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TERMINATION OF CONTRACT WITH AWILCO RIG 2 PTE LTD

Keppel Corporation Limited (the "Company") refers to:

(a) its media release on 11 March 2018 on the contract secured by the Company's wholly-owned subsidiary, Keppel FELS Limited ("Keppel FELS") from Awilco Drilling PLC for the construction of a mid-water semisubmersible drilling rig for harsh environment use, worth about US$425 million ("First Awilco Contract");

(b) its announcement on 8 March 2019 on the contract secured by Keppel FELS from Awilco Drilling PLC for the construction of a repeat mid-water semisubmersible drilling rig for harsh environment use, worth about US$425 million ("Second Awilco Contract"); and

(c) its announcements on 9 June 2020 and 22 June 2020 on the termination of the First Awilco Contract.

Based on the information available, Keppel FELS has assessed that Awilco Rig 2 Pte Ltd ("Awilco"), a wholly-owned subsidiary of Awilco Drilling PLC that is the contracting party to the Second Awilco Contract, will not be able to make payment of the second instalment under the Second Awilco Contract, which is due and payable in March 2021. Keppel FELS has therefore issued a notice of termination of the Second Awilco Contract to Awilco and has commenced arbitration to enforce its rights against Awilco. Keppel FELS reserved all 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.

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.

4 December 2020