

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**CIRCULAR DATED 11 SEPTEMBER 2001**

THIS CIRCULAR IS ISSUED BY KEPPEL CORPORATION LIMITED. 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 all your Shares or RCCPS in Keppel Corporation Limited, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser.

The action to be taken by you is set out on page 12 of this Circular.



**Keppel Corporation Limited**

(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS  
AND RCCPS HOLDERS**

**in relation to**

- I THE PROPOSED CAPITAL REDUCTION AND CAPITAL DISTRIBUTION TO SHAREHOLDERS; AND**
- II THE PROPOSED REDEMPTION OF THE 2 PER CENT. REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES ("RCCPS").**

**IMPORTANT DATES**

Last Date and Time for Lodgement of Proxy Form	:	2 October 2001 at 10.00 a.m.
Date and Time of Extraordinary General Meeting	:	4 October 2001 at 10.00 a.m.
Place of Extraordinary General Meeting	:	Marina Mandarin Singapore Les Oiseaux (Level 5) 6 Raffles Boulevard Marina Square Singapore 039594

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## DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:—

“Act”	:	The Companies Act, Chapter 50 of Singapore
“Articles”	:	The Articles of Association of the Company
“Books Closure Date”	:	A date to be announced on which the Transfer Books and the Register of Members of the Company will be closed in order to determine the entitlement of Shareholders to the cash payment of \$0.50 for each Share pursuant to the Proposed Capital Distribution
“business day”	:	A day (other than Saturday, Sunday or Public Holiday) on which commercial banks are open for business in Singapore and if, on that day, a transfer of funds is to be made in respect of the RCCPS, New York City
“CDP”	:	The Central Depository (Pte) Limited
“Directors” or “Board”	:	The Board of Directors of the Company as at the date of this Circular, unless otherwise stated
“EGM”	:	Extraordinary General Meeting
“EPS”	:	Earnings per Share
“Final Redemption Date”	:	12 August 2002
“Group” or “KCL Group”	:	KCL and its subsidiaries
“KCH”	:	Keppel Capital Holdings Ltd
“KCH Group”	:	KCH and its subsidiaries
“KCH Securities”	:	507,174,329 shares in KCH and 2,396,974 listed warrants to subscribe for new shares in KCH, held in the aggregate by the Company and its wholly-owned subsidiaries
“KCL” or “Company”	:	Keppel Corporation Limited
“KCL Options”	:	Share options to subscribe for new KCL Shares granted pursuant to the Share Option Scheme
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 31 August 2001
“market day”	:	A day which the SGX-ST is open for trading of securities
“NTA”	:	Net tangible assets
“Preference Dividend”	:	Dividend payable on a RCCPS
“Proposals”	:	The Proposed Capital Reduction, Proposed Capital Distribution and Proposed Redemption collectively
“Proposed Capital Distribution”	:	The proposed distribution by the Company to the Shareholders of \$0.50 in cash for each issued Share by way of a Proposed Capital Reduction
“Proposed Capital Reduction”	:	The proposed capital reduction under Section 73 of the Act to be carried out by the Company to effect the Proposed Capital Distribution
“Proposed Redemption”	:	The proposed redemption of the RCCPS prior to the Final Redemption Date at the Redemption Amount

“RCCPS”	:	The 2% redeemable convertible cumulative preference shares of US\$1.00 each in the capital of the Company issued on 12 August 1997
“RCCPS Holders”	:	The registered holders of the RCCPS, except where the registered holder is CDP, the term “RCCPS Holders” shall, in relation to those RCCPS registered in the name of CDP, mean the Depositor whose Securities Accounts are credited with the RCCPS
“Redemption Amount”	:	The redemption amount of US\$1,203.36 for each RCCPS
“Redemption Date”	:	The date of redemption of the RCCPS pursuant to the Proposed Redemption, which is on or before 31 December 2001
“Sale”	:	The sale by the Company of the KCH Securities to Oversea-Chinese Banking Corporation Ltd at a price of \$3.65 for each KCH share and \$1.28 for each KCH listed warrant
“Securities Account”	:	A securities account maintained by a Depositor with CDP
“Shares” or “KCL Shares”	:	Ordinary shares of \$1.00 each in the capital of the Company
“Shareholders”	:	The registered holders of the KCL Shares, except that where the registered holder is CDP, the term “Shareholders” shall in relation to those Shares, mean Depositors whose Securities Accounts are credited with those Shares
“Share Option Scheme”	:	The KCL Share Option Scheme, adopted at a general meeting of the Company on 7 May 1987 and last revised at the general meeting on 1 September 1999, as modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“\$” and “¢”	:	Singapore dollars and cents, respectively
“US\$”	:	United States dollars
“per cent.” or “%”	:	Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Act.

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

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

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

## INDICATIVE TIMETABLE

Last date and time for lodgment of Proxy Forms for EGM	:	2 October 2001 at 10.00 a.m.
Date and time of EGM	:	4 October 2001 at 10.00 a.m.
Expected announcement of Court approval of the Proposed Capital Reduction	:	5 November 2001
Expected books closure date for the Proposed Capital Distribution	:	21 November 2001 at 5.00 p.m.
Expected effective date for the Proposed Capital Reduction	:	23 November 2001
Expected date for the Proposed Capital Distribution	:	30 November 2001
Expected books closure date for the Proposed Redemption	:	18 December 2001 at 5.00 p.m.
Expected date for the Proposed Redemption	:	28 December 2001

### Notes:-

1. The timetable above is only indicative and the actual dates of the above events will be announced in due course.
2. All Proxy Forms must be lodged at the Company's registered office at 23 Church Street, # 15-01 Capital Square, Singapore 049481. Completion and return of a Proxy Form will not preclude a Shareholder from attending and voting in person at the EGM.
3. The Proxy Form for the EGM must be lodged not less than 48 hours before the time appointed for the EGM.

# KEPPEL CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

## CHAIRMAN'S LETTER TO SHAREHOLDERS AND RCCPS HOLDERS

### Directors

Lim Chee Onn, Chairman  
Choo Chiau Beng  
Teo Soon Hoe  
Loh Wing Siew  
Cham Tao Soon  
Bernard Tan Tiong Gie  
Lim Hock San  
Khoo Teng Chye  
Sven Bang Ullring

### Registered Office

23 Church Street  
# 15-01 Capital Square  
Singapore 049481

11 September 2001

To: The Shareholders and RCCPS Holders

Dear Sir/Madam,

### I PROPOSED CAPITAL REDUCTION AND CAPITAL DISTRIBUTION TO SHAREHOLDERS

### II PROPOSED REDEMPTION OF RCCPS

#### 1. INTRODUCTION

On 16 August 2001, the Company completed the divestment of the KCH Securities to Oversea-Chinese Banking Corporation Ltd and received proceeds of approximately \$1.85 billion. Out of these proceeds, the Company intends to apply between approximately \$383 million and \$427 million for the Proposed Capital Distribution (depending on the number of KCL Options that are exercised and the number of RCCPS that are converted into new Shares before the Books Closure Date) and up to approximately US\$421 million for the Proposed Redemption (depending on the number of RCCPS that are converted into new Shares before the books closure date for the Proposed Redemption), and the balance to reduce borrowings and for investments in the long term growth of the Group.

On 7 August 2001, the Company announced a return of \$0.50 in cash for each Share to Shareholders by way of a Proposed Capital Distribution. The Company had also stated in the same announcement that it intended to redeem the RCCPS prior to the Final Redemption Date at a redemption amount of US\$1,203.36 for each RCCPS.

The purpose of this Circular is to provide you with information relating to the Proposals and to seek your approval for the resolutions set out in the Notice of EGM on pages 14 and 15 of this Circular.

#### 2. THE PROPOSED CAPITAL REDUCTION AND PROPOSED CAPITAL DISTRIBUTION

Subject to the fulfilment of the conditions for the Proposed Capital Distribution set out in paragraph 6 on page 7 of this Circular, the Company is proposing to return to Shareholders \$0.50 in cash for each Share. The Proposed Capital Distribution will be carried out by way of the Proposed Capital Reduction pursuant to Section 73 of the Act.

As at the Latest Practicable Date, the Company's issued and fully paid-up ordinary share capital was \$765,615,091, comprising 765,615,091 Shares, and its issued and fully paid-up preference share capital was US\$350,000 comprising 350,000 RCCPS. Each RCCPS is convertible into new Shares as described in paragraph 3 below. As at the Latest Practicable Date, there were outstanding KCL Options granted to directors and employees of the Group under the Share Option Scheme to subscribe for an aggregate of 16,390,000 Shares.

## **Summary of Proposed Capital Reduction and Proposed Capital Distribution**

The Proposed Capital Reduction and Proposed Capital Distribution will involve the following steps:–

- (i) The par value of each Share will be reduced from \$1.00 to \$0.50. This will result in the share capital of the Company being reduced by a maximum amount of \$427,185,644 (assuming all outstanding KCL Options as at the Latest Practicable Date are fully exercised and all the RCCPS are converted into new Shares before the Books Closure Date) and a minimum of \$382,807,545.50 (assuming none of such outstanding KCL Options are exercised and none of the RCCPS are converted into new Shares before the Books Closure Date), which shall be returned to Shareholders on the basis of \$0.50 in cash for each Share held as at the Books Closure Date.
- (ii) The authorised ordinary share capital of the Company immediately upon the Proposed Capital Reduction taking effect will be reduced from \$1,500,000,000 divided into 1,500,000,000 ordinary shares of \$1.00 each to \$750,000,000 divided into 1,500,000,000 ordinary shares of \$0.50 each.
- (iii) Forthwith and contingent upon the Proposed Capital Reduction taking effect, the authorised ordinary share capital of the Company will be increased to its former level of \$1,500,000,000 divided into 3,000,000,000 ordinary shares of \$0.50 each.

### **KCL Options**

Pursuant to the Share Option Scheme, the price at which each KCL Option may be exercised into a Share will be adjusted as a consequence of the Proposed Capital Distribution. Written notification of such adjustments to the subscription prices shall be given to the holders of the KCL Options in accordance with the rules of the Share Option Scheme.

### **3. THE PROPOSED REDEMPTION OF RCCPS**

As at the Latest Practicable Date, KCL has outstanding 350,000 RCCPS which were issued on 12 August 1997. The RCCPS are convertible up to 29 July 2002 at the option of the holders into new Shares at a conversion price of \$7.10 for each Share ("Conversion Price"), based on a fixed exchange rate on conversion of \$1.468 to US\$1.00, subject to adjustment under certain circumstances.

Under the Proposed Redemption, the Board proposes to redeem the RCCPS before the Final Redemption Date at the redemption amount of US\$1,203.36 for each RCCPS or a total of approximately US\$421 million. The current provisions in the Articles do not allow for such early redemption. Therefore, the Board intends to amend the Articles, as set out in Special Resolution 2 in the Notice of EGM on pages 14 and 15 of this Circular, to effect the proposal.

The Redemption Amount is the amount which would otherwise have been payable on the Final Redemption Date, determined based on a fixed annual yield to redemption of 5.661% on the Final Redemption Date. Assuming that the RCCPS are redeemed on 28 December 2001, the Redemption Amount represents a yield to redemption of approximately 6.1% per annum. Under the Proposed Redemption, RCCPS Holders will not be receiving any further Preference Dividend of 2% per annum after the last Preference Dividend paid on 13 August 2001. The Proposed Redemption will not have any significant financial impact on the earnings of the Company.

Pursuant to the Articles, the Conversion Price will be adjusted to \$6.11 as a consequence of the Proposed Capital Distribution. Written notification of such adjustments will be given by the Company to the RCCPS Holders within 14 business days of the adjustment.

### **4. TAXATION**

The Company has received confirmation from the Inland Revenue Authority of Singapore that the Proposed Capital Distribution has no tax consequence for the Company. Accordingly, the Proposed Capital Distribution will be regarded as being capital in nature and will not be treated as income to Shareholders for Singapore income tax purposes.

As the Proposed Redemption will be made out of the Company's share premium account, the Inland Revenue Authority of Singapore has also confirmed that the payment to the RCCPS Holders will not be regarded as a payment of dividend by the Company for Singapore income tax purposes.

Shareholders and RCCPS Holders should however note that the foregoing statements are not to be regarded as advice on the tax position of any Shareholder or RCCPS Holder, or on any tax implications arising from the Proposed Capital Distribution and Proposed Redemption respectively. Shareholders and RCCPS Holders who are in doubt as to their personal tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than in Singapore should consult their own professional advisers.

## **5. RATIONALE FOR THE PROPOSALS**

The main objectives of the Proposals are to reward Shareholders for their continued support for the Company and to improve its capital structure. The Proposals will reduce Shareholders' funds from \$4.36 billion to \$3.23 billion. This reduction will result in a higher return on equity. The annualised proforma return on equity of the Group will improve from 4.9% before the Proposals to 5.7% after the Proposals.

The Proposed Capital Distribution will enable the Company to efficiently return to Shareholders of between approximately \$383 million and \$427 million (depending on the number of KCL Options that are exercised and the number of RCCPS that are converted into new Shares before the Books Closure Date) as there is no tax consequence for the Company. The Proposed Redemption allows the RCCPS Holders to realise their investment earlier at a higher yield to redemption and it will not have any significant financial impact on the earnings of the Company.

## **6. CONDITIONS FOR THE PROPOSALS**

The Proposed Capital Distribution is subject to the:—

- (i) approval of Shareholders and RCCPS Holders at the EGM of Special Resolution 1 set out in the Notice of EGM; and
- (ii) approval of the High Court for the Proposed Capital Reduction.

On lodgment of an office copy of the Order of Court confirming the Proposed Capital Reduction with the Registrar of Companies and Businesses of Singapore, the resolution for the Proposed Capital Reduction shall take effect, and the Proposed Capital Distribution will be made to Shareholders thereafter. Subject to the above conditions being satisfied, it is currently expected that the Proposed Capital Reduction will be effected, and the Proposed Capital Distribution is expected to be made to Shareholders tentatively on 30 November 2001.

On 31 August 2001, the Company received in-principle approval of the Proposed Capital Reduction from the SGX-ST, subject to the relevant approvals set out above. Such approval from the SGX-ST is not to be taken as an indication of the merits of the Proposed Capital Reduction and Proposed Capital Distribution.

The Proposed Redemption is subject to the:—

- (i) approval of RCCPS Holders for the Proposed Redemption at a separate meeting of the RCCPS Holders; and
- (ii) approval of Shareholders and RCCPS Holders at the EGM of Special Resolution 2 set out in the Notice of EGM.

The notice of meeting of RCCPS Holders has been despatched to the RCCPS Holders on 3 September 2001 and the meeting is scheduled to be convened on 25 September 2001. Upon passing the relevant resolutions for the Proposed Redemption at the respective meetings, it is expected that the RCCPS will be redeemed on 28 December 2001.

## 7. FINANCIAL EFFECTS OF THE PROPOSALS

For illustration purposes only, and based on the unaudited financial statements of the Group for the six months ended 30 June 2001, the proforma financial effects of the Proposals are as follows (based on the assumption that none of the outstanding KCL Options as at the Latest Practicable Date are exercised and none of the RCCPS are converted into new Shares):—

### 7.1 Share Capital

Assuming that the Proposals were completed on 30 June 2001, the proforma effect on the share capital of the Company as at 30 June 2001 will be as follows:—

	(\$'000)
KCL's paid-up share capital as at 30 June 2001 before the Proposals	
— Ordinary share capital	765,508
— Preference share capital	514
	<u>766,022</u>
Less : Proposed Capital Distribution	(382,754)
: Proposed Redemption	(514)
	<u>382,754</u>
Proforma paid-up share capital as at 30 June 2001 after the Proposals	<u><u>382,754</u></u>

There will be no impact on the share capital as a result of the Sale. As at 30 June 2001, there were 765,507,091 ordinary shares of \$1.00 each in issue. This will be adjusted to 765,507,091 ordinary shares of \$0.50 each after the Proposed Capital Reduction. The 350,000 RCCPS will be completely redeemed after the Proposed Redemption.

### 7.2 Earnings

Assuming that the Sale and the Proposals were completed on 1 January 2001, the proforma financial effect on the earnings of the Group for the six months ended 30 June 2001 will be as follows:—

	Unaudited 30 June 2001 (\$'000)	Proforma After Sale (\$'000)	Proforma After Sale and the Proposals (\$'000)
KCL Group's unaudited attributable profit for the six months ended 30 June 2001	<u>147,170</u>	147,170	147,170
Add: Gains from the Sale (assumed on 1 January 2001)		837,841	837,841
Less: KCL's share of KCH's attributable profit for the six months ended 30 June 2001		(64,804)	(64,804)
		773,037	773,037
Add: Imputed reduction on interest expenses from the proceeds of the Sale		24,499	24,499
Less: Imputed interest expenses on funds used for the Proposals		—	(14,851)
Proforma KCL Group's attributable profit		<u>944,706</u>	<u>929,855</u>
Basic earnings per Share for the six months ended 30 June 2001	18.4 cts	122.6 cts	121.5 cts

### 7.3 Net Tangible Assets

Assuming that the Sale and the Proposals were completed on 30 June 2001, the proforma financial effect on the NTA of the Group as at 30 June 2001 will be as follows:–

	<b>Unaudited 30 June 2001 (\$'000)</b>	<b>Proforma After Sale (\$'000)</b>	<b>Proforma After Sale and the Proposals (\$'000)</b>
KCL Group's NTA as at 30 June 2001	3,584,598	3,584,598	3,584,598
Add : Gains from the Sale		773,037	773,037
Less : Proposed Capital Distribution		—	(382,754)
: Proposed Redemption <sup>1</sup>		—	(741,270)
Proforma NTA as at 30 June 2001		<u>4,357,635</u>	<u>3,233,611</u>
NTA per Share as at 30 June 2001	\$4.03	\$5.04	\$4.22

Note 1 : The Proposed Redemption is at US\$1,203.36 per RCCPS at the assumed exchange rate of \$1.76 = US\$1

### 7.4 Net Gearing

Assuming that the Sale and the Proposals were completed on 30 June 2001, the proforma effect on the net gearing of the Group as at 30 June 2001 will be as follows:–

	<b>Unaudited 30 June 2001 (\$'000)</b>	<b>Proforma After Sale (\$'000)</b>	<b>Proforma After Sale and the Proposals (\$'000)</b>
KCL Group's net borrowings as at 30 June 2001 (excluding KCH Group)	4,918,879	4,918,879	4,918,879
Less : Proceeds from the Sale		(1,854,254)	(1,854,254)
Add : Funds used for			
Proposed Capital Distribution		—	382,754
Proposed Redemption		—	741,270
Proforma net borrowings as at 30 June 2001		<u>3,064,625</u>	<u>4,188,649</u>
Capital employed (excluding KCH Group)	5,944,283	6,714,161	5,590,138
Net gearing ratio as at 30 June 2001	0.83	0.46	0.75

### 7.5 Return on Equity

The return on equity based on the earnings (excluding gains from the Sale) tabulated in paragraph 7.2 and the NTA tabulated in paragraph 7.3 are as follows:–

	<b>Unaudited 30 June 2001</b>	<b>Proforma After Sale</b>	<b>Proforma After Sale and the Proposals</b>
Annualised return on equity	8.2%	4.9%	5.7%

## **7.6 Others**

On 7 August 2001, the Company and Keppel FELS Energy & Infrastructure Ltd ("KFEI") jointly announced a proposed privatisation of KFEI as a wholly-owned subsidiary of the Company subject to the relevant approvals to be obtained. The proposed privatisation of KFEI will have no significant impact on the NTA and EPS of KCL, and KCL's gearing for the financial year ending 31 December 2001.

## **8. SHAREHOLDERS' ENTITLEMENT TO THE CAPITAL DISTRIBUTION**

Upon obtaining the High Court's sanction and confirmation of the Proposed Capital Reduction, an announcement will be made to notify Shareholders of the Books Closure Date.

Persons registered in the Register of Members of the Company and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date will be entitled to receive a cash payment of \$0.50 for each Share held as at the Books Closure Date.

With respect to Shareholders with Shares standing to the credit of their Securities Account as at the Books Closure Date, the Company shall, within 10 market days from the Books Closure Date, remit to CDP the aggregate cash amount of the entitlements to the Proposed Capital Distribution payable to all such Shareholders. CDP will despatch to such Shareholders the cheques for the appropriate amount of the Proposed Capital Distribution payable to them by ordinary post at their own risk, addressed to their respective addresses in the Depository Register on the Books Closure Date or, in the case of joint Shareholders, to the address of the first named Shareholder, and neither the Company nor CDP shall be liable for any loss in transmission. CDP will not credit the aggregate cash amounts directly to such Shareholders' bank accounts designated for the crediting of dividend and other distributions.

With respect to Shareholders (other than CDP) whose names are registered in the Register of Members of the Company as at the Books Closure Date, the Company shall, within 10 market days from the Books Closure Date, despatch the cheques for the appropriate amount of the Proposed Capital Distribution payable to such Shareholders by ordinary post at their own risk, addressed to their respective addresses in the Register of Members of the Company on the Books Closure Date or, in the case of joint Shareholders, to the address of the first named Shareholder, and the Company shall not be liable for any loss in transmission.

Shareholders should note that the existing share certificates relating to the Shares shall remain valid for all purposes, except that the par value of each Share shall be treated as reduced from \$1.00 to \$0.50. The Company will accept such existing share certificates for registration of transfers and CDP will accept such existing share certificates deposited with them for trading purposes notwithstanding that the Proposed Capital Reduction has taken effect.

## **9. RCCPS HOLDERS' ENTITLEMENT TO THE REDEMPTION AMOUNT**

The Company shall, 30 days prior to the Redemption Date, send to each RCCPS Holder a notice specifying the date which the Directors have fixed as the books closure date (which shall not be less than 6 business days before the Redemption Date) for the purpose of determining the entitlements of the RCCPS Holders to the Redemption Amount.

## **10. AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

Upon the Proposed Capital Reduction taking effect, the authorised ordinary share capital of the Company will be changed from \$1,500,000,000 divided into 1,500,000,000 ordinary shares of \$1.00 each to \$1,500,000,000 divided into 3,000,000,000 ordinary shares of \$0.50 each. Particulars relating to the ordinary share capital of the Company set out in Clause 5 of the Memorandum of Association and Article 3 of the Articles of Association of the Company shall be amended accordingly.

For the purpose of effecting the Proposed Redemption, Article 4A(2)(c)(ii) of the Articles is proposed to be amended to allow the Company to redeem the RCCPS before the Final Redemption Date. For the avoidance of doubt, Preference Dividend shall not accrue from the date the last Preference Dividend was paid, being 13 August 2001, to the Redemption Date. The proposed amendment is set out in Special Resolution 2 in the Notice of EGM on pages 14 and 15 of this Circular. Following from the Proposed Redemption, the authorised share capital of the Company set out in Article 3 of the Articles shall be restated to remove references to the RCCPS and Article 4A of the Articles relating to the RCCPS shall be deleted in its entirety.

#### Authorised share capital prior to the Proposals

\$1,500,000,000 and US\$350,000 divided into 1,500,000,000 ordinary shares of \$1.00 each and 350,000 RCCPS of US\$1.00 each.

#### Authorised share capital after the Proposals

\$1,500,000,000 divided into 3,000,000,000 ordinary shares of \$0.50 each.

## 11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### (i) Directors

As at the Latest Practicable Date, the interests of the Directors in the Shares and KCL Options as recorded in the Register of Directors' Shareholdings are set out below:—

Name of Director	Number of Shares				Number of Shares comprised in KCL Options
	Direct Interest		Indirect Interest		
	Shares	% <sup>(1)</sup>	Shares	% <sup>(1)</sup>	
Lim Chee Onn	462,083	0.06	—	—	828,750
Choo Chiau Beng	239,583	0.03	—	—	708,750
Teo Soon Hoe	629,166	0.08	—	—	708,750
Loh Wing Siew	316,458	0.04	100,000	0.01	428,750
Cham Tao Soon	—	—	25,416	nm <sup>(2)</sup>	—
Bernard Tan Tiong Gie	—	—	—	—	—
Lim Hock San	—	—	—	—	—
Khoo Teng Chye	—	—	—	—	—
Sven Bang Ullring	—	—	—	—	—

#### Notes:—

(1) Based on the total issued and paid-up ordinary share capital of 765,615,091 Shares.

(2) Not meaningful.

None of the Directors has any interest in the RCCPS as at the Latest Practicable Date.

## (ii) Substantial Shareholders

As at the Latest Practicable Date, the interests of the substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders are set out below:–

Name of Substantial Shareholder	Number of Shares			
	Direct Interest		Indirect Interest	
	Shares	% <sup>(1)</sup>	Shares	% <sup>(1)</sup>
Temasek Holdings (Private) Limited <sup>(2)</sup>	246,227,760	32.16	3,375,500	0.44

### Notes:–

(1) Based on the total issued and paid-up ordinary share capital of 765,615,091 Shares.

(2) Temasek Holdings (Private) Limited is deemed to have an interest through DBS Group Holdings Ltd and The Development Bank of Singapore Ltd.

As at the Latest Practicable Date, Temasek Holdings (Private) Limited has an interest in 50,000 RCCPS.

## 12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 14 and 15 of this Circular, will be held at Marina Mandarin Singapore, Les Oiseaux (Level 5), 6 Raffles Boulevard, Marina Square, Singapore 039594 on 4 October 2001 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modification, the Special Resolutions set out in the Notice of EGM on pages 14 and 15 of this Circular.

## 13. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the Company's share capital base and financial resources available to the Group following the Proposals will be sufficient for the foreseeable near term operating and investment needs of the Group.

The Directors are also of the opinion that the Proposals are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that you VOTE IN FAVOUR of the Special Resolutions to be proposed at the EGM.

## 14. ACTION TO BE TAKEN BY SHAREHOLDERS AND RCCPS HOLDERS

You will find enclosed with this Circular a Notice of EGM and a Proxy Form. If you are unable to attend the EGM and you wish to appoint a proxy to attend and vote on your behalf, you should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 23 Church Street, #15-01 Capital Square, Singapore 049481, not later than 48 hours before the time fixed for the EGM. Your completion and return of the Proxy Form will not prevent you from attending and voting at the EGM if you so wish.

A Depositor shall not be regarded as a member entitled to attend, speak and vote at the EGM unless his name appears in the Depository Register 48 hours before the time appointed for holding the EGM.

## 15. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information has been derived or reproduced from publicly available sources, the sole responsibility of the Directors has been to ensure that such information is accurately reflected or reproduced in this Circular.

## **16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company at 23 Church Street, #15-01 Capital Square, Singapore 049481, during normal business hours from the date of this Circular up to and including the date of the EGM:—

- (i) Memorandum and Articles of Association of the Company;
- (ii) the annual reports of the Company for the two financial years ended 31 December 1999 and 2000; and
- (iii) the unaudited interim financial results of the Company and the Group for the six months ended 30 June 2001.

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

Lim Chee Onn  
Chairman

# KEPPEL CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Keppel Corporation Limited (the "Company") will be held at Marina Mandarin Singapore, Les Oiseaux (Level 5), 6 Raffles Boulevard, Marina Square, Singapore 039594 on 4 October 2001 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modification the following special resolutions:—

### SPECIAL RESOLUTIONS

That:—

#### 1. CAPITAL REDUCTION AND CAPITAL DISTRIBUTION

Pursuant to Article 46(d) of the Articles of Association of the Company ("Articles") and subject to the provisions of Section 73 of the Companies Act (Chapter 50) as well as the confirmation of the High Court:—

- (i) the authorised ordinary share capital of the Company be reduced from \$1,500,000,000 divided into 1,500,000,000 ordinary shares of \$1.00 each to \$750,000,000 divided into 1,500,000,000 ordinary shares of \$0.50 each by reducing the par value of each ordinary share in the capital of the Company from \$1.00 to \$0.50, and consequent upon such reduction of the authorised ordinary share capital, the issued ordinary share capital of the Company shall be reduced by an amount between:—
  - (a) a maximum of \$427,185,644 (assuming all options under the Amended KCL Share Option Scheme outstanding and exercisable as at 31 August 2001 are fully exercised and all RCCPS (defined below) are converted into new ordinary shares before the Books Closure Date (defined below)); and
  - (b) a minimum of \$382,807,545.50 (assuming none of such outstanding options are exercised and none of the RCCPS are converted into new ordinary shares before the Books Closure Date) ("Capital Reduction"),

and the amount so reduced shall be paid from the Company's share capital to its shareholders on the basis of \$0.50 for each ordinary share held as at the Books Closure Date (being a date to be announced, on which the Transfer Books and the Register of Members of the Company will be closed to determine the entitlement of shareholders to the payment of \$0.50 in cash for each ordinary share held); and

- (ii) forthwith and contingent upon the Capital Reduction taking effect, the authorised ordinary share capital of the Company be increased to its former level of \$1,500,000,000 divided into 3,000,000,000 ordinary shares of \$0.50 each and the particulars relating to the ordinary share capital of the Company set out in Clause 5 of the Memorandum of Association and Article 3 of the Articles be amended accordingly.

#### 2. REDEMPTION OF 2 PER CENT. REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES

Subject to the approval of the holders of the 2 per cent. redeemable convertible cumulative preference shares of US\$1.00 each in the capital of the Company ("RCCPS Holders") at a meeting of RCCPS Holders,

- (i) Article 4A(2)(c)(ii) of the Articles of Association of the Company ("Articles") amended by inserting the following provision immediately after Article 4A(2)(c)(ii)(aa):—

"(aa-1) The Company may also redeem all, but not some only, of the Preference Shares prior to the Final Redemption Date. The redemption of the Preference Shares under this Article 4A(2)(c)(ii)(aa-1) shall be effected on or before 31 December 2001 by the payment of the redemption amount of US\$1,203.36 for each Preference Share. Notwithstanding Article 4A(2)(a), no Preference Dividend shall accrue from the last Dividend Payment Date to the date of redemption pursuant to this Article 4A(2)(c)(ii)(aa-1).";

- (ii) contingent upon the amendment to the Articles referred to in sub-paragraph 2(i), all of the 2 per cent. redeemable convertible cumulative preference shares of US\$1.00 each in the capital of the Company ("RCCPS") be redeemed on or before 31 December 2001 pursuant to the new Article 4A(2)(c)(ii)(aa-1) of the Articles ("Redemption"); and
- (iii) subject to the Redemption taking effect, the authorised share capital of the Company set out in Article 3 of the Articles be restated accordingly and Article 4A of the Articles be deleted in its entirety.

**By Order of the Board**

Caroline Chang  
Company Secretary  
Singapore, 11 September 2001

**Notes:–**

1. A Shareholder and RCCPS Holder of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be lodged at the registered office of the Company at 23 Church Street, # 15-01 Capital Square, Singapore 049481 not less than 48 hours before the time appointed for the Extraordinary General Meeting.

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**PROXY FORM FOR SHAREHOLDERS AND RCCPS HOLDERS**



**Keppel Corporation Limited**  
(Incorporated in the Republic of Singapore)

**IMPORTANT**

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

**PROXY FORM —  
EXTRAORDINARY GENERAL MEETING**

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

being a Shareholder(s)/RCCPS Holder(s) of KEPPEL CORPORATION LIMITED hereby appoint:—

Name	Address	NRIC/Passport Number	Proportion of Shares held (%)	Proportion of RCCPS held (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shares held (%)	Proportion of RCCPS held (%)

or failing him/them, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting of the Shareholders and RCCPS Holders of the Company to be held at Marina Mandarin Singapore, Les Oiseaux (Level 5), 6 Raffles Boulevard, Marina Square, Singapore 039594 on 4 October 2001 at 10.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Special Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

Special Resolutions	To be used on a show of hands		To be used in the event of a poll	
	For*	Against*	No. of Votes For**	No. of Votes Against**
1. To approve the Proposed Capital Reduction and the Proposed Capital Distribution				
2. To approve the Proposed Redemption				

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

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2001.

Total Number of Shares held	Total Number of RCCPS held

\_\_\_\_\_  
Signature of Individual Member/Common Seal of Corporate Member

**Important: Please read the notes overleaf before completing this Proxy Form.**

**Notes:-**

1. Please insert the total number of Shares and/or RCCPS held by you. If you have Shares and/or RCCPS entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares and/or RCCPS. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If you only have RCCPS registered in your name in the Register of RCCPS Holders, you should insert that number of RCCPS. However, if you have RCCPS entered against your name in the Depository Register and RCCPS registered in your name in the Register of RCCPS Holders, you should insert the aggregate number of RCCPS entered against your name in the Depository Register and registered in your name in the Register of RCCPS Holders. If no number is inserted, the instrument of proxy or proxies shall be deemed to relate to all the Shares and/or RCCPS held by you.
2. A Shareholder and/or RCCPS Holder entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. Nevertheless, if the RCCPS Holder is an operator of a depository system (other than The Central Depository (Pte) Limited), or a nominee for an operator of such a depository system in which RCCPS may be traded ("Depository Holder"), the Depository Holder may appoint more than two proxies to attend and vote at the Extraordinary General Meeting. Where a Shareholder and/or RCCPS Holder appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 23 Church Street, # 15-01 Capital Square, Singapore 049481 not less than 48 hours before the time appointed for the Extraordinary General Meeting.

————— Fold along this line (1) —————

Affix  
postage  
stamp

The Company Secretary  
Keppel Corporation Limited  
23 Church Street  
#15-01 Capital Square  
Singapore 049481

————— Fold along this line (2) —————

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

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