

MEDIA RELEASE

Keppel extends near market, near customer strategy into China

Company signs agreement to manage a shipyard in Quanzhou, China

Singapore, 9 April 2014 - Keppel Offshore & Marine Ltd (Keppel O&M), through its wholly owned subsidiary, FELS Offshore Pte Ltd, has signed a management services agreement with Titan Petrochemicals Group Limited (Titan) - a company in which commodities trading conglomerate Guangdong Zhenrong Energy Co. Ltd. (GDZR) is a major shareholder - and Titan Quanzhou Shipyard Co. Ltd (TQS), to manage the TQS shipyard.

TQS, located in Quanzhou in Fujian Province, is one of the largest shipyards in China, occupying a total area of 110ha with 3,600m length of coastline.

When completed, TQS will have four ultra-large and wide dry docks, including one of the largest modern-designed docks in China, which will enable it to convert double hull vessels such as Floating Production Storage and Offloading (FPSO) units. Besides ship repair and conversion capabilities, the yard is also able to construct offshore rigs including jackups and semisubmersibles.

Under the agreement which is for a 30-year period, renewable thereafter as mutually agreed, the yard, managed by Keppel O&M, will undertake projects using Keppel's proprietary designs.

TQS is wholly-owned by Titan, which is a provider of logistics, transportation, distribution and marine services for petrochemical products in Asia. This agreement is conditional on the completion of the on-going financial restructuring of Titan and the resumption of the trading of its shares on the Hong Kong Stock Exchange.

Mr Chow Yew Yuen, CEO of Keppel O&M said, "The offshore oil and gas market in China has been growing significantly, and there is increasing demand for high specification rigs and production vessels. At the same time, China is a market which has strong preference for China-made products. Having this yard is an extension of our near market, near customer strategy and enables us to service the Chinese market with our suite of proprietary solutions while meeting its requirement of building in-country. This is further complemented by our other shipyard in China, Keppel Nantong, which undertakes specialised shipbuilding and offshore fabrication.

"With 20 yards around the world, we have the experience in managing existing shipyards and optimising their operations, just as we have done so in Brazil, the Netherlands, USA and the Philippines. Together with the strength of GDZR's extensive connections and experience in China, and our expertise and established track record in the global offshore and marine industry, we are confident that this is a win-win partnership that will enable Keppel and Titan to become a major offshore solutions provider for China."

Mr Zhao Xu Guang, Chairman of Titan added, “We are looking to enhance our presence in the offshore and marine business, and partnering Keppel, the world’s leading rig builder, is a significant step in this direction. I am confident that with Keppel managing this yard which has good development potential, we will be able to quickly build up the track record of the shipyard and deliver winning Keppel designs and products to Chinese oil and gas operators. Having studied the market, we believe there are a significant number of potential projects that this yard is capable of undertaking.”

Both Keppel and Titan are optimistic about the growth potential of China’s offshore and marine industry. China’s dependence on oil and gas imports has increased from 43% to 56% in 2012, and is expected to exceed beyond 60% in the next few years. With its oil production on land having reached a plateau of 200 million tonnes annually, China is looking to expand its offshore oil and gas production to meet rising energy demands domestically.

In its 12th five-year plan, China announced plans to more than double its investment in offshore exploration and production (E&P) activities to RMB 300 billion, up from RMB 120 billion in its 11th five-year plan. Offshore oil and gas production is also targeted to double to 100 million tonnes, from 50 million tonnes, annually.

The above agreement is not expected to have any material impact on the net tangible assets and earnings per share of Keppel Corporation Limited for the current financial year.

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About Titan Petrochemicals Group

Titan Petrochemicals Group Limited (Titan) is a provider of logistics, transportation, distribution and marine services for petrochemical products in the Asia Pacific region, in particular, in China. In addition, it provides management services for a multi-functional ship-repair and shipbuilding yard which is one of the largest shipyards of its kind in Asia.

About Guangdong Zhenrong Energy Co. Ltd

Guangdong Zhenrong Energy Co., Ltd. (GDZR) is a large integrated company founded in 2002, specializing in trade and investment of energy and natural resources commodities in close relation to national economy and civil life. As a leading company in oil products trade, GDZR also focuses on metal commodities, coal and chemical products. By initiating and reinforcing a “trade plus investment” mode, GDZR has successfully built a solid brand at home and broad, and enjoyed a good reputation in the industry.

About Keppel Offshore & Marine

Keppel Offshore & Marine (Keppel O&M) is a global leader in offshore rig design, construction and repair, ship repair and conversion, and specialised shipbuilding. Its Near Market, Near Customer strategy is bolstered by a global network of 20 yards in the Asia Pacific, Gulf of Mexico, Brazil, the Caspian Sea, Middle East and the North Sea regions. Integrating the experience and expertise of its yards worldwide, Keppel O&M aims to be the provider of choice and partner for solutions for the offshore and marine industry. For more information, please visit www.keppelom.com

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