust offers investors the ability to invest in a fast growing sub-segment of the infrastructure sector, as waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives are fast gaining acceptance from both governments and the public as viable alternatives to conventional technologies.

- (b) **Long-term, regular and predictable cashflows from the Plants** — The Plants are expected to generate cash flows which will provide long-term, regular and predictable distributions to Unitholders. The Plants have long-term concession agreements with Singapore statutory bodies (namely, NEA and PUB) of between 15 years to 25 years. The Singapore Government holds a “AAA” credit rating from Standard & Poor’s Rating Services.
- (c) **Synergistic relationship with and support from an established Sponsor** — Keppel Seghers Engineering Singapore Pte. Ltd. is a wholly-owned subsidiary of the Sponsor and has been appointed for all aspects of the O&M operations of Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant. The Plants would be able to benefit from its extensive technical expertise in managing O&M operations. To demonstrate its commitment to KGT, the Sponsor has granted KGT certain rights of first refusal, which come into effect on the Listing Date, in respect of any asset (a) in which one or more of the Sponsor or a subsidiary entity, trust or undertaking of the Sponsor (excluding for the avoidance of doubt each of the Trustee-Manager and its subsidiary entities, trusts and undertakings) holds, in aggregate, a voting interest of more than 50% and (b) which is of such type, carries out activities or provides such services, and is located within such geographical area, as to fall within the Investment Mandate, as well as certain assets which are identified in a deed of right of first refusal executed by the Sponsor in favour of the Trustee-Manager.
- (d) **Experienced management team and board of directors** — The board of directors and the management team of the Trustee-Manager will comprise individuals with relevant credentials, expertise and experience in various fields and in the regional markets. They also have experience working in senior management positions in or serving on the boards of public-listed companies.
- (e) **Tax-efficient and conservative capital structure** — Each of the sub-trustees that owns the Plants intends to utilise the QPDS incentive introduced by the MAS and issue notes to the Trustee-Manager in amounts which take into account the capital needs of each Plant while seeking to optimise the tax efficiency of the capital structure as a whole. Under the QPDS incentive, interest income received by KGT from the sub-trusts that owns or will own the Plants is exempt from Singapore income tax and is also not subject to Singapore withholding tax. KGT will not have any debt as at the Listing Date, which will provide it with an optimal debt financing capacity for future investment opportunities.
- (f) **Performance fee, acquisition fee and divestment fee which are structured to align the interest of the Trustee-Manager with those of Unitholders** — The performance fee, acquisition fee and divestment fee which the Trustee-Manager will be entitled has been structured in a way to incentivise and align the interests of the Trustee-Manager with those of the Unitholders.

2.5.6 **Selected Financial Information on a Pro Forma Basis.** The following is an extract from the Introductory Document. Statements in this extract that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out in the Introductory Document and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any person, nor that these results will be achieved or are likely to be achieved. Readers of this Circular and all prospective investors in the KGT Units are cautioned not to place undue reliance on

these forward-looking statements that speak only as of the date of this Circular. **Readers of this Circular and all prospective investors in the KGT Units should read the Introductory Document as a whole.**

Number of KGT Units in issue as at the Listing Date 639,100,000<sup>(1)</sup>

*Before taking into account expenses relating to the establishment of KGT, the Introduction and the issue of the KGT Units:*

Unitholders' funds as at the Listing Date S\$719,377,000

Implied value per KGT Unit as at the Listing Date S\$1.13

*After taking into account expenses relating to the establishment of KGT, the Introduction and the issue of the KGT Units:*

Net assets attributable to Unitholders as at the Listing Date S\$713,377,000

Net asset value per KGT Unit as at the Listing Date S\$1.12

**Note:**

(1) In arriving at this number, it has been assumed that (a) all outstanding KCL Options that have vested on or before the Books Closure Date will be exercised and (b) there will not be any rounding up or rounding down of the number of KGT Units to be distributed to each Entitled Shareholder who holds odd-lots of Shares under the Distribution. As at the Latest Practicable Date, the Company has 1,600,364,880 Shares and there were 60,148,300 outstanding KCL Options granted to Directors and employees of the Group under the KCL Share Option Scheme.

**2.5.7 Forecast and Projected Consolidated Income and Cash Flow Statement and Distribution Information.** The tables below set forth excerpts of KGT's forecast and projected consolidated income statement and forecast and projected consolidated cash flow statement for the Forecast Period 2010 and Projection Year 2011.

**Forecast and Projected Consolidated Income Statement**

	Forecast Period 2010	Projection Year 2011
	S\$'000	S\$'000
Revenue	66,847	84,021
Net operating income	10,787	19,875
Profit before income tax	7,472	14,319
Profit after income tax	7,148	13,637

## Forecast and Projected Consolidated Cash Flow Statement

	Forecast Period 2010	Projection Year 2011
	S\$'000	S\$'000
<b>Profit before income tax</b>	7,472	14,319
Adjustments for:		
Interest expense	10	21
Depreciation	154	299
<b>Changes in operating assets and liabilities</b>		
Financial receivables from service concession arrangements	18,532	36,476
<b>Cash generated from operations</b>	26,168	51,115
Income tax paid	—	(324)
Interest paid	(10)	(21)
<b>Net cash from operating activities</b>	26,158	50,770
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	(662,858)	—
Constructions and purchases of fixed assets	(32,184)	(15,898)
<b>Net cash used in investing activities</b>	(695,042)	(15,898)
<b>Cash flows from financing activities</b>		
Net proceeds raised from issue of KGT Units	713,377	—
Distribution to Unitholders	(25,000)	(50,000)
<b>Net cash from/(used in) financing activities</b>	688,377	(50,000)
Net increase/(decrease) in cash and cash equivalents	19,493	(15,128)
Cash and cash equivalents at beginning of period/year	—	19,493
Cash and cash equivalents at end of period/year	19,493	4,365

## Forecast and Projected Distribution Information

	Forecast Period 2010	Projection Year 2011
Projected distribution (S\$'000) <sup>(1)</sup>	25,000	50,000
Number of KGT Units in issue ('000) <sup>(2)</sup>	639,100	639,100
Distribution per KGT Unit (cents)	3.91	7.82

### Notes:

- (1) Assuming distributions of approximately 100% of the residual cash flows.
- (2) In arriving at this number, it has been assumed that (a) all outstanding KCL Options that have vested on or before the Books Closure Date will be exercised; (b) there will not be any rounding up or rounding down of the number of KGT Units to be distributed to each Shareholder who holds odd-lots of Shares under the Distribution; and (c) no additional KGT Units will be issued during the period after Listing to the end of Forecast Period 2010 and during Projection Year 2011.

The information set out above is not based on historical facts and may be forward-looking. Such information is based on assumptions and is subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected.

Details on the assumptions used by the Trustee-Manager in preparation of the above information can be found in the section "Profit and Cash Flow Forecast and Profit and Cash Flow Projection" of the Introductory Document.

The forecast distribution of 3.91 cents per KGT Unit is in respect of the Forecast Period 2010 and projected distribution of 7.82 cents per KGT Unit is in respect of the Projection Year 2011. The actual amount distributed will be adjusted based upon the actual performance of KGT in that period, as well as the number of days from the effective date of the Distribution to 31 December 2010.

Shareholders should consider carefully the risk factors relating to the business of KGT, the Plants, investment in the KGT Units and KGT's tax position as set out in the section "Risk Factors" of the Introductory Document.

- 2.5.8 **Listing on the Main Board of SGX-ST.** An application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST all the KGT Units in issue immediately prior to the Listing Date and all the KGT Units which may be issued to the Trustee-Manager from time to time in full or part payment of the fees payable to the Trustee-Manager. Such permission will be granted when KGT has been admitted to the Official List of the SGX-ST. KGT has received a letter of eligibility from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of all the KGT Units in issue immediately prior to the Listing Date and all the KGT Units which may be issued to the Trustee-Manager from time to time in full or part payment of the fees payable to the Trustee-Manager. KGT's eligibility to list on the Main Board of the SGX-ST and its admission to the Official List of the SGX-ST are not to be taken as an indication of the merits of the Introduction, the KGT Units, KGT or the Trustee-Manager. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Circular.
- 2.5.9 **Interested Person Transactions relating to KGT.** Shareholders should note that by voting in favour of the Distribution, Shareholders will be deemed to have specifically approved the interested person transactions described in the section "Interested Person Transactions and Potential Conflict of Interests — Present and Ongoing Interested Person Transactions" of the Introductory Document and the Unitholders' Mandate described in the section "Interested Person Transactions and Potential Conflict of Interests — General Mandate for Interested Person Transactions" of the Introductory Document.
- 2.6 **No Payment Required.** Entitled Shareholders will not be required to pay for any KGT Units received pursuant to the Distribution. However, as the effect of the Distribution is to return to Shareholders an aggregate sum of approximately S\$366.9 million in the form of KGT Units to be distributed to Shareholders on a *pro rata* basis, Shareholders should read section 3 "Financial Effects of the Proposed Distribution" of this Circular carefully.
- 2.7 **Conditions for the Distribution.** The Distribution is conditional upon, *inter alia*:
- (a) the Distribution being approved by Shareholders at the EGM;
  - (b) the approvals granted by NEA and PUB in connection with the holding of Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant by KGT remaining in force; and

- (c) such regulatory or other approvals required or advisable in connection with the Distribution and the Introduction being obtained and remaining in force

(such approvals collectively, "**Approvals**").

## 2.8 Shareholders' Entitlement to the KGT Units.

2.8.1 **Books Closure Date.** Subject to the Approvals being obtained and remaining in force, the Register of Members will be closed on 22 June 2010 at 5.00 p.m., or such other date as the Directors may determine, for the purpose of determining the entitlements of Shareholders to KGT Units pursuant to the Distribution.

2.8.2 **Entitlement to KGT Units.** Pursuant to the Distribution, Entitled Shareholders will receive 1 KGT Unit for every 5 Shares held by them, with any fraction of a KGT Unit arising from the Distribution to be disregarded, except that KGT Units which would otherwise be distributed to Overseas Shareholders pursuant to the Distribution will be dealt with in the manner described in section 2.8.9 "Overseas Shareholders" of this Circular.

2.8.3 **Date of Crediting.** Subject to the Approvals having been obtained, it is expected that the Securities Accounts of Entitled Shareholders who are Depositors will be credited with KGT Units on or about 29 June 2010. Entitled Shareholders who are not Depositors will be credited with KGT Units on or about 29 June 2010 by the entry of their names on the Register of Unitholders maintained by the Unit Registrar and Unit Transfer Office.

2.8.4 **Shareholders (being Depositors) whose Shares are deposited with CDP.** In the case of Shareholders (being Depositors), entitlements to the KGT Units will be determined on the basis of the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date.

Shareholders (being Depositors) are requested to take the necessary action to ensure that the Shares owned by them are credited to their Securities Account by the Books Closure Date. Following the Books Closure Date, CDP will credit their Securities Accounts with the relevant number of KGT Units and will send each such Depositor a notification letter confirming the number of KGT Units that has been credited to his Securities Account.

2.8.5 **Scrip-based Shareholders whose Shares are not deposited with CDP.** In the case of Scrip-based Shareholders, entitlements to the KGT Units will be determined on the basis of their holdings of Shares appearing in the Register of Members as at the Books Closure Date.

Scrip-based Shareholders who have not already done so, are requested to take the necessary action to ensure that the Shares owned by them are registered in their names or in the names of their nominees by the Books Closure Date.

Scrip-based Shareholders should note that they will not be able to trade in such KGT Units on the SGX-ST unless they open Securities Accounts with CDP for such KGT Units to be held by CDP and recorded as such in the Register of Unitholders maintained by the Unit Registrar and Unit Transfer Office. Scrip-based Shareholders are therefore encouraged to open Securities Accounts with the CDP.

Scrip-based Shareholders who wish to trade their KGT Units on the SGX-ST on or immediately after the Listing should deposit with CDP their physical share certificates of the Company together with the duly executed instruments of transfer in favour of CDP no later than 5.00 p.m. on 8 June 2010, which is 10 Market Days prior to the Books Closure Date, so as to enable CDP to credit their Securities Accounts with their Shares and thereafter, for CDP to credit their Securities Accounts with the KGT Units.

In the case of Scrip-based Shareholders who have not opened their Securities Account with CDP, the Unit Registrar and Unit Transfer Office will send to each such Scrip-based Shareholder at his address as recorded in the Register of Members a confirmation note indicating the number of KGT Units he is entitled to and his entitlements shall be recorded in the Register of Unitholders. The entries in the Register of Unitholders shall (save in the case of manifest error) be conclusive evidence of the number of KGT Units held by each such Scrip-based Shareholder.

- 2.8.6 **CPFIS Investors.** In the case of CPFIS Investors, entitlements to the KGT Units will be determined on the basis of the number of Shares held by the CPF agent banks on behalf of each CPFIS Investor as at the Books Closure Date. Following the Books Closure Date, CDP will credit the KGT Units attributable to CPFIS Investors pursuant to the Distribution to the Securities Accounts of their CPF agent banks, and the CPF agent banks will update their records accordingly.

CPFIS Investors should however note that the KGT Units are not included as a type of investment under the CPF Investment Scheme. Accordingly, CPFIS Investors will not be permitted to use their CPF Funds to purchase (a) KGT Units traded on the Main Board of the SGX-ST (the listing thereof which is subject to the Approvals having been obtained) or (b) any entitlements in respect of the KGT Units standing to the credit of their respective CPF Investment Accounts which are offered to them at a cost, such as additional KGT Units offered to them at a cost by way of a rights issue.

Where any entitlements in respect of the KGT Units standing to the credit of their respective CPF Investment Accounts are offered to them at a cost, CPFIS Investors who wish to purchase these entitlements will need to make cash payments in accordance with the instructions of their respective CPF approved agent banks where they hold their respective CPF Investment Accounts. The purchased entitlements may not be held through their respective CPF Investment Accounts.

- 2.8.7 **Investors whose Shares were purchased using SRS funds.** In the case of investors who have purchased Shares using their SRS funds, entitlements to the KGT Units will be determined on the basis of the number of Shares held by the relevant approved banks on behalf of each such investor as at the Books Closure Date. Following the Books Closure Date, CDP will credit the KGT Units attributable to such investors pursuant to the Distribution to the Securities Accounts of the relevant approved banks, and the relevant approved banks will update their records accordingly.

- 2.8.8 **Investors whose Shares are held through a finance company and/or a Depository Agent.** In the case of investors who hold Shares through a finance company and/or a Depository Agent, entitlements to the KGT Units will be determined on the basis of the number of Shares held by the finance companies and/or the Depository Agents on behalf of each such investor as at the Books Closure Date. Following the Books Closure Date, CDP will credit the KGT Units attributable to such investors pursuant to the Distribution to the Securities Accounts of the finance companies and/or the Depository Agents.

- 2.8.9 **Overseas Shareholders.** The distribution of this Circular and the Distribution may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Overseas Shareholders are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to the Company.

For practical reasons and in order to avoid violating applicable securities laws outside Singapore, the KGT Units will not be distributed to Overseas Shareholders who have not at

least three market days prior to the Books Closure Date provided the Company's Share Registrar (B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758) or CDP, as the case may be, with addresses in Singapore for the service of notices or documents in accordance with the foregoing.

Arrangements will be made for the distribution of KGT Units which would otherwise have been distributed to such Overseas Shareholder to be distributed to such person(s) as the Directors may appoint, who shall sell these KGT Units at prices prevalent at the time of sale and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealing and other expenses in connection therewith, proportionately among such Overseas Shareholders according to their respective entitlements to KGT Units as at the Books Closure Date in full satisfaction of their rights to the KGT Units.

Where the net proceeds to which any particular Overseas Shareholder is entitled is less than S\$10.00, such net proceeds shall be retained for the benefit of the Company, and no Overseas Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Overseas Shareholders.

For the avoidance of doubt, even if an Overseas Shareholder has provided a Singapore address as aforesaid, the distribution of KGT Units to him will be subject to compliance with applicable securities laws outside Singapore to the extent reasonably practicable.

- 2.9 **Trading of KGT Units.** Upon the listing of and quotation for the KGT Units on the Main Board of the SGX-ST, the KGT Units will be traded on the SGX-ST under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the KGT Units effected through the SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time.
- 2.10 **Odd-Lot Trading.** For the purposes of trading on the Main Board of the SGX-ST, each board lot of KGT Units will comprise 1,000 KGT Units. However, Entitled Shareholders who receive odd lots of KGT Units pursuant to the Distribution should note that an application has been made and the approval of the SGX-ST obtained for the establishment of a temporary counter for the trading of KGT Units in board lots of 100 KGT Units for a period of one calendar month from the Listing Date ("**Concession Period**") for their convenience.

To provide Unitholders a more economical avenue to trade and/or round up their odd-lots of KGT Units, the Company has arranged for DBS Vickers Securities (S) Pte Ltd, OCBC Securities Private Limited, Phillip Securities Pte Ltd and UOB Kay Hian Pte Ltd to offer concessionary brokerage rates for the trading in the KGT Units during the Concession Period. The brokerage fee payable by those who trade on the temporary odd-lot counter during the Concession Period through the four securities houses above are as follows:

	<b>DBS Vickers Securities (S) Pte Ltd</b>	<b>OCBC Securities Private Limited</b>	<b>Phillip Securities Pte Ltd</b>	<b>UOB Kay Hian Pte Ltd</b>
<b>Minimum brokerage fee, provided the number of KGT Units traded in any one contract does not exceed 999 KGT Units</b>	S\$20.00 per contract (via a broker or the Internet).	S\$20.00 per contract (via a broker or the Internet).	S\$20.00 per contract if transacted via a broker.  S\$10.00 per contract if transacted via the Internet.	S\$20.00 per contract (via a broker or the Internet).

For trades in board lots of 1,000 KGT Units or higher, the usual brokerage fee applies. After the Concession Period, Unitholders who hold odd-lots of KGT Units can continue to trade in odd-lots on the Unit Share Market of the SGX-ST which allows trading of securities in single units.

- 2.11 **Adjustments to KCL Options and Awards.** The Company may make adjustments to the KCL Options and Awards to take into account the Distribution. If adjustments to the KCL Options and Awards are made, the Company will communicate details of such adjustments separately to holders of such KCL Options and Awards.

### 3. FINANCIAL EFFECTS OF THE PROPOSED DISTRIBUTION

- 3.1 **Basis of Calculation.** The pro forma financial effects of the Distribution on selected financial measures and ratios of the Group are set out below and have been computed using the latest audited consolidated financial statements of the Company for FY2009 on the basis that the Distribution is accounted for in the Group's accounts at net book value, and that the Distribution has taken place:

- (a) for the purposes of the balance sheet, on 31 December 2009, being the date to which the latest full-year audited accounts of the Group were made up; and
- (b) for the purposes of the profit and loss accounts, on 1 January 2009, being the start of the latest audited financial year.

The Distribution of approximately S\$366.9 million is based on the pro forma net book value of KGT (with the three Plants) of approximately S\$719.4 million as at 29 June 2010.

As these financial effects, which are based on the audited consolidated financial statements of the Company for FY2009, are presented for illustration purposes only, they will not reflect the future financial position of the Group following the Distribution in 2010.

- 3.2 **Share Capital.** There will be no impact on the share capital of the Company as a result of the Distribution.

### 3.3 Return on Equity

	<b>Audited FY2009</b>	<b>Pro forma after Distribution</b>
Net Profit <sup>(1)</sup> (\$'000)	1,264,611	1,256,576
Average Shareholders' funds <sup>(1)</sup> (\$'000)	5,290,762	4,923,880
<b>Return on equity (%)</b>	<b>23.9</b>	<b>25.5</b>

**Note:**

(1) For the purposes of these calculations, "Net Profit" means profit after tax and non-controlling interest before exceptional items and "Average Shareholders' funds" means the average of the shareholders' funds at the beginning and end of the financial year.

### 3.4 Earnings per Share

	<b>Audited FY2009</b>	<b>Pro forma after Distribution</b>
Net Profit <sup>(1)</sup> (\$'000)	1,264,611	1,256,576
Weighted average of issued and paid-up Shares in FY2009 ('000)	1,593,398	1,593,398
<b>Earnings per Share (cents)</b>	<b>79.4</b>	<b>78.9</b>

**Note:**

(1) For the purpose of this calculation, "Net Profit" means profit after tax and non-controlling interest before exceptional items.

### 3.5 Net Tangible Asset ("NTA") per Share

	<b>Audited FY2009</b>	<b>Pro forma after Distribution</b>
NTA (\$'000)	5,895,229	5,528,347
Number of issued and paid-up Shares ('000)	1,594,497	1,594,497
<b>NTA per Share (\$)</b>	<b>3.70</b>	<b>3.47</b>

### 3.6 Net Cash Ratio

	<b>Audited FY2009</b>	<b>Pro forma after Distribution</b>
Net cash (\$'000)	1,176,592	1,126,074
Capital employed (\$'000)	8,712,573	8,345,691
<b>Net cash ratio</b>	<b>0.14x</b>	<b>0.13x</b>

## 4. TAXATION

### 4.1 Tax Implications on the Company

**Income Tax.** As the Company is a tax resident of Singapore, any dividends paid or distributed (whether in cash or *in specie*) by the Company will be tax exempt (one-tier) dividends.

**4.2 Tax Implications on Shareholders.** Shareholders should note that the statements below are not to be regarded as tax advice or a complete or comprehensive analysis of all tax implications on Shareholders arising from the Distribution or the ownership and subsequent disposal of KGT Units. The statements do not purport to deal with the tax consequences applicable to all categories of Shareholders. The statements are of a general nature only and are based on Singapore tax laws in effect and on administrative and judicial interpretations of these tax laws as of the Latest Practicable Date, all of which are subject to change and any such changes may take effect on a retrospective basis. **Shareholders should consult their own professional advisers on the tax implications that may apply to their own individual circumstances.** Shareholders who may be subject to tax in a jurisdiction other than Singapore should also consult their own professional advisers.

**4.2.1 Income Tax.** As the Distribution is considered a tax exempt (one-tier) dividend of the Company, it will be exempt from Singapore income tax in the hands of the Entitled Shareholders and is also not subject to Singapore withholding tax.

The distributions from KGT on the KGT Units received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and are also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager.

Singapore does not impose tax on capital gains. Any gains from the sale of the KGT Units considered to be capital in nature will not be taxable in Singapore. However, unless otherwise specifically exempted, any gains from the sale of the KGT Units which arise from or otherwise connected with the activities of a trade or business carried on in Singapore may be considered income in nature and subject to Singapore income tax. There is no prescribed test or statutory definition applicable to determine if a particular Unitholder will be considered to have derived capital gains or income from a disposal of KGT Units, but where the facts show that the Unitholder held the KGT Units as investment asset and on capital account, any gains made from disposal of the KGT Units should generally be considered capital gains not subject to Singapore income tax.

**4.2.2 Goods and Services Tax.** The sale of the KGT Units by an investor belonging to Singapore through a SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to goods and services tax ("GST"). In general, any GST directly or indirectly incurred by the investor in respect of this exempt supply will become an additional cost to the investor, unless the investor is GST-registered and it satisfies certain conditions or requirements under the GST legislation or conditions or requirements as prescribed by the MAS.

Where the KGT Units are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business is claimable from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of the KGT Units will be subject to GST at the prevailing rate applicable

under the Goods and Services Tax Act (Chapter 117A) (currently 7.0%). Similar services rendered to and directly for the benefit of an investor belonging outside Singapore are subject to GST at zero-rate.

## 5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

**Interests in Shares.** Based on the Register of Director's Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders in the Shares are as follows:

Name of Director	Number of Shares				Number of Shares comprised in outstanding KCL Options
	Direct Interest		Indirect Interest		
	No.	% <sup>(1)</sup>	No.	% <sup>(1)</sup>	
Lee Boon Yang	10,000	n.m. <sup>(2)</sup>	—	—	—
Lim Hock San	9,000	n.m. <sup>(2)</sup>	—	—	—
Choo Chiau Beng	2,321,666	0.15	200,000	0.01	1,770,000
Sven Bang Ullring	97,000	0.01	—	—	—
Tony Chew Leong-Chee	9,000	n.m. <sup>(2)</sup>	—	—	—
Oon Kum Loon	49,000	n.m. <sup>(2)</sup>	40,000	n.m. <sup>(2)</sup>	—
Tow Heng Tan	9,626	n.m. <sup>(2)</sup>	26,172	n.m. <sup>(2)</sup>	—
Alvin Yeo	1,750	n.m. <sup>(2)</sup>	20,000	n.m. <sup>(2)</sup>	—
Teo Soon Hoe	4,088,332	0.26	—	—	2,530,000
Tong Chong Heong	1,659,582	0.10	—	—	1,580,000

**Notes:**

- (1) Based on the total issued and paid-up ordinary share capital of 1,600,364,880 Shares as at the Latest Practicable Date.
- (2) Not meaningful.

Name of Substantial Shareholder	Number of Shares					
	Direct Interest		Indirect Interest		Total Interest	
	No.	% <sup>(1)</sup>	No.	% <sup>(1)</sup>	No.	% <sup>(1)</sup>
Temasek <sup>(2)</sup>	337,643,902	21.10	7,194,521	0.45	344,838,423	21.55

**Notes:**

- (1) Based on the total issued and paid-up ordinary share capital of 1,600,364,880 Shares as at the Latest Practicable Date.
- (2) By operation of Section 7 of the Companies Act, Temasek is deemed to be interested in an aggregate of 7,194,521 Shares in which its subsidiaries and associated companies have an aggregate interest.

## 6. DIRECTORS' RECOMMENDATION

Having considered the terms and the rationale for the Distribution, the Directors are of the opinion that the Distribution is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders **vote in favour** of the ordinary resolution relating to the Distribution as set out in the Notice of EGM and Closure of Books on pages 28 and 29 of this Circular.

## **7. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on pages 28 and 29 of this Circular, will be held on 16 June 2010 at Raffles City Convention Centre, Level 4, Canning Room, 2 Stamford Road, Singapore 178882 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out in the Notice of EGM and Closure of Books.

## **8. ACTION TO BE TAKEN BY SHAREHOLDERS**

**8.1 Appointment of Proxies.** If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632 not later than 10.30 a.m. on 14 June 2010. Completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting at the EGM in place of the proxy if he so wishes.

**8.2 Note for Depositors.** A Depositor shall not be regarded as a Shareholder entitled to attend, speak and vote at the EGM unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP 48 hours before the time appointed for holding the EGM.

## **9. INSPECTION OF DOCUMENTS**

The following documents are available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excluded) from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the audited consolidated financial statements of the Company for FY2009.

## **10. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been approved by all the Directors who collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Circular are fair and accurate in all material respects as at the date of this Circular and that there are no material facts the omission of which would make any statement in this Circular misleading in any material respect.

Where information has been extracted and/or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately extracted and/or reproduced from such sources in this Circular.

Yours faithfully  
For and on behalf of the Board of Directors of  
**KEPPEL CORPORATION LIMITED**

LEE BOON YANG  
Chairman

## KEPPEL CORPORATION LIMITED

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

### NOTICE OF EXTRAORDINARY GENERAL MEETING AND CLOSURE OF BOOKS

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of Keppel Corporation Limited ("**Company**") will be held at Raffles City Convention Centre, Level 4, Canning Room, 2 Stamford Road, Singapore 178882 on 16 June 2010 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution which will be proposed as an Ordinary Resolution:

#### ORDINARY RESOLUTION — THE PROPOSED DISTRIBUTION

That pursuant to Article 124 of the Articles of Association of the Company:

- (a) subject to the Approvals (as defined in the Circular to Shareholders dated 31 May 2010 ("**Circular**") having been obtained and remaining in force, the Company makes a distribution of up to 325,900,000 units in K-Green Trust ("**KGT Units**") held directly by the Company immediately prior to Listing (as defined in the Circular) by way of a dividend *in specie* ("**Distribution**") to Entitled Shareholders (as defined in the Circular) on the basis of 1 KGT Unit for every 5 ordinary shares in the share capital of the Company ("**Shares**") held by shareholders of the Company ("**Shareholders**") as at the Books Closure Date (as defined below and in the Circular), fractional entitlements of KGT Units to be disregarded, free of encumbrances and together with all rights attaching thereto on and from the date the Distribution is effected, except that for practical reasons and in order to avoid violating applicable securities laws outside Singapore, the KGT Units will not be distributed to any Shareholder whose registered address (as recorded in the Register of Members of the Company or in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**") for the service of notice and documents is outside Singapore as at the Books Closure Date ("**Overseas Shareholder**") and who have not at least three market days prior to the Books Closure Date provided the Company's Share Registrar (B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758) or CDP, as the case may be, with addresses in Singapore for the service of notices or documents in accordance with the foregoing and such KGT Units shall be dealt with in the manner set out in paragraph (c) below;
- (b) any resulting fractional KGT Units be aggregated and held by the Company for such purpose as the directors of the Company ("**Directors**") deem fit;
- (c) arrangements will be made for the distribution of KGT Units which would otherwise have been distributed to the Overseas Shareholders pursuant to the Distribution to be distributed to such person(s) as the Directors may appoint, who shall sell such KGT Units at prices prevalent at the time of sale and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealing and other expenses in connection therewith, proportionately among such Overseas Shareholders according to their respective entitlements to KGT Units as at the Books Closure Date in full satisfaction of their rights to the KGT Units, provided that where the net proceeds to which any particular Overseas Shareholder is entitled is less than S\$10.00, such net proceeds shall be retained for the benefit of the Company, and no Overseas Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith;
- (d) the Directors and each of them be and are hereby authorised to determine the amount to be appropriated out of the retained profits of the Company to meet the value of the KGT Units to be distributed to the Entitled Shareholders; and

- (e) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such acts and things, decide all questions and exercise all discretions (including approving, modifying and executing all documents) as they may consider necessary or expedient in connection with the Distribution and/or to give effect to the Distribution.

**NOTICE IS ALSO HEREBY GIVEN THAT:**

- (a) the Transfer Books and the Register of Members of the Company will be closed on 22 June 2010 at 5.00 p.m. ("**Books Closure Date**") for the purpose of determining the entitlements of Shareholders to KGT Units pursuant to the Distribution. Duly completed transfers received by the Company's Share Registrar (B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758) up to the close of business at 5.00 p.m. on 22 June 2010 will be registered to determine Shareholders' entitlement to the proposed Distribution. The proposed Distribution if approved at the EGM on 16 June 2010 will be distributed on 29 June 2010. For further details on the entitlements of Shareholders, please refer to the announcement released by the Company via SGXNET on 31 May 2010 and the Circular; and
- (b) the electronic copy of the Circular in relation to the Distribution will be published on the Company's website on 31 May 2010. The Company's website address is <http://www.kepcorp.com>, and the electronic copy of the Circular can be viewed or downloaded from the "Press Releases & MASNET Announcements" section, which can be accessed from the main menu item "News & Publications". To view the electronic copy of the Circular, you will need the Adobe Reader installed on your computer, which can be downloaded free of charge at <http://get.adobe.com/reader>.

**BY ORDER OF THE BOARD**

Caroline Chang  
Company Secretary  
Singapore  
31 May 2010

**Notes:**

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him. Such proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for the Extraordinary General Meeting.

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# Keppel Corporation

## Keppel Corporation Limited

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

### PROXY FORM EXTRAORDINARY GENERAL MEETING

#### IMPORTANT

1. For investors who have used their CPF monies to buy Keppel Corporation Limited's Shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of Keppel Corporation Limited (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)	
			No. of Shares	%
and/or (delete as appropriate)				

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting (the "EGM") of the Company to be held on 16 June 2010 at Raffles City Convention Centre, Level 4, Canning Room, 2 Stamford Road, Singapore 178882 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

	To be used on a show of hands		To be used in the event of a poll	
	For*	Against*	Number of Votes For**	Number of Votes Against**
<u>Ordinary Resolution</u> The Proposed Distribution				

\* Please indicate your Vote "For" or "Against" with an "X" within the box provided.

\*\* If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ 2010.

Total number of Shares held	
-----------------------------	--

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS FORM**

Fold and glue along dotted line

Fold and glue along dotted line

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50)), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him. Such proxy need not be a member of the Company. Where a shareholder appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be deemed as representing 100% of the shareholding and the second named proxy shall be deemed as an alternate to the first named proxy.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for the Extraordinary General Meeting.

*Fold along this line (1)*

Affix  
Postage  
Stamp

The Company Secretary  
**KEPPEL CORPORATION LIMITED**  
1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632

*Fold along this line (2)*

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
5. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act (Chapter 50).
6. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the shareholder, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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