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Keppel Infrastructure Trust, Keppel Asia Infrastructure Fund and Keppel Infrastructure expand into South Korea with joint acquisition of a leading waste management platform

Keppel Corporation Limited ("**KCL**" or the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that Keppel EnServices Investment Pte. Ltd., a wholly-owned subsidiary of Keppel Infrastructure Holdings Pte Ltd ("**KIH**") has, together with Keppel Infrastructure Fund Management Pte. Ltd. (the "**Trustee-Manager**"), acting in its capacity as trustee-manager of Keppel Infrastructure Trust ("**KIT**") and Keppel Asia Infrastructure Fund LP (together with a co-investor, "**KAIF**") (acting through their respective subsidiaries, where applicable), entered into a conditional sale and purchase agreement ("**SPA**") on 5 August 2022 with Kabod Co., Ltd. (the "**Seller**") for the proposed acquisition of all issued and outstanding shares of common stock ("**Sale Shares**") of Eco Management Korea Holdings Co., Ltd. ("**EMK**" and together with its subsidiaries after completion of the Spin-Off (as defined herein), the "**EMK Group**") (such transaction, the "**Proposed Acquisition**").

EMK is a leading integrated waste management services player in South Korea, offering waste treatment and recycling, as well as waste-to-energy services. Operating six waste-to-energy plants and five sludge drying facilities located across South Korea, EMK has the third largest incineration capacity (404 tonnes per day) in the nation. It is also the largest waste oil refiner in South Korea (154 tonnes per day) and owns a landfill in Yeongnam, which has the fourth largest capacity in the nation (1.5 million m^3).

EMK is undergoing a horizontal spin-off ("**Spin-Off**") to spin-off and transfer all the issued and outstanding equity interests in Shindaehan Refined Fuel Co., Ltd. ("**Shindaehan**") and other related assets and liabilities to a new subsidiary of the Seller. Shindaehan is in the business of wastewater treatment and waste oil refining and will not be part of the EMK Group to be acquired under the SPA. The consummation of the Spin-Off is a condition precedent to the Proposed Acquisition, among others.

On completion of the Proposed Acquisition ("**Completion**"), KIT, KIH and KAIF (acting through their respective subsidiaries, where applicable) (collectively, the "**Consortium**") will respectively hold a 52%, 18% and 30% equity interest (the "**Agreed Shareholding Percentage**") in EMK. In this respect, the Consortium members intend to establish a joint venture vehicle (the "**Joint Venture**", and such vehicle the "**JVCo**") based on the Agreed Shareholding Percentage and assign their rights under the SPA to JVCo such that following Completion, EMK will become a wholly owned subsidiary of the JVCo.

In the event any one of the Consortium members fails to proceed with Completion, the Seller shall have the right to decide whether or not to proceed with Completion with the remaining Consortium members ("**Participating Purchasers**"), and where the Seller elects to proceed with Completion, the Participating Purchasers shall have the right (but not the obligation) to purchase up to 100% of the Sale Shares in excess of their combined Agreed Shareholding Proportion.

For more information on this co-investment, please refer to the announcement issued by KIT dated 8 August 2022.

Purchase Consideration

The consideration for the Proposed Acquisition ("**Purchase Consideration**") is estimated at KRW 626.1 billion (approximately S$666.1 million)[1], subject to certain post-Completion adjustments, and

[1] For the purpose of this announcement, an exchange rate of S$1 : KRW 940 is used to convert all values expressed in South Korean Won to Singapore Dollars for reference only.

will be fully satisfied in cash by each of the Consortium members in accordance with their Agreed Shareholding Percentage. Accordingly, the estimated amount of the Purchase Consideration payable by KIH is KRW 112.7 billion (S$119.9 million).

The Purchase Consideration was arrived at on a willing buyer-willing seller basis and after arm's-length negotiations through a bid process, taking into consideration, among others, the business plan of EMK, its defensive and growth characteristics and any adjustments for the Spin-Off.

As at 31 December 2021, the aggregate book value and net tangible asset value of the Sale Shares were approximately KRW 105,692 million (S$112.4 million) and KRW 57,970 million (S$61.7 million) respectively. The open market value of the Sale Shares is not available as the Sale Shares are not listed or traded on any securities exchange. No independent valuation was commissioned on the Sale Shares for the purpose of the Proposed Acquisition.

As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading ("**SGX-ST**") are less than 5%, the Proposed Acquisition is a "non-disclosable transaction" under Chapter 10 of the Listing Manual.

Interested Person Transaction

Under Chapter 9 of the Listing Manual, where an entity at risk (as defined in the Listing Manual) of the Company enters into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 3%, but is less than 5%, of the Group's latest audited net tangible assets ("**NTA**"), an immediate announcement of the transaction must be made pursuant to Rule 905, and if the value is equal to or exceeds 5% of the Group's latest audited NTA, shareholders' approval must be obtained pursuant to Rule 906.

As KIT is an "interested person" for the purposes of Chapter 9 of the Listing Manual, by virtue of it being an associate of Temasek Holdings (Private) Limited, a controlling shareholder of the Company, the establishment of the Joint Venture would be an "interested person transaction" under the Listing Manual.

The Group's latest audited consolidated NTA is S$10,066 million as at 31 December 2021. In respect of the Joint Venture, the value of this interested person transaction to the Company, after aggregation with the value of all other aggregable transactions (each of a value equal to or greater than S$100,000) with KIT group for the current financial year (but excluding transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual), is approximately S$162 million, which represents approximately 1.6% of the Group's latest audited consolidated NTA as at 31 December 2021.

Accordingly, the Joint Venture, when established, is not required to be announced pursuant to Rule 905 and do not require shareholders' approval pursuant to Rule 906.

Further, pursuant to Rule 916(2) of the Listing Manual, entry into the Joint Venture would not be subject to Rule 906 if the following conditions are satisfied:

(a) the risks and rewards are in proportion to the equity of each joint venture partner;

(b) the Audit Committee confirms that it is of the view that the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner, and the terms of the Joint Venture are not prejudicial to the interests of the Company and its minority shareholders; and

(c) KIT does not have an existing equity interest in the Joint Venture prior to the participation of KAIF and KIH in the Joint Venture.

The Consortium members intend to enter into a shareholders' agreement to govern the terms of the Joint Venture on or prior to Completion, which is expected to fulfil the requirements set out under Rule 916(2) of the Listing Manual. If applicable, the Company will make the necessary announcement pursuant to Rule 916(2) at the appropriate time.

Financial Effect

The above transaction is not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year.

Document Available for Inspection

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 1 Harbourfront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this announcement up to and including the date falling three (3) months from the date of this announcement.

8 August 2022