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## **TERMINATION OF CONTRACT WITH AWILCO RIG 2 PTE LTD**

Keppel Corporation Limited (the "Company") refers to its announcement on 4 December 2020 ("Announcement") on the termination by Keppel FELS of the contract with Awilco Rig 2 Pte Ltd ("Awilco") for the construction of a repeat mid-water semisubmersible drilling rig for harsh environment use, worth about US\$425 million ("Second Awilco Contract") and the commencement of arbitration against Awilco.

Unless otherwise defined, all terms and references used herein shall bear the same meanings as ascribed to them in the Announcement.

As stated in the Announcement, Keppel FELS had issued a notice of termination of the Second Awilco Contract on 4 December 2020 and commenced arbitration to enforce its rights against Awilco, including the right to retain the amounts already paid by Awilco to date (approximately US\$43 million) and seek reimbursement of Keppel FELS' costs of the project up to the date of termination by Keppel FELS.

Subsequent to the Announcement, Keppel FELS has received a notice from Awilco purporting to terminate the Second Awilco Contract ("Notice"), alleging breaches relating to the Second Awilco Contract and force majeure delay.

As Keppel FELS has already terminated the Second Awilco Contract on 4 December 2020, it is Keppel FELS' position that the Notice can have no effect. In any event, Keppel FELS denies the abovementioned allegations by Awilco in the Notice.

As at the date of this announcement, Keppel FELS does not expect any reversal of revenue recognised in respect of the Second Awilco Contract. Based on the assumptions used in the Company's latest announced unaudited consolidated financial statements for the half year ended 30 June 2020, no further impairment is expected. The valuation of the asset under the Second Awilco Contract will be assessed at the end of each financial reporting period.

The Company will provide further updates as appropriate.

29 December 2020