Keppel Corporation Limited
(Co Reg No. 196800351N)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
www.kepcorp.com

Tel: (65) 62706666
Fax: (65) 64136452

Responses to shareholders on substantial and relevant questions raised for Keppel Corporation's Extraordinary General Meeting

Singapore, 3 December 2022 – Keppel Corporation Limited ("**Keppel**" and the "**Company**") would like to thank shareholders for submitting questions ahead of the Company's Extraordinary General Meeting (EGM) to be held by electronic means on Thursday, 8 December 2022 at 3.00 p.m. (Singapore time).

Due to overlaps in several of the questions received, the Company will not be providing individual responses to every question. Instead, responses to substantial and relevant questions have been set out via the following topics:

1. Proposed Transaction and Rationale
2. Transaction Structure, Financials and Timeline
3. Sembcorp Marine after the Proposed Transaction
4. Keppel's Business after the Proposed Transaction

Please refer to the Company's responses set out in **Appendix 1**. Unless otherwise defined, all capitalised terms shall bear the same meanings ascribed to them in the circular issued by the Company dated 23 November 2022 (the "**Circular**").

By Order of the Board

Caroline Chang/Leon Ng
Company Secretaries
3 December 2022

Appendix 1

PROPOSED TRANSACTION AND RATIONALE

S/N	Question	Response
1	Why is Keppel proposing to divest its offshore & marine (O&M) business?	We believe that the Proposed Transaction, which comprises the transfer of Keppel O&M's legacy rigs[1] to Asset Co and the Proposed Combination of Keppel O&M and Sembcorp Marine, when successfully completed, would be in Keppel's and our Shareholders' best interests. The Proposed Combination of Keppel O&M and Sembcorp Marine and the transfer of Keppel O&M's legacy rigs to Asset Co are in line with Keppel's Vision 2030 plans to be more focused and disciplined as we execute our mission to provide solutions for sustainable urbanisation. The rationale and benefits of the Proposed Transaction are further elaborated in section 7 of the Circular.
2	Given that the O&M business and market conditions are improving, would it not be better to retain the O&M business as part of the Group? How would the Proposed Combination benefit Keppel?	We believe that Keppel O&M is a good business, which will be further strengthened through the Proposed Transaction. However, Keppel O&M is not a strong strategic fit with Keppel's long-term plans under Vision 2030 to be one integrated business, providing solutions for sustainable urbanisation. With improvements in the O&M sector, the case for the Proposed Combination of Keppel O&M and Sembcorp Marine to create a stronger and larger player has been further strengthened. The Proposed Transaction is expected to create a premier player with a deep engineering heritage to offer offshore renewables, new energy and cleaner solutions in the O&M sector. Sembcorp Marine, after the Proposed Transaction, is envisaged to unlock synergies from the integration of two established industry players. When the Proposed Transaction is successfully completed, Keppel Shareholders will have a direct stake in the combined group, and also benefit from a more focused and streamlined Keppel, as we work towards becoming a global asset manager and operator with strong operating capabilities in energy & environment, urban development and connectivity.
3	Why did Keppel agree to the revised terms, especially considering that Keppel O&M has a much larger orderbook and better performance compared to Sembcorp Marine?	The revised terms will enhance deal certainty and expedite the completion of the Proposed Combination, allowing Keppel to further accelerate the execution of our Vision 2030 strategy to be one integrated business, providing solutions for sustainable urbanisation. Under the revised terms, the Proposed Combination can be completed more quickly with just majority approval of Keppel's and Sembcorp Marine shareholders without the need for separate court approval, which was originally required due to the legal requirements of schemes of

[1] Includes associated receivables and associated intercompany loans.

		arrangement under the original structure. An accelerated implementation of the Proposed Combination will allow for the combined group comprising Keppel O&M and Sembcorp Marine to realise synergies from the Proposed Combination. While the exchange ratio for Keppel has been lowered slightly, the percentage of shares that Keppel Shareholders will hold in Sembcorp Marine after the Proposed Distribution will be higher than the percentage they would have held in the Combined Entity under the original structure. This is because the percentage of Sembcorp Marine consideration shares that is to be retained in the segregated account for satisfying contingent liabilities (and which are excluded from the proposed distribution) is now 5% compared to 10% of the Combined Entity shares under the original structure. Hence, this is still a very positive outcome for Keppel and its Shareholders. In addition, Keppel secured improved terms in the Asset Co Transfer, especially the delinking of the Asset Co Transfer from the Proposed Combination, which allows Keppel to press forward with our plans to resolve the legacy rigs, regardless of whether the Proposed Combination takes place. We have also secured a higher coupon rate for the vendor notes, which will translate into S$79 million of additional interest earned per annum, or about S$236 million — S$393 million over 3 to 5 years.[2] Furthermore, Keppel Shareholders, who will be receiving upfront a higher number of shares in Sembcorp Marine (Sembcorp Marine Shares), can also enjoy the upside from the synergies of the enlarged combined group comprising two established industry players, the continued improvement of the O&M business and increasing demand for renewable and clean energy solutions amid the energy transition.

TRANSACTION STRUCTURE, FINANCIALS, AND TIMELINE

S/N	Question	Response
4	Is this considered a divestment of Keppel O&M by Keppel? What is the divestment gain/loss of the Proposed Combination?	The merger of Keppel O&M and Sembcorp Marine will be effected by way of an acquisition by Sembcorp Marine of all the shares in Keppel O&M (Keppel O&M Shares) held by Keppel Corporation. In return, Keppel Corporation will receive as its consideration, 54% of the total number of Sembcorp Marine Shares on a fully diluted basis, and intends to distribute 49% of the total number of Sembcorp Marine Shares to Keppel Shareholders on or shortly after Closing. Based on the Keppel O&M 1H 2022 Financial Statements, as at 30 June 2022, the pro forma gain on disposal of the Proposed Transaction Assets (the Identified Asset Co Assets

[2] This is computed on a pro forma basis, based on carrying values of the legacy rigs and associated receivables as at 31 December 2021. The actual value of the consideration will be based on the carrying values of these assets at the date of completion of the sale.

		and the Keppel O&M Shares) is estimated to be approximately S$3,329 million[3].
5	What are Keppel's plans for the funds and value unlocked from the Proposed Transaction?	The value that will be realised over time can be re-invested into future growth initiatives and also used to reward shareholders. A substantial part of the realisable value of the Proposed Transaction, amounting to approximately S$4,079 million[4], will be distributed to Keppel Shareholders on or shortly after the completion of the Proposed Combination.
6	What are the remaining approvals needed to proceed with the Proposed Transaction?	Besides the approval of Keppel Shareholders and Sembcorp Marine shareholders for the Proposed Transaction and the approval of SGX for the listing of the Sembcorp Marine consideration shares and despatch of the Sembcorp Marine circular, the only other regulatory approval needed to proceed with the Proposed Transaction is the approval from the Maritime & Port Authority. Please refer to Appendix B of the Circular for more information.
7	What if Sembcorp Marine shareholders do not approve the Proposed Combination?	The divestment of Keppel O&M will not proceed if Sembcorp Marine shareholders do not approve the acquisition of Keppel O&M at their EGM. As the Asset Co Transfer has been delinked from the Proposed Combination, it will proceed if Keppel Shareholders approve Ordinary Resolution 1 (Proposed Transaction) at the EGM regardless of whether Restructured Keppel O&M is acquired by Sembcorp Marine.
8	When do you expect the Proposed Transaction to close?	The parties are targeting to complete the transaction by the end of 2022 or shortly after. A further announcement will be made in due course to update Keppel Shareholders on the timeline.
9	When can Keppel shareholders expect to receive Sembcorp Marine shares? How many Sembcorp Marine shares can I get? What is the value of those shares?	Following the completion of the Proposed Combination, the Keppel Shareholders will receive new Sembcorp Marine shares on a credit date to be announced by Keppel in due course. We expect this to be on or shortly after Closing.

[3] This is an approximated figure computed on a pro forma basis, assuming the Proposed Transaction had been effected on 30 June 2022, based on the proposed issue price of S$0.122 (being the Sembcorp Marine Reference Issue Price) and assuming a total of 36,848,072,918 new Sembcorp Marine shares to be issued on Closing. The actual excess of the aggregate value of the consideration received for the Proposed Transaction Assets over the book value of the Proposed Transaction Assets on Closing will depend on the last traded price of the Sembcorp Marine shares on the first Market Day immediately following the date of Closing and the actual number of Sembcorp Marine shares to be issued on Closing.

[4] Assuming that Sembcorp Marine is trading at S$0.122 per Sembcorp Marine Share on the Completion Date and further assuming that 33,436,214,314 DIS Shares (representing 49% of the total number of Sembcorp Marine Shares on a fully diluted basis immediately after Closing) will be distributed to Eligible Shareholders.

		Keppel Shareholders will receive approximately 19.1 Sembcorp Marine shares with an implied value of S$2.33[5] for every one Keppel share held.
10	What will be the net tangible assets per share and gearing of Keppel, post distribution of the dividend in specie?	On a pro forma basis, based on Keppel Group's audited results for financial year ended 31 December 2021, had the Proposed Transaction and Proposed Distribution been completed on 31 December 2021, • the net tangible assets per share of Keppel as at 31 December 2021 would have decreased from S$5.53 to approximately S$5.29. The decrease in net tangible assets is mainly due to the effect of the Proposed Distribution which is partially offset by the disposal gain from the Proposed Transaction. • the net gearing as at 31 December 2021 would have decreased from 0.68x to approximately 0.65x.

SEMBCORP MARINE AFTER THE PROPOSED TRANSACTION

S/N	Question	Response
11	Will there be changes to Sembcorp Marine's board composition and management team after the Proposed Transaction?	When the Proposed Transaction is completed, Temasek will remain the controlling shareholder of Sembcorp Marine. We will not speculate on Sembcorp Marine's plans. What we can say is that the leadership team is expected to include key members of both the leadership teams of Keppel O&M and Sembcorp Marine.
12	What are the prospects of the O&M industry? How will Sembcorp Marine compete in the global O&M environment after the Proposed Transaction?	The recent increase in energy prices has enhanced the prospects of the O&M industry. Nevertheless, the long-term outlook for the O&M sector is shifting amid the energy transition. Growing commitments by governments and companies around the world seeking to achieve net zero carbon emissions are driving increasing demand for renewable and clean energy solutions. The Proposed Transaction sets in motion the creation of a premier player that is well positioned to address the challenges and opportunities in the evolving O&M sector. It will unlock synergies by bringing together the strong track records and capabilities of the two companies, putting Sembcorp Marine, after the Proposed Transaction, in a

[5] Based on (a) the assumption that 36,848,072,918 Sembcorp Marine Shares will be issued by Sembcorp Marine to Keppel representing 54% of the issued and paid-up share capital of Sembcorp Marine on a fully diluted basis immediately after Closing and (b) an issue price of S$0.122 (being the Sembcorp Marine Reference Issue Price). The number of Sembcorp Marine shares to be distributed to Keppel Shareholders for every one (1) Keppel Corporation Share held by an Eligible Shareholder is calculated based on the assumption that Keppel's issued and paid-up share capital on Closing would be 1,751,941,293 Keppel Corporation Shares (excluding treasury shares) which is the number of Keppel Corporation Shares (excluding treasury shares) of the Company as at 16 November 2022, being the Latest Practicable Date prior to despatch of the Circular, and on the further assumption that 33,436,214,314 DIS Shares will be distributed to Eligible Shareholders.

		strong position to expand and compete more effectively in its areas of focus. Importantly, Sembcorp Marine and Keppel O&M, collectively, will have a total net orderbook of more than S$18 billion[6] and would be well-placed to compete and pursue new opportunities in offshore renewables, new energy and cleaner solutions in the O&M sector.

KEPPEL'S BUSINESS AFTER THE PROPOSED TRANSACTION

S/N	Question	Response
13	What will Keppel's business look like after the completion of the Proposed Transaction?	Over the past two years, Keppel has been executing our Vision 2030, to be one integrated business, providing solutions for sustainable urbanisation. When the Proposed Transaction is successfully completed, Keppel will be more focused and streamlined as we continue to accelerate the execution of our Vision 2030 plans. The Proposed Transaction, together with Keppel's increasing focus on renewables, will accelerate the Keppel Group's pivot towards new energy and decarbonisation solutions. These are exciting times for Keppel as we prepare for a new phase in our growth journey. We will continue to build on the traction that we have achieved to become a global asset manager with strong operating capabilities in energy & environment, urban development and connectivity, all part of a connected value chain providing solutions for a sustainable world. With the global focus on sustainable development and climate change, Keppel is in the right space, at the right time. We have the ability to create, operate and maintain not only real assets with stable cash flow, but also assets that are highly sought after by investors amidst the current volatile global environment.
14	What are your plans to drive Keppel's business performance and growth moving forward?	As one integrated business, we will scale up in our focus areas, such as renewables, clean energy, decarbonisation, sustainable urban renewal and connectivity solutions, fully harnessing Keppel's strengths in asset management and our ability to tap third party funds for growth. We have made good progress in pursuing Keppel's Vision 2030 plans, and remain focused on achieving our goals by 2025. We are currently well ahead of our three-year asset monetisation target of S$3-S$5 billion, having announced close to S$4.4 billion since the start of our programme in September 2020, and are confident of exceeding the S$5 billion mark before the end of 2023.

[6] As at 30 September 2022.

		With the capital unlocked from asset monetisation, we will invest in new growth engines, improve returns and also reward shareholders. We have been actively growing our business in line with our asset-light model. In 2H 2022 so far, we have announced about S$2.4 billion of investments jointly made by Keppel alongside the private funds and business trust managed by Keppel to seize opportunities in energy & environmental solutions. We will continue working towards our medium to long-term Return on Equity target of 15% per annum, as we gravitate away from lumpy earnings towards more recurring income. Through our focus on sustainability, being asset-light and harnessing technology, we will deliver solutions that contribute to sustainable development and climate action, and create value for all our stakeholders.