

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Appendix is circulated to the Shareholders of KS Energy Limited (the “**Company**”) together with the Company’s Annual Report 2015 (as defined herein). Its purpose is to explain to the Shareholders the rationale and to provide information pertaining to (a) the proposed renewal of the DSAW IPT Mandate (as defined herein); (b) the proposed renewal of the JVC IPT Mandate (as defined herein); and (c) the proposed renewal of the Share Buy Back Mandate, and to seek Shareholders’ approval of the same at the Annual General Meeting to be held on **29 April 2016 at 10.00 a.m. at 19 Jurong Port Road, Singapore 619093**.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2015.

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

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2015 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund (“**CPF**”) monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document including the accuracy of any of the statements or opinions made, or reports contained in this document.



APPENDIX

TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 14 APRIL 2016

IN RELATION TO

- (A) THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH PT DWI SUMBER ARCA WAJA GROUP;**
- (B) THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH PT KS DRILLING INDONESIA AND/OR ITS SUBSIDIARIES; AND**
- (C) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE**

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DEFINITIONS

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

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	Annual General Meeting of the Company. Unless the context otherwise requires, “AGM” shall refer to the annual general meeting to be held on 29 April 2016
“Annual Report 2015”	:	The Company’s annual report for the financial year ended 31 December 2015
“Appendix”	:	This appendix to the Notice (including the Annexures to the appendix)
“Associate”	:	(a) In relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:– (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Associated Company”	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
“ARMC”	:	The Audit and Risk Management Committee of the Company comprising Mr Lim Ho Seng, Mr Soh Gim Teik, Mr Billy Lee Beng Cheng and Mr Wong Meng Yeng
“Board”	:	The board of Directors of the Company as at the date of this Appendix
“BPMigas”	:	Badan Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi
“CAIN”	:	PT Citra Agramasinti Nusantara

DEFINITIONS

“CDP”	:	The Central Depository (Pte) Limited
“CEO”	:	Chief Executive Officer
“Company”	:	KS Energy Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Controlling Shareholder”	:	<p>A person who:–</p> <p>(a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The Exchange may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or</p> <p>(b) in fact exercises control over a company</p>
“Constitution”	:	The Memorandum of Association and/or Articles of Association of the Company, as amended, supplemented or modified from time to time
“Conversion Service”	:	The service of converting rolling plates, plain steel pipes and hot rolled coils into large diameter steel pipes, structural tubular, threading services and other similar or ancillary services
“Directors”	:	The directors of the Company as at the date of this Appendix
“DSAW”	:	PT DWI Sumber Arca Waja
“DSAW Group”	:	DSAW, its subsidiaries (including PT Citra Tubindo Engineering) and its Associated Companies
“DSAW Interested Persons”	:	DSAW and their respective Associates, and “DSAW Interested Person” means any one of them
“DSAW IPT Mandate”	:	The general mandate granted by Independent Shareholders at the EGM held on 26 April 2012 for the Company, its subsidiaries and Associated Companies or any of them, to enter into IPTs with the DSAW Group, and renewed at the AGM held on 30 April 2013, 29 April 2014 and 29 April 2015
“EPS”	:	Earnings per Share
“Equipment”	:	Has the meaning ascribed to it in paragraph 2.1(b) of Annexure A to this Appendix

DEFINITIONS

<i>“Independent Directors”</i>	:	The Directors who are independent for the purposes of the proposed renewals of the IPT Mandates, being Mr Lim Ho Seng, Mr Billy Lee Beng Cheng, Mr Wong Meng Yeng, Mr Lawrence Stephen Basapa, Mr Chew Choon Soo and Mr Soh Gim Teik
<i>“FY” or “Financial Year”</i>	:	Financial year ended or ending 31 December, as the case may be
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“Independent Shareholders”</i>	:	The Shareholders who are deemed to be independent of the Interested Person Transactions contemplated under the relevant IPT Mandate
<i>“Interested Persons”</i>	:	A Director, CEO, Substantial Shareholder or Controlling Shareholder of the Company or an Associate of any of them
<i>“Interested Person Transactions” or “IPTs”</i>	:	Transactions between (i) Interested Persons and (ii) the Company, its subsidiaries (which are not listed on the SGX-ST or an approved exchange) or any Associated Companies (which are not listed on the SGX-ST or an approved exchange), provided the Group or the Group and its Interested Persons have control over the Associated Company
<i>“Internal Auditors”</i>	:	The internal auditors of the Company
<i>“IPT Mandates”</i>	:	The DSAW IPT Mandate and the JVC IPT Mandate, collectively; and <i>“IPT Mandate”</i> means any one of them
<i>“JVC”</i>	:	PT KS Drilling Indonesia
<i>“JVC Group”</i>	:	The JVC, its subsidiaries and its Associated Companies
<i>“JVC Interested Persons”</i>	:	CAIN and its Associates, the JVC Group and its Associates; and <i>“JVC Interested Person”</i> means any one of them
<i>“JVC IPT Mandate”</i>	:	The general mandate granted by Independent Shareholders at the EGM held on 7 December 2012 for the Company, its subsidiaries and Associated Companies or any of them, to enter into IPTs with the JVC Group, and renewed at the AGM held on 30 April 2013, 29 April 2014 and 29 April 2015
<i>“KS Drilling”</i>	:	KS Drilling Pte Ltd, a subsidiary of the Company
<i>“KS Group”</i>	:	The Company, its subsidiaries and its Associated Companies

DEFINITIONS

<i>“Latest Practicable Date”</i>	:	21 March 2016, being the latest practicable date prior to the printing of this Appendix
<i>“Listing Manual”</i> or <i>“Listing Rules”</i>	:	The rules of the listing manual of the SGX-ST applicable to an entity listed on the Mainboard of the SGX-ST, as amended, modified or supplemented from time to time
<i>“Management Services”</i>	:	Has the meaning ascribed to it in paragraph 2.2(b) of Annexure A to this Appendix
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading of securities
<i>“Notice”</i>	:	The Notice of Annual General Meeting dated 14 April 2016
<i>“NTA”</i>	:	Net tangible asset
<i>“Rigs”</i>	:	Has the meaning ascribed to it in paragraph 2.2(a) of Annexure A to this Appendix
<i>“Securities Account”</i>	:	A securities account maintained by a Depositor with CDP, but does not include a securities account maintained with a Depository Agent
<i>“Securities and Futures Act”</i>	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
<i>“Senior Executives”</i>	:	The senior executives of the Company (with no interest, direct or indirect, in the relevant Interested Person Transaction), for the purposes of the review procedures described in paragraph 5 (Review Procedures for the Interested Person Transactions Under the IPT Mandates) of Annexure A to this Appendix, consisting of the Head of Commercial, Head of Finance and General Manager of the various departments or such person of equivalent authority
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Buy Back”</i>	:	Buy back of Shares by the Company pursuant to the Share Buy Back Mandate
<i>“Share Buy Back Mandate”</i>	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in Annexure B as well as the rules and regulations set forth in the Companies Act and the Listing Manual

DEFINITIONS

“Shareholders”	:	Registered holders of Shares, except that where the registered holder is the Central Depository (Pte) Limited, the term “Shareholder” shall, in relation to those Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“Substantial Shareholder”	:	A Shareholder who has an interest in not less than 5% of the issued Shares, as defined under Section 81 of the Companies Act
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“UMW”	:	PT Unimas Motor Wasta
“S\$” and “cents”	:	Dollars and cents respectively of the currency of Singapore
“%”	:	Per centum or percentage

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

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

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

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

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

LETTER TO SHAREHOLDERS

KS Energy Limited
(incorporated in the Republic of Singapore)
(Company Registration Number: 198300104G)

Board of Directors:

Mr Kris Taenar Wiluan (Executive Chairman and CEO)
Mr Richard James Wiluan (Executive Director)
Mr Lim Ho Seng (Non-Executive and Lead Independent Director)
Mr Billy Lee Beng Cheng (Non-Executive and Independent Director)
Mr Wong Meng Yeng (Non-Executive and Independent Director)
Mr Lawrence Stephen Basapa (Non-Executive and Independent Director)
Mr Chew Choon Soo (Non-Executive and Independent Director)
Mr Soh Gim Teik (Non-Executive and Independent Director)

Registered Office:

19 Jurong Port Road
Singapore 619093

14 April 2016

To: The Shareholders of KS Energy Limited

Dear Sir/Madam

- (A) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH PT DWI SUMBER ARCA WAJA GROUP (THE "DSAW IPT MANDATE");**
- (B) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH PT KS DRILLING INDONESIA AND/OR ITS SUBSIDIARIES (THE "JVC IPT MANDATE"); AND**
- (C) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE**

1. INTRODUCTION

1.1 Annual General Meeting

Reference is made to the Notice of Annual General Meeting of KS Energy Limited (the "**Company**") dated 14 April 2016, accompanying the Annual Report of the Company for the financial year ended 31 December 2015, convening the Annual General Meeting of the Company (the "**AGM**") which is scheduled to be held on 29 April 2016 and the Ordinary Resolutions 10, 11 and 12 in relation to the renewal of the DSAW IPT Mandate, the renewal of the JVC IPT Mandate and the renewal of the Share Buy Back Mandate respectively, under the heading "Special Business" set out in the Notice.

1.2 Purpose of this Appendix

The purpose of this Appendix is:

- (a) to provide the Independent Shareholders with details in respect of the proposed renewal of the DSAW IPT Mandate;
- (b) to provide the Independent Shareholders with details in respect of the proposed renewal of the JVC IPT Mandate; and
- (c) to provide the Shareholders with details in respect of the proposed renewal of the Share Buy Back Mandate.

LETTER TO SHAREHOLDERS

2. PROPOSED RENEWAL OF THE DSAW IPT MANDATE

2.1 The Existing DSAW IPT Mandate

At the EGM held on 26 April 2012, the Independent Shareholders granted approval for certain Interested Person Transactions, to be entered into between the Company, its subsidiaries and Associated Companies or any of them, and the DSAW Interested Persons, pursuant to Chapter 9 of the Listing Manual. The DSAW IPT Mandate was subsequently renewed at the AGMs held on 30 April 2013, 29 April 2014 and 29 April 2015.

The DSAW IPT Mandate enables the Company, its subsidiaries and Associated Companies which are considered “entities at risk” within the meaning of Rule 904 of the Listing Manual, in their ordinary course of business, to enter into categories of transactions with specified classes of interested persons, provided that such transactions are entered into on an arm’s length basis and on normal commercial terms.

2.2 Details of the DSAW IPT Mandate

Details of the DSAW IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with interested persons and other general information required by Chapter 9 of the Listing Manual are set out in Annexure A to this Appendix.

2.3 Proposed Renewal of the DSAW IPT Mandate

The DSAW IPT Mandate was to take effect until the conclusion of the AGM to be held on 29 April 2016. Accordingly, the Directors propose that the DSAW IPT Mandate be renewed at the AGM, taking effect until the conclusion of the following AGM.

3. PROPOSED RENEWAL OF THE JVC IPT MANDATE

3.1 The Existing JVC IPT Mandate

At the EGM held on 7 December 2012, the Independent Shareholders granted approval for certain Interested Person Transactions, to be entered into between the Company, its subsidiaries and Associated Companies or any of them, and the JVC Interested Persons, pursuant to Chapter 9 of the Listing Manual. The JVC IPT Mandate was subsequently renewed at the AGMs held on 30 April 2013, 29 April 2014 and 29 April 2015.

The JVC IPT Mandate enables the Company, its subsidiaries and Associated Companies which are considered “entities at risk” within the meaning of Rule 904 of the Listing Manual, in their ordinary course of business, to enter into categories of transactions with specified classes of interested persons, provided that such transactions are entered into on an arm’s length basis and on normal commercial terms.

LETTER TO SHAREHOLDERS

3.2 Details of the JVC IPT Mandate

Details of the JVC IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with interested persons and other general information required by Chapter 9 of the Listing Manual are set out in Annexure A to this Appendix.

3.3 Proposed Renewal of the JVC IPT Mandate

The JVC IPT Mandate was to take effect until the conclusion of the AGM to be held on 29 April 2016. Accordingly, the Directors propose that the JVC IPT Mandate be renewed at the AGM, taking effect until the conclusion of the following AGM.

4. PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

4.1. The Existing Share Buy Back Mandate

At the AGM held on 29 April 2015, Shareholders granted approval of a mandate for the Directors to exercise the power of the Company to make share repurchases of up to 51,293,221 Shares, representing 10% of the then issued share capital of the Company as at that AGM.

4.2. Details of the Share Buy Back Mandate

Details of the Share Buy Back Mandate, including the rationale, the terms of the mandate, the financial effects of the Share Buy Back Mandate, obligations under the Take-over Code, reporting requirements under the Companies Act and other general information required by Part XIII of Chapter 8 of the Listing Manual are set out in the Annexure B to this Appendix.

4.3. Proposed Renewal of the Share Buy Back Mandate

The Share Buy Back Mandate was to take effect until the conclusion of the AGM to be held on 29 April 2016. Accordingly, the Directors propose that the Share Buy Back Mandate be renewed at the AGM to authorise Directors to exercise all powers of the Company to make market and off-market purchases from time to time for the duration set out in paragraph 2.1(b) of Annexure B to the Appendix, of up to 10% of the issued share capital of the Company as at the date of the AGM at the price of up to, but not exceeding the Maximum Price (as defined in paragraph 2.1(d) of Annexure B to the Appendix). If the Share Buy Back Mandate is approved, it will take effect from 29 April 2016 until the conclusion of the following AGM.

LETTER TO SHAREHOLDERS

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors has any direct or deemed interest in the Shares of the Company:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Mr Kris Taenar Wiluan ⁽²⁾	–	–	305,793,362	59.31
Mr Richard James Wiluan ⁽²⁾	–	–	305,793,362	59.31
Mr Lawrence Stephen Basapa	50,000	0.01	–	–
Substantial Shareholders				
Pacific One Energy Limited ⁽²⁾	305,793,362	59.31	–	–
Rija Holdings Limited ⁽²⁾	–	–	305,793,362	59.31
Dubai Transport Company LLC	50,751,948	9.84	–	–
UBS Trustee (Bahamas) Ltd. ⁽³⁾	–	–	26,460,000	5.13

Notes:

- (1) The percentage of issued share capital is calculated on the basis of 515,601,215 Shares, excluding 8,639,000 treasury shares, as at the Latest Practicable Date.
- (2) Rija Holdings Limited, which is the holding company of Pacific One Energy Limited, is controlled by Mr Kris Taenar Wiluan and Mr Richard James Wiluan. By virtue of Section 4 of the Securities and Futures Act, Rija Holdings Limited, Mr Kris Taenar Wiluan and Mr Richard James Wiluan are deemed interested in the 305,793,362 Shares held by Pacific One Energy Limited.
- (3) UBS Trustees (Bahamas) Ltd. ("UBSTBL") is the trustee of two unrelated personal trusts. Under each trust, UBSTBL holds 100% of the shares of an international business corporation (incorporated in Bahamas and British Virgin Islands respectively) which in turn holds Shares in the Company through a bank account maintained with UBS AG Singapore.

6. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

By virtue of its interest in the DSAW IPT Mandate and the JVC IPT Mandate (collectively, the **"IPT Mandates"**), Pacific One Energy Limited, holding direct interests of 59.31% in the share capital of the Company, will abstain and has undertaken to ensure that its Associates will abstain from voting in respect of Ordinary Resolution 10 and Ordinary Resolution 11 in relation to the renewals of the DSAW IPT Mandate and the JVC IPT Mandate respectively, under the heading "Special Business" set out in the Notice.

Further, Pacific One Energy Limited undertakes to decline, and ensures that its Associates will decline, to accept appointment as proxies to vote and attend at the forthcoming AGM in respect of the ordinary resolutions to approve the renewal of the IPT Mandates for other Shareholders of the Company unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

LETTER TO SHAREHOLDERS

7. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT

The ARMC has reviewed the terms of the proposed IPT Mandates and confirms that:

- (a) the methods or procedures for determining the transaction prices under the DSAW IPT Mandate and the JVC IPT Mandate have not changed since the AGM of the Company held on 29 April 2015; and
- (b) the methods or procedures for determining the transaction prices under the IPT Mandates 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 ARMC, it is of the view that the established guidelines and procedures are no longer appropriate or adequate to ensure that the Interested Person Transactions will be transacted on an arm's length basis and on normal commercial terms and would be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from the Shareholders based on new guidelines and procedures.

8. DIRECTORS' RECOMMENDATIONS

The Independent Directors who are independent for the purposes of the proposed IPT Mandates, having considered, *inter alia*, the terms, the rationale and the benefits of the IPT Mandates and the statement of the ARMC, are of the view that the IPT Mandates, as proposed to be renewed, are in the best interests of the Company and accordingly recommend that the Independent Shareholders vote in favour of Ordinary Resolution 10 and Ordinary Resolution 11, being the ordinary resolutions relating to the proposed renewals of the DSAW IPT Mandate and the JVC IPT Mandate respectively, at the AGM.

The Board, all the members of which are independent for the purposes of the proposed Share Buy Back Mandate, having considered, *inter alia*, the terms, the rationale and the benefits of the proposed Share Buy Back Mandate, are of the view that the Share Buy Back Mandate, as proposed to be renewed, is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of Ordinary Resolution 12, being the ordinary resolution relating to the proposed renewal of the Share Buy Back Mandate, at the AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewals of the IPT Mandates and the proposed renewal of the Share Buy Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

LETTER TO SHAREHOLDERS

10. ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 19 Jurong Port Road, Singapore 619093, during normal business hours from the date of this Appendix to the date of the forthcoming AGM scheduled to be held on 29 April 2016:

- (i) the Constitution of the Company; and
- (ii) the Annual Report 2015.

Yours faithfully,
For and on behalf of the Board of Directors of
KS Energy Limited

Lim Ho Seng
Director

ANNEXURE A

INTERESTED PERSON TRANSACTIONS MANDATE

1. CHAPTER 9 OF THE LISTING MANUAL

- 1.1 Chapter 9 of the Listing Manual ("**Chapter 9**"), applies to transactions which an entity at risk proposes to enter into with a counterparty who is an interested person of the entity at risk. Under Chapter 9, Shareholders' approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds.

Pursuant to Listing Rule 905, a listed company must make an immediate announcement of any such transaction where:

- (a) the value of such transaction is equal to or exceeds 3% of the group's latest audited net tangible assets; or
- (b) the value of such transaction when aggregated with the values of other transactions previously entered into with the same interested person in the same financial year, equals to or exceeds 3% of the group's latest audited net tangible assets.

Pursuant to Listing Rule 906, shareholders' approval (in addition to an immediate announcement) is required for any such transaction where:

- (i) the value of such transaction is equal to or exceeds 5% of the group's latest audited net tangible assets; or
- (ii) the value of such transaction when aggregated with the values of other transactions previously entered into with the same interested person in the same financial year, equals to or exceeds 5% of the group's latest audited net tangible assets. Such aggregation need not include any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

Interested person transactions below S\$100,000 each are to be excluded.

- 1.2 Chapter 9 allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. However, these transactions may not include the purchase or sale of assets, undertakings or businesses.

- 1.3 As defined in the Listing Manual:

- (a) an "entity at risk" means:
 - (i) the issuer;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an Associated Company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s) has control over the Associated Company;

ANNEXURE A

- (b) an “interested person” means:
 - (i) a director, chief executive officer or controlling shareholder of the listed company; or
 - (ii) an associate of such director, chief executive officer or controlling shareholder.
- (c) an “associate” means:
 - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (aa) an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent);
 - (bb) 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
 - (cc) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
 - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (d) an “interested person transaction” means a transaction between an entity at risk and an interested person; and
- (e) an “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles of Chapter 9.

2. SCOPE OF THE IPT MANDATES

The IPT Mandates will not cover any transaction with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 would not apply to such transactions.

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

2.1 Scope of the DSAW IPT Mandate

A general mandate was granted to the Company by its shareholders in an EGM held on 26 April 2012 to undertake recurrent IPTs with the DSAW Group of a revenue or trading nature or for those necessary for its day-to-day operations, excluding those transactions involving the purchase or sale of assets, undertakings or businesses (the “**DSAW IPT Mandate**”),

ANNEXURE A

pursuant to Rule 920 of the Listing Manual, and subsequently renewed at the AGMs held on 30 April 2013, 29 April 2014 and 29 April 2015. The DSAW IPT Mandate covered the purchasing and/or leasing of various Equipment (as defined in paragraph 2.1(b) below) from the DSAW Group and engaging its services to repair, maintain, refurbish, modify and/or upgrade the KS Group's Equipment, and the leasing of the DSAW Group's warehouses and workshops to the KS Group.

The categories of Interested Person Transactions which are covered by the DSAW IPT Mandate include but are not limited to:

(a) Provision of goods and services to and from the DSAW Group

The provision of goods and services from the DSAW Group to the KS Group will include:

- (i) the sale of completed large diameter steel pipes and structural tubulars;
- (ii) the provision of Conversion Services to the KS Group in situations where the KS Group procures the necessary raw materials and upon the completion of the Conversion Services by the DSAW Group, the finished products will be sold by the KS Group to its customers; and
- (iii) the lease of the DSAW Group's facilities, being warehouses for the storage of its parts, equipment and consumables used in its operations in Indonesia and workshops for carrying out its own maintenance, overhauling or refurbishment of its Equipment in the region.

In addition, the KS Group intends to continue to sell to the DSAW Group its range of products including, but not limited to:

- (i) rolling plates and steel products such as line pipes, rolled sections (including beams, angles and channels), plain steel plates, hot rolled steel coils and related products;
- (ii) welding equipment, consumables and related products;
- (iii) oil & gas products such as high pressure flow control equipment, fluid connector assemblies, professional heavy-duty hand tools, well head lubricants, offshore cargo nets and related products;
- (iv) industrial products and materials such as pipe tools, hose and hose fittings, chain and chain components, needle and gauge valves including spares and consumables and related products;
- (v) hydraulic equipment, gaskets, spare parts and accessories and related products; and
- (vi) instrumentation products such as tubes, valves and related products.

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(b) Provision of other Equipment and Services by the DSAW Group

The DSAW Group is also a fabricator and manufacturer of structural platforms, onshore and offshore rigs, modules and equipment (collectively, “**Equipment**”) for the oil and gas industry.

In addition to the transactions set out in paragraph 2.1(a) above, the KS Group intends to purchase and/or lease various Equipment from the DSAW Group including but not limited to onshore and offshore rigs.

The KS Group also intends to engage the services of the DSAW Group in relation to the repair, maintenance, refurbishment, modification and upgrading of the KS Group’s Equipment.

2.2 Scope of the JVC IPT Mandate

A general mandate was granted to the Company by its shareholders in an extraordinary general meeting held on 7 December 2012 to undertake recurrent IPTs with the JVC Group of a revenue or trading nature or for those necessary for its day-to-day operations, excluding those transactions involving the purchase or sale of assets, undertakings or businesses (the “**JVC IPT Mandate**”), pursuant to Rule 920 of the Listing Manual, and subsequently renewed at the AGMs held on 30 April 2013, 29 April 2014 and 29 April 2015. The JVC IPT Mandate covered the provision of Rigs (as defined in paragraph 2.2(a) below) and associated equipment to and from the JVC Group, and the provision of Management Services (as defined in paragraph 2.2(b) below) by KS Drilling to the JVC Group.

The categories of Interested Person Transactions which are covered by the JVC IPT Mandate include:

- (a) the buying, selling and chartering of onshore and offshore rigs (“**Rigs**”) and associated equipment between the KS Group and the JVC Group; and
- (b) the provision of management services by KS Drilling to the JVC Group, which includes:
 - (i) managing the daily operations of the JVC Group;
 - (ii) providing the technical expertise and management systems required for the preventative maintenance and repair for the Rigs; and
 - (iii) KS Drilling having the exclusive rights to market the JVC Group’s Rigs and associated equipment,

(collectively, the “**Management Services**”).

The buying, selling and chartering of Rigs and associated equipment and the provision of Management Services are transactions entered into by the KS Group in the ordinary course of its business.

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3. CLASSES OF INTERESTED PERSONS

3.1 The DSAW Interested Persons

The DSAW IPT Mandate will apply to the IPTs (as described in paragraph 2.1 above) which are carried out with DSAW and their respective Associates.

- (a) Mr Kris Taenar Wiluan is the Executive Chairman, CEO and a Controlling Shareholder of the Company. Mr Richard James Wiluan is the Executive Director and a Controlling Shareholder of the Company. As at the Latest Practicable Date, they are deemed interested in 59.31% of the issued and paid-up share capital of the Company and for the purposes of Chapter 9 of the Listing Manual are considered Controlling Shareholders.
- (b) As at the Latest Practicable Date, CAIN holds 48.98% of the issued and paid-up share capital of DSAW. CAIN is a company established in Indonesia and is also a direct shareholder of 5.36% of the issued and paid-up share capital of PT Citra Tubindo Engineering. PT Citra Tubindo Engineering is a subsidiary of DSAW with DSAW holding 94.64% of its issued and paid-up share capital. CAIN and Mr Kris Taenar Wiluan also holds 95.00% and 5.00%, respectively, of the issued and paid-up share capital of PT Unimas Motor Wasta (“**UMW**”) and UMW in turn holds 0.33% of the issued and paid-up share capital of DSAW. As at the Latest Practicable Date:
 - (i) Mr Kris Taenar Wiluan and his sister (and therefore Associate), Ms Hedy Wiluan, are shareholders of CAIN and they hold 60.00% and 40.00% of the issued and paid-up share capital of CAIN, respectively. Mr Kris Taenar Wiluan and Ms Hedy Wiluan are the President Commissioner and Commissioner of CAIN, respectively.
 - (ii) Pursuant to Section 7 of the Companies Act and through his interest in CAIN, Mr Kris Taenar Wiluan is deemed interested in 94.20% of the issued and paid-up share capital of DSAW. Ms Hedy Wiluan is similarly deemed interested in 94.20% of the issued and paid-up share capital of DSAW. The remaining 5.80% of the issued and paid-up share capital of DSAW is held by unrelated third parties.
- (c) As at the Latest Practicable Date, Mr Kris Taenar Wiluan (alone or together with his Associate, Ms Hedy Wiluan) is, in aggregate, interested in 94.20% of the issued and paid-up share capital of DSAW. DSAW is thus Mr Kris Taenar Wiluan’s Associate and an interested person of the Company.

For the reasons set out in paragraphs 3.1(a) to 3.1(c) above, Mr Kris Taenar Wiluan and Mr Richard James Wiluan are thus deemed interested in the outcome of the ordinary resolution to renew the DSAW IPT Mandate and are therefore not Independent Directors.

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3.2 The JVC Interested Persons

The JVC IPT Mandate will apply to the IPTs (as described in paragraph 2.2 above which are carried out with CAIN and its Associates, as well as the JVC Group and its Associates.

For the reasons set out in paragraphs 3.1(a) and 3.1(b)(i) above, Mr Kris Taenar Wiluan and Mr Richard James Wiluan are interested in the outcome of the ordinary resolution to approve the renewal of the JVC IPT Mandate and are therefore not Independent Directors.

4. RATIONALE FOR AND BENEFITS OF THE IPT MANDATES

The IPT Mandates are intended to facilitate transactions conducted in the ordinary course of business of the KS Group, which are recurrent in nature and which may be transacted from time to time with the Interested Persons. The transactions shall be carried out on normal commercial (or, in the absence of other similar comparable transactions, commercially reasonable) terms and must not be prejudicial to the interests of the KS Group and the minority Shareholders.

The Directors are of the view that it will be beneficial to the KS Group to transact or continue to transact with the Interested Persons for the reasons stated below:

4.1 Rationale for and Benefits of the DSAW IPT Mandate

The KS Group intends to, in the ordinary course of business, continue entering into trading transactions with the DSAW Group. It is thus impractical for the Company to announce and/or convene separate general meetings on each occasion to seek Shareholders' approval for the entry by the KS Group into such transactions. The DSAW IPT Mandate enables the KS Group to conduct its ordinary business of trading with the DSAW Group, which is time-sensitive and recurring in nature.

The proposed renewal of the DSAW IPT Mandate on an annual basis would eliminate the need for the Company to announce, or to announce and convene separate general meetings from time to time to seek the Shareholders' prior approval, as and when potential IPTs with DSAW or any of its subsidiaries arise, thereby reducing substantially the administrative time, inconvenience and expenses involved in convening such meetings, without compromising the Company's corporate objectives and/or adversely affecting the business opportunities available to the KS Group. The KS Group's resources and time can thus be focused on attaining other corporate and business opportunities.

Sales to DSAW will represent an additional source of revenue for the KS Group. With regard to purchases, the KS Group will not only be able to offer an expanded product range to its customers, but will also be obtaining quotations from the DSAW Group, in addition to obtaining quotations from third parties. The various quotations available for assessment will ensure that the KS Group obtains competitive prices for goods and services of similar quality and specifications.

The KS Group will build on its mutual course of dealings with the DSAW Group over the years and benefit from the familiarity that the DSAW Group possesses in relation to the specifications and requirements that it requires for such goods and services. This gives the KS Group assurance that the quality of goods and services provided by the DSAW Group

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would meet its requirements and standards. The terms that the KS Group extends to the DSAW Group (both for sales, as well as purchases) will not be more favourable than that which it extends to unrelated third parties.

The purchase of onshore and offshore rigs from an Indonesian manufacturer of rigs such as the DSAW Group, should contribute towards helping the KS Group's Indonesian subsidiaries achieve the local content requirements set out by Badan Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi ("BPMigas") in accordance with BPMigas Operations Guidelines Number 007 Revision-II/PTK/I/2011 regarding Supply Chain Management Guidelines for Cooperation Contract Contractors and MEMR Regulation No. 15 of 2013 in relation to regulations on local content requirement for upstream oil and gas procurement. Achieving such local content requirement should enhance the ability of the KS Group's Indonesian subsidiaries to participate in tenders with cooperation contract contractors (also known as production-sharing contractors) despite its status as a majority foreign-owned Indonesian company. The adherence to local content standards by production sharing contractors is monitored by The Special Task Force for upstream Oil and Natural Gas Business Activities (SKK Migas), which was set up pursuant to Presidential Regulation No. 9 of 2013 following the disbanding of BPMigas on 13 November 2013.

4.2 Rationale for and Benefits of the JVC IPT Mandate

The buying, selling and chartering of Rigs and associated equipment between the KS Group and the JVC Group will enable both parties to be competitive in tendering for projects in the respective regions in which the parties operate. Consequently, the KS Group will be able to enjoy the financial rewards of securing such projects, regardless as to whether such projects are secured by the KS Group or the JVC Group. The KS Group therefore intends, in the ordinary course of business, to enter into trading transactions with the JVC Group. It is thus impractical for the Company to announce and/or convene separate general meetings on each occasion to seek Shareholders' approval for the entry by the KS Group into such transactions. The IPT Mandate is intended to enable the KS Group to conduct its ordinary business of trading with the JVC Group, which is time-sensitive and recurring in nature.

In view of the time-sensitive nature of the transactions, it would be advantageous to the KS Group to obtain the IPT Mandate as this will substantially reduce administrative time and expenses associated with the making of such announcements and/or the convening of general meetings from time to time, and allow manpower resources to be focused towards other corporate and business opportunities.

Further, the ownership of Rigs and associated equipment by the JVC Group should contribute towards helping JVC achieve the local content requirements set out by BPMigas in accordance with BPMigas Operations Guidelines Number 007 Revision-II/PTK/I/2011 regarding Guidelines for Implementation of Procurement of Goods and Services and MEMR Regulation No. 15 of 2013 in relation to regulations on local content requirement for upstream oil and gas procurement. The adherence to local content standards by production sharing contractors is monitored by The Special Task Force for upstream Oil and Natural Gas Business Activities (SKK Migas), which was set up pursuant to Presidential Regulation No. 9 of 2013 following the disbanding of BPMigas on 13 November 2013.

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5. REVIEW PROCEDURES FOR THE INTERESTED PERSON TRANSACTIONS UNDER THE IPT MANDATES

5.1 Review Procedures for the Interested Person Transactions Under the DSAW IPT Mandate

To ensure that the Interested Person Transactions are conducted at arm's length and on normal commercial terms consistent with the KS Group's usual business practices and on terms which are either generally not more favourable than the usual commercial terms extended to unrelated third parties or generally not less favourable than the usual commercial terms offered by unrelated third parties, the Company has adopted and/or will adopt the following procedures for the review and approval of Interested Person Transactions under the DSAW IPT Mandate:

(a) Goods and services and Equipment from the DSAW Group

- (i) Prior to entering into an Interested Person Transaction for the provision of goods and services by the DSAW Group in accordance with paragraph 2.1(a) above, the Company or its subsidiary or its Associated Company (as the case may be) will obtain quotations from at least two (2) other unrelated third parties for a similar transaction as a basis for comparison to determine whether the price and terms offered by DSAW or its subsidiary (as the case may be) are fair and reasonable and are comparable to those offered by unrelated third parties for a similar transaction. Such determination shall be made and agreed by at least two (2) Senior Executives of the Company and reviewed quarterly by the ARMC.

Where it is impractical or not possible to obtain quotations from unrelated third parties due to the unique nature of the transaction, such transaction shall be carried out based on the prevailing market reference price available or established market references which are acceptable to the ARMC and is calculated by reference to any fair pricing basis to be determined and agreed by at least two (2) Senior Executives of the Company and reviewed quarterly by the ARMC.

In determining whether the prices and terms for such transactions with DSAW or its subsidiary (as the case may be) are fair and reasonable, the Company or its subsidiary (as the case may be) will also take into consideration other factors, including but not limited to, speed and costs of delivery of the products or services, product or service quality and suitability, volume of transactions, end customer's requirements and specifications and track record of the DSAW Group as compared to those of other unrelated third parties providing similar products or services.

In determining whether the quotations for Conversion Services are fair and reasonable, the KS Group will take into account other factors that will affect the profit margin of the relevant project, including, but not limited to, the speed and costs of delivery of the raw materials to the DSAW Group, the delivery time and the track record of the DSAW Group as compared to those of other unrelated third parties providing similar Conversion Services.

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- (ii) Prior to entering into an Interested Person Transaction for the provision of other Equipment and services by the DSAW Group in accordance with paragraph 2.1(b) above, the Company or its subsidiary or its Associated Company (as the case may be) will obtain quotations from at least two (2) other unrelated third parties in Indonesia for a similar transaction as a basis for comparison to determine whether the price and terms offered by DSAW or its subsidiary (as the case may be) are fair and reasonable and are comparable to those offered by other unrelated third parties in Indonesia for a similar transaction. Such determination shall be made and agreed by at least two (2) Senior Executives of the Company and reviewed quarterly by the ARMC.

Where it is impractical or not possible to obtain quotations from unrelated third parties due to the unique nature of the transaction, the Company or its subsidiary or its Associated Company (as the case may be) shall procure an independent valuation of the transaction and determine whether the price and terms offered by DSAW or its subsidiary (as the case may be) are fair and reasonable and are comparable to the valuation. Such determination shall be made and agreed by at least two (2) Senior Executives of the Company and reviewed quarterly by the ARMC.

In determining whether the prices and terms for such transactions with DSAW or its subsidiary (as the case may be) are fair and reasonable, the Company or its subsidiary or its Associated Company (as the case may be) will also take into consideration other factors, including but not limited, to speed and costs of delivery of the products or services, product or service quality and suitability, volume of transactions, end customer's requirements and specifications and track record of the DSAW Group as compared to those of other unrelated third parties providing similar products or services.

(b) Provision of goods to the DSAW Group

- (i) Prior to entering into an Interested Person Transaction for the provision of goods to the DSAW Group in accordance with paragraph 2.1(a) above, the selling prices of the products sold by the KS Group to unrelated third parties will be used as a basis for comparison to determine whether the prices and terms offered to DSAW or its subsidiary (as the case may be) are fair and reasonable and are comparable to those offered to unrelated third parties for a similar transaction.
- (ii) In determining whether the prices and terms for such sales to DSAW or its subsidiary (as the case may be) are fair and reasonable, the Company or its subsidiary or its Associated Company (as the case may be) will also take into consideration other factors, including but not limited to speed and costs of delivery, volume of transactions, duration of contract, preferential rates and bulk discount or rebates.

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5.2 Review Procedures for the Interested Person Transactions Under the JVC IPT Mandate

To ensure that the Interested Person Transactions conducted pursuant to the JVC IPT Mandate will be conducted at arm's length and on normal commercial terms consistent with the KS Group's usual business practices and on terms which are either generally not more favourable than the usual commercial terms extended to unrelated third parties or generally not less favourable than the usual commercial terms offered by unrelated third parties, the Company has adopted and/or will adopt the following procedures for the review and approval of Interested Person Transactions under the JVC IPT Mandate:

(a) Purchase of Rigs and associated equipment from the JVC Group

(i) Purchase of Rigs

Prior to entering into an Interested Person Transaction for the purchase of Rigs from the JVC Group in accordance with paragraph 2.2 above, the KS Group shall procure an independent valuation of the Rig and evaluate whether the price and terms offered by the JVC Group are fair and reasonable with reference to the independent valuation, taking into consideration other factors, including but not limited to, the speed and costs of delivery of the Rigs and the requirements of the KS Group in relation to its end customers. Such determination shall be made and agreed by at least two (2) Senior Executives of the Company and reviewed and approved by the ARMC prior to the transaction.

(ii) Purchase of associated equipment

Prior to entering into an Interested Person Transaction for the purchase of associated equipment from the JVC Group in accordance with paragraph 2.2 above, the KS Group will obtain quotations from at least two (2) other unrelated third parties for a similar transaction as a basis for comparison to evaluate whether the price and terms offered by the JVC Group are fair and reasonable taking into consideration other factors, including but not limited to, quality, suitability, speed and costs of delivery of the associated equipment and end customers' requirements and whether such price and terms are comparable to those offered by unrelated third parties for a similar transaction. Such evaluation shall be made and agreed by at least two (2) Senior Executives of the Company and reviewed quarterly by the ARMC in accordance with paragraphs 5.3 and 5.4 below.

Where it is impractical or not possible to obtain quotations from unrelated third parties due to the unique nature of the transaction, such transaction shall be carried out based on the prevailing market reference price available or established market references which are acceptable to the ARMC and is calculated by reference to any fair pricing basis to be evaluated and agreed by at least two (2) Senior Executives of the Company and reviewed quarterly by the ARMC in accordance with paragraphs 5.3 and 5.4 below.

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(b) Sale of Rigs and associated equipment to the JVC Group

(i) Sale of Rigs

Prior to entering into an Interested Person Transaction for the sale of Rigs to the JVC Group in accordance with paragraph 2.2 above, the KS Group shall procure an independent valuation of the Rigs and evaluate whether the price and terms offered to the JVC Group are fair and reasonable with reference to the independent valuation, taking into consideration other factors, including but not limited to, the original cost of the Rig, its rate of depreciation, demand from unrelated third parties and current market conditions. Such evaluation shall be made and agreed by at least two (2) Senior Executives of the Company and reviewed and approved by the ARMC prior to the transaction.

(ii) Sale of associated equipment

Prior to entering into an Interested Person Transaction for the sale of Equipment to the JVC Group, in accordance with paragraph 2.2 above, the selling prices of such Equipment sold by the KS Group to unrelated third parties will be used as a basis for comparison to determine whether the prices and terms offered to the JVC Group are fair and reasonable and are comparable to those offered to unrelated third parties for a similar transaction.

Where due to its specialised nature and there is no precedent for the sale of such associated equipment by the KS Group to unrelated third parties, the sale of such specialised associated equipment to the JVC Group shall be based on KS Drilling's average operating margin as a benchmark and shall not be lower than KS Drilling's average operating margin for the last twelve months prior to such sale.

(c) Chartering of Rigs to or from the JVC Group

Where there is a new charter of Rigs from the JVC Group, this will be done by obtaining quotations from at least two (2) other unrelated third parties for a similar transaction as a basis for comparison. Where it is impractical or not possible to obtain quotations from unrelated third parties, at least two (2) Senior Executives of the Company shall evaluate whether such price and terms offered by the JVC Group are fair and reasonable and such determination shall be reviewed and approved by the ARMC prior to the transaction.

Where the transaction involves the chartering of Rigs to the JVC Group, the charter rates and terms offered by the KS Group to unrelated third parties will be used as a basis for comparison.

Where charter rates are revised as a result of changes in market conditions or where there is a renewal of chartering agreements between the KS Group and the JVC Group, the ARMC and at least two (2) Senior Executives of the Company shall review and approve the revised rates or the revised terms upon which the charter agreements are to be renewed to ensure that they are on normal commercial terms.

In reviewing whether the charter and terms for such transactions are on normal commercial terms or are fair and reasonable (as the case may be), factors such as, but not limited to the condition of the vessel, the size of the transaction, applicable industry

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norms and prevailing rates, specifications and strategic purposes of the transaction, shall be taken into account. Such determinations shall be reviewed and approved by the ARMC prior to the transaction.

(d) Provision of Management Services

The amount of fees to be charged for the provision of Management Services from KS Drilling to the JVC Group shall be based on KS Drilling's average operating margin and shall not be lower than KS Drilling's average operating margin for the last twelve months prior to such invoicing. Prior to invoicing the JVC Group, such fees shall be reviewed and approved by at least two (2) Senior Executives of the Company on the basis that the provision of Management Services shall be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders and such determinations shall be reviewed quarterly by the ARMC.

5.3 Threshold Limits for the IPT Mandates

In addition to the review procedures, the KS Group supplements its internal systems by setting threshold limits to its transactions, to ensure that all categories of Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms as follows:

(a) a Category 1 transaction is one where in relation to:

- (i) the sale and purchase contracts (inclusive of charter agreements) with external reference quoted price, the transaction with an Interested Person is below or equal to S\$5,000,000; or
- (ii) any other sale and purchase contracts (inclusive of charter agreements) without external reference quoted price or rate and service agreements, the transaction with an Interested Person is below or equal to S\$1,000,000;

Notwithstanding paragraph 5.4(a) below, in the event that the aggregate amount of transactions entered into pursuant to paragraph 5.2(a)(ii) exceeds the sum of S\$10,000,000 or where the aggregate of Category 1 transactions exceed S\$20,000,000, the Company shall, on a monthly basis, report all such transactions to the ARMC.

(b) a Category 2 transaction is one where in relation to:

- (i) the sale and purchase contracts (inclusive of charter agreements) with external reference quoted price, the transaction with an Interested Person is in excess of S\$5,000,000; or
- (ii) any other sale and purchase contracts (inclusive of charter agreements) without external reference quoted price or rate and service agreements, the transaction with an Interested Person is in excess of S\$1,000,000.

Category 1 transactions do not require the prior review and approval of the ARMC before the transaction is entered into but shall be reviewed on a quarterly basis by the ARMC. Category 2 transactions must be reviewed and approved by the ARMC prior to being contracted.

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The thresholds of S\$5,000,000 and S\$1,000,000 are set as limits based on expected and past sale and purchase volumes of the KS Group. It also balances the requirement of commercial efficiency and the requirements of oversight by the ARMC. Having considered the current market prices, the prevailing market conditions and the expected sale volume, the Board is of the opinion that the threshold limits of S\$5,000,000 and S\$1,000,000 reflect a risk control level that is acceptable to the Company.

In the event that a member of the ARMC (where applicable) is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction. Approval of that transaction will accordingly be undertaken by the remaining members of the ARMC.

5.4 Other Review Procedures

In addition to the review procedures set out above, the following have been/will also be implemented:

- (a) Notwithstanding the monthly reports to be provided pursuant to paragraph 5.3(a) above, the Company shall, on a quarterly basis, report to the ARMC on all Interested Person Transactions entered into pursuant to the IPT Mandate and the basis on which such transactions were entered into with the Interested Persons during the preceding quarter. The Internal Auditors will, on a quarterly basis, review all Interested Person Transactions entered into pursuant to the IPT Mandate and come up with a quarterly internal audit report. The ARMC shall review such internal audit report on such Interested Person Transaction at its quarterly meetings except where any such Interested Person Transaction requires the approval of the ARMC prior to the transaction.
- (b) The Company's annual internal audit plan shall also include a review of the established review procedures for the monitoring of Interested Person Transactions during the current financial year. As part of the Company's annual audit, external auditors will review all Interested Person Transactions. The Internal Auditors shall report directly to the ARMC. The external auditors will review and confirm the Interested Person Transactions under the notes to the financial statements.
- (c) For the purpose of the above review and approval process, any Director, who has an interest in the Interested Person Transaction under review will not be considered to be independent and will abstain from voting on any resolution relating to the Interested Person Transaction and/or abstain from participating in the ARMC's decision during its review of the established review procedures for the Interested Person Transaction or during its review or approval of any Interested Person Transaction.

5.5 Register of IPTs

The Company will maintain a register of all transactions carried out with the Interested Persons pursuant to the IPT Mandate and shall include all information pertinent to the evaluation of the Interested Person Transactions such as, but not limited to the amount of such Interested Person Transactions, the basis for determining the transaction prices and supporting evidence and quotations obtained to support such basis.

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The register of such Interested Person Transactions shall be prepared, maintained and monitored by personnel of the Company (who shall not be interested in any of the Interested Person Transactions) who are duly delegated to do so by the ARMC and reviewed by the Internal Auditors on a quarterly basis and by the external auditors on an annual basis.

5.6 Review by Audit and Risk Management Committee

As mentioned in paragraph 5.4 of this annexure, the ARMC shall review the quarterly internal audit reports on the Interested Person Transactions to ascertain that the established review procedures for monitoring the Interested Person Transactions have been complied with.

If during these quarterly reviews, the ARMC is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company are conducted, to ensure that the Interested Person Transactions entered into pursuant to the IPT Mandates will be conducted based on the Company's normal commercial terms and hence, will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will then seek the Shareholders' approval for the relevant fresh mandate(s) to be adopted based on new guidelines and procedures for transactions with the Interested Persons to ensure that such Interested Person Transactions will be conducted on an arm's length basis and on normal commercial terms. During the period prior to obtaining the relevant fresh mandate(s) from the Shareholders, all Interested Person Transactions which would ordinarily have been entered into pursuant to the relevant mandate(s) being replaced will be subject to prior review and approval by the ARMC.

If any member of the ARMC has an interest in a transaction, he shall abstain from participating in the review and approval process in relation to that transaction.

6. EXPIRY AND SUBSEQUENT RENEWAL OF THE IPT MANDATES

If approved by the Shareholders at the AGM which is scheduled to be held on 29 April 2016, the IPT Mandates will take effect from the date of passing of the ordinary resolution relating thereto and will continue in force until the next AGM or the date by which the next AGM is required by law to be held, unless revoked or varied by the Company in a general meeting.

7. DISCLOSURE OF INTERESTED PERSON TRANSACTIONS PURSUANT TO THE IPT MANDATES

The Company will announce each of the aggregate values of transactions conducted with Interested Persons pursuant to each of the IPT Mandates for the quarterly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

Disclosure has been made in the Annual Report 2015 of each of the aggregate values of the transactions conducted with Interested Persons pursuant to each of the IPT Mandates during the financial year ended 31 December 2015, and will be made in our Company's Annual Reports for subsequent financial years that the IPT Mandates continue to be in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

ANNEXURE B

SHARE BUY BACK MANDATE

1. RATIONALE AND BENEFITS FOR THE SHARE BUY BACK MANDATE

The Share Buy Back Mandate would give the Company the flexibility to undertake buy backs of the Shares at any time, subject to market conditions, during the period when the Share Buy Back Mandate is in force. A Share Buy Back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Further, amongst others, a Share Buy Back provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The Directors also expect that Share Buy Backs may also help mitigate against short term volatility of share price and offset the effects of short term speculation. Share Buy Backs will also allow the Directors greater control over the Company's share capital structure, dividend payout and cash reserves.

The buy back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share of the Company and the Group, and will only be made when the Directors believe that such buy back would benefit the Company and its Shareholders.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company.

2. SHARE BUY BACK MANDATE

Any purchase or acquisition of Shares by the Company would have to be made in accordance with and in the manner prescribed by, the Companies Act and the rules of the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting. Accordingly, approval is being sought from Shareholders at the AGM for the adoption of a Share Buy Back Mandate for the purchase by the Company of its issued Shares. If approved, the Share Buy Back Mandate will take effect from the date of the AGM and continue in force until the date of the next AGM of the Company or such date as the next AGM is required by law or by the Constitution to be held, unless prior thereto, Share Buy Backs are carried out to the full extent mandated or the Share Buy Back Mandate is revoked or varied by the Company in a general meeting.

2.1 Terms of the Mandate

The authority and limitations placed on the Share Buy Back under the existing Share Buy Back Mandate are summarised below:

(a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

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The total number of Shares that may be purchased or acquired is limited to that number of Shares representing not more than 10% of the issued share capital of the Company, ascertained as at the date of the AGM at which the Share Buy Back Mandate is approved (the “**Approval Date**”), unless the Company has effected a reduction of the share capital of the Company 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. For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company of 515,601,215 Shares (excluding 8,639,000 treasury shares) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 51,560,121 Shares (representing approximately 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy Back Mandate.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earlier of:

- (i) the date on which the next AGM of the Company is held or required by law or the Constitution to be held;
- (ii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked by the Shareholders in a general meeting; or
- (iii) the date on which the Share Buy Back is carried out to the full extent mandated.

The Share Buy Back Mandate may be renewed at each AGM or other general meeting of the Company.

(c) Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of, *inter alia*:

- (i) on-market purchases (“**Market Purchase**”), transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Listing Rules.

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The Directors may impose such terms and conditions, which are consistent with the Share Buy Back 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 an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase of issued Shares shall be made to every person who holds issued Shares to purchase the same percentage of their issued Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of the offers are the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Rules provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Buy Back;
- (iv) the consequences, if any, of Share Buy Backs by the Company that will arise under the Take-over Code or other applicable takeover rules;
- (v) whether the Share Buy Back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any Share Buy Backs (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme) made by the Company in the previous 12 months, giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

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(d) Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter) of the Shares,

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

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.2 Status of Purchased Shares under the Share Buy Back Mandate

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 in accordance with the Companies Act. 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.

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2.3 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:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) 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.

(c) Disposal and Cancellation

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

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

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2.4 Source of Funds for Share Buy Back

In buying back Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. The Company may not buy Shares on the Official List of the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The buy back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the **"Purchase Price"**);
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits available for the distribution of cash dividends by the total amount of the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits available for the distribution of cash dividends proportionately by the total amount of the Purchase Price.

The Company may use internal resources and/or external borrowings to fund purchases of Shares pursuant to the Share Buy Back Mandate.

The Directors do not propose to exercise the Share Buy Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

3. FINANCIAL EFFECTS OF THE SHARE BUY BACK MANDATE

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2015 and are not necessarily representative of future financial performance of the Group. Although the proposed Share Buy Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back 10% of the issued Shares in full.

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. The purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. The Directors do

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not propose to exercise the Share Buy Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase 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 Group, and the prevailing market conditions. The proposed Share Buy Back Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group. The financial effects presented in this section of the Appendix are based on the assumptions set out below:

(a) Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued share capital of the Company comprised 515,601,215 Shares (excluding 8,639,000 treasury shares).

(b) Illustrative Financial Effects

Purely for illustrative purposes, on the basis of 515,601,215 Shares (excluding the 8,639,000 treasury shares) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of approximately 10% of its issued Shares will result in the purchase of 51,560,121 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 51,560,121 Shares at the Maximum Price of S\$0.22 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 51,560,121 Shares is approximately S\$11.34 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 51,560,121 Shares at the Maximum Price of S\$0.25 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 51,560,121 Shares is approximately S\$12.89 million.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

- (i) the Share Buy Back Mandate had been effective on 1 January 2015;
- (ii) such Share purchases are funded solely by external borrowings; and
- (iii) the funding costs of such external borrowings have been excluded for the purpose of computing the financial effects,

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the financial effects on the audited consolidated financial results of the Group and the Company for FY2015, are set out below:

	Group			
	Market Purchase Before Share Purchase S\$'000	After Share Purchase S\$'000	Off-Market Purchase Before Share Purchase S\$'000	After Share Purchase S\$'000
As at 31 December 2015				
Loss attributable to owners of the Company	(229,642)	(229,642)	(229,642)	(229,642)
Share Capital	359,973	348,630	359,973	347,083
Retained Earnings	(174,095)	(174,095)	(174,095)	(174,095)
Translation Reserve	(11,238)	(11,238)	(11,238)	(11,238)
Equity Reserve	17,685	17,685	17,685	17,685
Other Reserve	(3,750)	(3,750)	(3,750)	(3,750)
Treasury Shares	(26,365)	(26,365)	(26,365)	(26,365)
Shareholders' Equity	162,210	150,867	162,210	149,320
Total Equity ⁽¹⁾	210,774	199,431	210,774	197,884
Net Tangible Assets (NTA) ⁽²⁾	209,527	198,184	209,527	196,637
Current Assets	61,785	61,785	61,785	61,785
Current Liabilities	411,637	422,980	411,637	424,527
Working Capital	(349,852)	(361,195)	(349,852)	(362,742)
Total borrowings	384,581	395,924	384,581	397,471
Cash and cash equivalents	19,422	19,422	19,422	19,422
Net Debt ⁽³⁾	365,159	376,502	365,159	378,049
Number of Shares as at 31 December 2015 ('000)	515,601	464,041	515,601	464,041
Weighted average number of Shares as at 31 December 2015 ('000)	513,129	461,569	513,129	461,569
Financial Ratios				
NTA per Share (cents) ⁽²⁾	40.64	42.71	40.64	42.37
Gearing Ratio (times) ⁽⁴⁾	1.73	1.89	1.73	1.91
Current Ratio (times) ⁽⁵⁾	0.15	0.15	0.15	0.15
Basic EPS (cents) ⁽⁶⁾	(44.75)	(49.75)	(44.75)	(49.75)

Notes:

- (1) Total Equity equals Shareholders' Equity plus non-controlling interests.
- (2) NTA equals Total Equity less intangible assets and non-controlling interests. NTA per Share equals NTA divided by the number of shares as at 31 December 2015.
- (3) Net Debt means total borrowings less cash and cash equivalents.
- (4) Gearing Ratio equals Net Debt divided by Total Equity.
- (5) Current Ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals loss attributable to owners of the company divided by the weighted average number of shares as at 31 December 2015.

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	Company			
	Market Purchase Before Share Purchase S\$'000	After Share Purchase S\$'000	Off-Market Purchase Before Share Purchase S\$'000	After Share Purchase S\$'000
<u>As at 31 December 2015</u>				
Loss attributable to owners of the Company	(145,016)	(145,016)	(145,016)	(145,016)
Share Capital	359,973	348,630	359,973	347,083
Retained Earnings	(192,043)	(192,043)	(192,043)	(192,043)
Equity Reserve	17,685	17,685	17,685	17,685
Treasury Shares	(26,365)	(26,365)	(26,365)	(26,365)
Shareholders' Equity	159,250	147,907	159,250	146,360
Total Equity	159,250	147,907	159,250	146,360
Net Tangible Assets (NTA) ⁽¹⁾	159,250	147,907	159,250	146,360
Current Assets	4,191	4,191	4,191	4,191
Current Liabilities	83,036	94,379	83,036	95,926
Working Capital	(78,845)	(90,188)	(78,845)	(91,735)
Total borrowings	73,972	85,315	73,972	86,862
Cash and cash equivalents	2,916	2,916	2,916	2,916
Net Debt ⁽²⁾	71,056	82,399	71,056	83,946
Number of Shares as at 31 December 2015 ('000)	515,601	464,041	515,601	464,041
Weighted average number of Shares as at 31 December 2015 ('000)	513,129	461,569	513,129	461,569
<u>Financial Ratios</u>				
NTA per Share (cents) ⁽¹⁾	0.31	0.32	0.31	0.32
Gearing Ratio (times) ⁽³⁾	0.46	0.56	0.45	0.57
Current Ratio (times) ⁽⁴⁾	0.05	0.04	0.05	0.04
Basic EPS (cents) ⁽⁵⁾	(28.26)	(31.42)	(28.26)	(31.42)

Notes:

- (1) NTA equals Total Equity less intangible assets. NTA per Share equals NTA divided by the number of shares as at 31 December 2015.
- (2) Net Debt means total borrowings less cash and cash equivalents.
- (3) Gearing Ratio equals Net Debt divided by Total Equity.
- (4) Current Ratio equals current assets divided by current liabilities.
- (5) Basic EPS equals loss attributable to owners of the company divided by the weighted average number of shares as at 31 December 2015.

The financial effects set out above are for illustrative purposes only. Although the Share Buy Back Mandate would authorise the Company to purchase up to 10% of the issued Shares, the Company may not necessarily purchase or be able to purchase the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

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4. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of a share buy-back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

5. LISTING RULES

As at the Latest Practicable Date, approximately 22.21% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 13.56%.

The Directors will use their best efforts to ensure that the Company does not effect buy back of Shares if the buy back of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity, adversely affect the listing status of the Company or adversely affect the orderly trading of the Shares.

Under the Listing Manual, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.1(d) of this Appendix, conforms to this restriction.

Additionally, the Listing Manual also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; 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.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Listing Manual, the Company will not purchase or acquire any Shares during the period commencing two (2) weeks before the announcement of the Company’s financial statements for the first and third quarters of its Financial Year, or one (1) month immediately preceding the announcement of the Company’s half and annual (full-year) results respectively.

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6. TAKE-OVER OBLIGATIONS

6.1 Obligation to make a Take-over Offer

Pursuant to the Take-over Code, an increase of a Shareholder's proportionate interest in the voting rights of the Company resulting from a share buy back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**").

Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

6.2 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), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

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

- (a) A company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) 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. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (c) A company with any of its pension funds and employee share schemes;
- (d) A person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) A financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) Directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (g) Partners; and

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- (h) An individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions and companies controlled by any of the above.

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

6.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company 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 in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

As Mr Kris Taenar Wiluan, Mr Richard James Wiluan, Rija Holdings Limited, Pacific One Energy Limited and persons presumed to be acting in concert with them under the Take-over Code have an aggregate shareholding interest of more than 50% in the Company as at the Latest Practicable Date, the increase in the shareholding, in the event the Company purchases the maximum number of Shares permissible under the Share Buy Back Mandate, will not require a general offer to be made under Rule 14.

Save as disclosed above, the Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholders are, or may be regarded as parties acting in concert such that 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 Share Buy Back.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company.

7. SHARES PURCHASED BY THE COMPANY PURSUANT TO THE EXISTING MANDATE

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

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8. REPORTING REQUIREMENTS UNDER THE COMPANIES ACT

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase of Shares on the Official List of SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.