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## ANNOUNCEMENT

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### PROPOSED COMBINATION OF KEPPEL OFFSHORE & MARINE LTD AND SEMBCORP MARINE LTD

#### PROPOSED DISTRIBUTION *IN SPECIE* OF NEW COMBINED ENTITY SHARES

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## 1. INTRODUCTION

### 1.1 The Proposed Combination

Keppel Corporation Limited (the "**Company**") and together with its subsidiaries, the "**KCL Group**") wishes to announce the proposed combination (the "**Proposed Combination**") of its wholly-owned subsidiary, Keppel Offshore & Marine Ltd ("**KOM**"), and Sembcorp Marine Ltd ("**SCM**"), such that KOM and SCM will be held as wholly-owned subsidiaries of Bayberry Limited (the "**Combined Entity**"), a new combined entity to be listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Proposed Combination will be effected in the manner and sequence set out below:

- (a) firstly, the transfer of KOM's legacy rig assets, associated receivables and associated intercompany loans owing to the KCL Group (the "**Asset Co Intercompany Loans**") as further described in Part 1 of **Schedule 1** to this Announcement (the "**Identified Asset Co Assets**") from the KOM Vendors (as defined below) to a newly established asset-holding company, Rigco Holding Pte. Ltd. ("**Asset Co**"), and the repayment of the Asset Co Intercompany Loans (the "**Asset Co Transfer**"). In return, the KCL Group and the KOM Vendors (as defined below) will receive equity and debt securities issued by Asset Co amounting in aggregate to approximately S\$4,050.3 million (the "**Asset Co Consideration**"). Further information on the Asset Co Transfer is set out in paragraph 3 below;
- (b) secondly, an internal restructuring of KOM (the "**KOM Pre-Combination Restructuring**") for the KOM In-Scope Entities (as defined below) to principally effect the following:
  - (i) the assignment and transfer of (A) the Asset Co Consideration payable to the KOM Vendors (the "**KOM Asset Co Securities**") and (B) identified assets of the KOM In-Scope Entities (as defined below) as further described in Part 2 of **Schedule 1** to this Announcement (the "**Out of Scope Assets**"), in each case, by the KOM In-Scope Entities to the KCL Group;

- (ii) the payment of S\$500 million (the "**Cash Component**") to the KCL Group to cash-settle interests and the redemption amount for a partial redemption of existing perpetual securities issued by the KOM In-Scope Entities to the KCL Group (the "**Relevant Perpetual Securities**");
- (iii) the set off of an amount equivalent to the aggregate value of the KOM Asset Co Securities, the Out of Scope Assets and the Cash Component against then outstanding intercompany loans owing by the KOM In-Scope Entities to the KCL Group (the "**KOM Intercompany Loans**") and the redemption amount for a partial redemption of the Relevant Perpetual Securities; and
- (iv) the contribution *in specie* of the remaining outstanding principal amount of Relevant Perpetual Securities (the "**Capitalised Loan Amount**") that is not partially redeemed in the manner set out in sub-paragraphs (ii) and (iii) above into KOM, in return for KOM issuing new shares to the Company.

Following completion of the KOM Pre-Combination Restructuring, the KOM Intercompany Loans and the Relevant Perpetual Securities will be fully settled and discharged. Further information on the KOM Pre-Combination Restructuring is set out in paragraph 4 below; and

- (c) thirdly, and subject to fulfilment of the KOM Scheme Conditions (as defined below), the merger of KOM with the Combined Entity by way of the transfer of all the issued and paid-up ordinary shares (excluding treasury shares) in the share capital of KOM (the "**KOM Shares**") held by the Company to the Combined Entity (the "**KOM Combination**"). In return, the Company will receive such number of new shares in the Combined Entity ("**Combined Entity Shares**") representing 56% of the issued and paid-up share capital of the Combined Entity (the "**KOM Consideration Shares**"). Further information on the KOM Combination is set out in paragraph 5 below.

The steps taken to effect the Proposed Combination will allow the Company to realise approximately S\$9,424.2 million in value over time, comprising:

- S\$4,050.3 million as the AssetCo Consideration;
- S\$4,873.9 million as the pro forma estimate of the value of the KOM Consideration Shares<sup>1</sup>; and
- S\$500.0 million in cash as the Cash Component.

## 1.2 The Proposed Distribution

The Company also wishes to announce that it intends to undertake, contemporaneously with the completion of the KOM Combination, a distribution *in specie* (the "**Proposed Distribution**")

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<sup>1</sup> The implied aggregate value attributable to the KOM Consideration Shares is calculated based on (a) the assumption that 39,949,762,557 shares will be issued by the Combined Entity to the Company representing 56% of the issued and paid-up share capital of the Combined Entity, (b) the SCM Shareholders being issued with, in aggregate, 44% of the issued and paid-up share capital of the Combined Entity and (c) S\$0.122 being the volume weighted average price of SCM Shares for the last 10 trading days up to and including 26 April 2022, being the last trading day immediately prior to the date of this Announcement.

of the KOM Consideration Shares less the Retained KOM Consideration Shares (as defined below).

It is currently envisaged that the Proposed Distribution will be effected in respect of 46% of the issued and paid-up share capital of the Combined Entity, such that the Combined Entity will at the Company's direction issue to the shareholders of the Company (the "**Shareholders**") such Combined Entity Shares on or immediately after completion of the KOM Combination.

Further information on the Proposed Distribution is set out in paragraph 6 below.

### 1.3 Signing of Definitive Agreements

To effect the Proposed Combination, the following definitive agreements have been entered into on the date of this Announcement (the "**Announcement Date**"):

- (a) the framework agreement relating to the Asset Co Transfer among the Company, KOM, FELS Offshore Pte Ltd, Keppel FELS Limited, Kepinvest Holdings Pte. Ltd. ("**KHPL**"), Asset Co, Kyanite Investment Holdings Pte. Ltd. ("**Kyanite**") and Baluran Limited (the "**Asset Co Framework Agreement**");
- (b) the combination framework agreement relating to the Proposed Combination among SCM, the Company and the Combined Entity (the "**Combination Framework Agreement**"); and
- (c) the implementation agreement relating to the KOM Scheme (as defined below) between the Combined Entity and KOM (the "**KOM Implementation Agreement**").

For further details on the Proposed Combination, please refer to the joint press release issued today by the Company and SCM titled "*Keppel Corporation and Sembcorp Marine Sign Definitive Agreements for Proposed Combination of Keppel O&M and Sembcorp Marine to Create a Premier Global Player in Offshore Renewables, New Energy and Cleaner O&M Solutions*" (the "**Joint Press Release**"), which is set out in **Schedule 2** to this Announcement and a copy of which is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

### 1.4 Chapters 9 and 10 of the Listing Manual

This Announcement is made in compliance with Chapters 9 and 10 of the listing manual of the SGX-ST ("**Listing Manual**"), which should be read in conjunction with the Joint Press Release.

## 2. **INFORMATION ON KOM, ASSET CO, THE COMBINED ENTITY AND SCM**

### 2.1 KOM

KOM was incorporated in Singapore on 6 February 1999 and is a direct, wholly-owned subsidiary of the Company.

The principal activities of KOM and its subsidiaries consist of offshore rig design, construction and repair, ship repair and conversion, and specialised shipbuilding.

The board of directors of KOM comprises the following:

- (a) Loh Chin Hua (Chairman);
- (b) Ong Leng Yeow (Chief Executive Officer);
- (c) Lim Chin Leong;
- (d) Chan Hon Chew;
- (e) Pan Stephen Yue-Kuo;
- (f) Tan Ek Kia;
- (g) Chua Hsien Yang; and
- (h) Tham Sai Choy.

As at the Announcement Date, KOM has an issued and paid-up share capital of S\$339,716,498 comprising of 664,556,126 ordinary shares.

## 2.2 Asset Co

Asset Co is a company incorporated in Singapore on 28 March 2022 and is wholly owned by KHPL.

Asset Co was formed as an investment holding company.

As at the Announcement Date, the board of directors of Asset Co comprises the following:

- (a) Ong Leng Yeow; and
- (b) Chua Hsien Yang.

As at the Announcement Date, Asset Co has an issued and paid-up share capital of S\$1,000 comprising of 1,000 ordinary shares.

## 2.3 The Combined Entity

The Combined Entity is a company incorporated in Singapore on 11 February 2022 and is wholly owned by Yap Chee Keong, an authorised representative of SCM.

The Combined Entity was formed as an investment holding company.

As at the Announcement Date, the board of directors of the Combined Entity comprises the following:

- (a) Gina Lee-Wan; and
- (b) Yap Chee Keong.

As at the Announcement Date, the Combined Entity has an issued and paid-up share capital of S\$2 comprising two (2) ordinary shares.

## 2.4 SCM

SCM is a public company incorporated in Singapore on 25 April 1963 and is listed on the Main Board of the SGX-ST.

The principal activities of SCM and its subsidiaries consist of the design and construction of rigs, floaters, offshore platforms and specialised vessels, as well as in the repair, upgrading and conversion of different ship types.

The board of directors of SCM comprises the following:

- (a) Mohd Hassan Marican (Chairman);
- (b) Wong Weng Sun (Chief Executive Officer);
- (c) Yap Chee Keong;
- (d) Bob Tan Beng Hai;
- (e) Gina Lee-Wan;
- (f) William Tan Seng Koon;
- (g) Koh Chiap Khiong;
- (h) Tan Wah Yeow; and
- (i) Patrick Daniel.

As at the Announcement Date, SCM has an issued and paid-up share capital of S\$4,088,002,197.10 comprising of 31,389,105,375 ordinary shares.

## 3. THE ASSET CO TRANSFER

### 3.1 Identified Asset Co Assets and Asset Co Consideration

The Identified Asset Co Assets (excluding the Asset Co Intercompany Loans), which will be transferred from KOM, FELS Offshore Pte Ltd and Keppel FELS Limited (collectively, the "**KOM Vendors**") to Asset Co under the terms and subject to the conditions of the Asset Co Framework Agreement, are set out in Part 1 of **Schedule 1** to this Announcement. In addition, Asset Co will also fully repay the Asset Co Intercompany Loans to the KCL Group.

Subject to the terms of the Asset Co Framework Agreement, the Asset Co Consideration of approximately S\$4,050.3 million, which is payable by Asset Co to the KOM Vendors and the KCL Group (to repay and discharge the Asset Co Intercompany Loans) will be satisfied in the following manner:

- (a) S\$0.5 million of the Asset Co Consideration shall be satisfied by way of the issuance of 499,000 new ordinary shares in the capital of Asset Co (the "**Asset Co Consideration Shares**" and each, an "**Asset Co Consideration Share**") at the issue price of S\$1 per Asset Co Consideration Share;
- (b) S\$120.0 million of the Asset Co Consideration shall be satisfied by way of the issuance of S\$120.0 million 10.0% PIK Toggle Perpetual Securities (the "**Keppel Perpetual Securities**") by Asset Co; and
- (c) approximately S\$3,929.8 million of the Asset Co Consideration shall be satisfied by way of the issuance of fixed rate notes in the principal amount of the same amount (the "**Vendor Notes**") by Asset Co.

Under the terms of the Asset Co Framework Agreement, the KOM Vendors and the KCL Group have designated KHPL to receive for and on their behalf the Asset Co Consideration.

The Asset Co Consideration was arrived at and agreed by the Company, KOM, FELS Offshore Pte Ltd, Keppel FELS Limited, KHPL, Asset Co, Kyanite and Baluran Limited (collectively, the "**Asset Co Framework Agreement Parties**") based on the carrying value of the Identified Asset Co Assets and the Asset Co Intercompany Loans in the audited consolidated financial statements of KOM and its subsidiaries for the financial year ended 31 December 2021 (the "**KOM Audited FY2021 Financial Statements**"). This will be updated as at completion, and the carrying value of each Identified Asset Co Asset shall reflect additional capital expenditure undertaken from 31 December 2021, latest available impairment assessment and any depreciation.

### 3.2 Salient Conditions Precedent to Asset Co Transfer

The completion of the Asset Co Transfer is subject to and conditional upon the fulfilment or waiver of, among others, the following salient conditions precedent on or before the Long-Stop Date (as defined below):

- (a) all consents, approvals and/or waivers (the "**Relevant Approvals**") having been obtained by the KOM Vendors and Asset Co, and where any such Relevant Approvals are subject to conditions, such conditions being reasonably acceptable to the Asset Co Framework Agreement Parties; and
- (b) the fulfilment and/or waivers of all conditions precedent as set out in the Combination Framework Agreement.

In addition, in the event that there is/are:

- (i) any diminution in the net tangible assets of the Identified Asset Co Assets as at a date falling on the last date of the calendar month immediately preceding the date of despatch of the Company's circular (which is described in further detail in paragraph 16 of this Announcement) (the "**Reference Date**") when compared to 31 December 2021; and/or

- (ii) any losses arising from any breach by the KOM Vendors of any of the representations, warranties and covenants in the Asset Co Framework Agreement as at the Reference Date,

that exceeds, either individually or in aggregate, S\$600 million, the Company and Kyanite shall enter into discussions on a good faith basis to jointly determine and agree on the terms on which the Asset Co Transfer shall proceed, and any necessary variations or amendments to the terms of the Asset Co Transfer which are required in order for the Asset Co Transfer to proceed. In the event that the Company and Kyanite are unable to reach an agreement within 30 days from the Reference Date, either of them shall have the right to terminate the Asset Co Framework Agreement. Should that transpire, neither the Asset Co Transfer nor the KOM Combination would be able to proceed and the Proposed Combination would automatically lapse.

#### **4. THE KOM PRE-COMBINATION RESTRUCTURING**

##### **4.1 KOM Pre-Combination Restructuring**

Upon completion of the Asset Co Transfer, the Company intends to undertake the KOM Pre-Combination Restructuring, such that:

- (a) the KOM Asset Co Securities and the Out of Scope Assets would be transferred to, and retained by, the KCL Group and excluded from the KOM Combination, and the Cash Component would be paid to the KCL Group. The Out of Scope Assets are set out in Part 2 of **Schedule 1** to this Announcement; and
- (b) following completion of the KOM Pre-Combination Restructuring, the KOM Intercompany Loans and the Relevant Perpetual Securities will be fully settled and discharged.

It is currently envisaged that the KOM Pre-Combination Restructuring will be implemented in the following manner and sequence:

- (i) the transfer of the KOM Asset Co Securities and the Out of Scope Assets, in each case, by the KOM In-Scope Entities to the KCL Group, which transfer consideration shall be discharged by way of a set off against the KOM Intercompany Loans in full and a set off against the redemption amount for a partial redemption of the Relevant Perpetual Securities;
- (ii) the payment of the Cash Component to cash-settle the outstanding interests under the Relevant Perpetual Securities and the redemption amount for a partial redemption of the Relevant Perpetual Securities, by the KOM In-Scope Entities to KCL Group. To finance the Cash Component, KOM has entered into a commitment letter with DBS Bank Ltd ("**DBS**") for the provision of financing to KOM for up to S\$500 million, subject to the satisfaction of the terms and conditions contained in the aforesaid commitment letter (the "**DBS Financing**"). KOM reserves the right to explore alternative financing options to cash-settle interests and the redemption amount for a partial redemption of the Relevant Perpetual Securities, leading up to completion of the Proposed Combination; and

- (iii) the Capitalised Loan Amount, being the remaining outstanding principal amount of the Relevant Perpetual Securities (that has not been partially redeemed in the manner set out in sub-paragraphs (i) and (ii) above), will be fully capitalised into new ordinary shares in KOM and KOM will issue such new ordinary shares to the Company.

in each case and collectively, immediately after completion of the Asset Co Transfer and prior to completion of the KOM Combination.

#### 4.2 Conditions Precedent to the KOM Pre-Combination Restructuring

The KOM Pre-Combination Restructuring is an internal restructuring step to be undertaken upon fulfilment of the conditions precedent to the Combination Framework Agreement (the "**Conditions**") which are reproduced in Part 1 of **Schedule 3** of this Announcement, and will only be conditional on completion of the Asset Co Transfer.

### 5. **THE KOM COMBINATION**

#### 5.1 KOM Scheme and Consideration

Upon completion of the KOM Pre-Combination Restructuring, the Company intends to procure the merger of KOM with the Combined Entity through a scheme of arrangement (the "**KOM Scheme**") under Section 210 of the Companies Act 1967 (the "**Companies Act**").

Pursuant to the KOM Implementation Agreement, and upon the KOM Scheme becoming effective in accordance with its terms, the KOM Shares will be transferred from the Company to the Combined Entity:

- (a) fully paid up;
- (b) free from any mortgage, assignment of receivables, debenture, lien, hypothecation, charge, pledge, title retention, right to acquire, security interest, option, trust arrangement, pre-emptive or other similar right, right of first refusal, restriction, third-party right or interest, any other encumbrance, condition or security interest whatsoever or any other type of preferential arrangement (including without limitation, a title transfer or retention arrangement) having similar effect (collectively, "**Encumbrances**"); and
- (c) together with all rights, benefits and entitlements attaching thereto as at the date on which the KOM Scheme becomes effective and binding in accordance with its terms (the "**KOM Scheme Effective Date**") and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by KOM to the shareholder(s) of KOM on or after the KOM Scheme Effective Date.

Through the KOM Scheme, the KOM Shares will be transferred from the Company to the Combined Entity in consideration for the KOM Consideration Shares, being such number of Combined Entity Shares representing 56% of the issued and paid-up share capital of the Combined Entity (the "**KOM Consideration**").



The KOM Consideration was arrived at after taking into account, among others, the relative ratios of KOM and SCM based on a discounted cash flow valuation. The enterprise value ratio and the equity value exchange ratio were determined following extensive negotiations and due diligence, and also taking reference to an assessment prepared by DBS appointed as joint financial advisor to KOM and SCM with respect to the relative ratios of KOM and SCM.

In the event that the KOM Scheme cannot be proceeded with solely by reason that a court order to sanction the KOM Scheme cannot be obtained, the KOM Combination will be effected by way of the execution of a share transfer form for the transfer of the KOM Shares to the Combined Entity.

## 5.2 Retained KOM Consideration Shares

Pursuant to the terms of the Combination Framework Agreement, in the event that certain Identified Contingent Liabilities (as defined below) have not been fully and finally settled prior to the date that the last of the Conditions (other than the Conditions in paragraphs (d), (e), (f), (m) and (n) of Part 1 of **Schedule 3** to this Announcement) has been satisfied, such number of the KOM Consideration Shares representing 10% of the issued and paid-up share capital of the Combined Entity (the "**Retained KOM Consideration Shares**") shall be transferred to a segregated account (the "**Segregated Account**") for the purposes of satisfying any of the Identified Contingent Liabilities. For the purposes of effecting the foregoing:

- (a) a financial institution to be mutually agreed by the Combined Entity and the Company (the "**Segregated Agent**") will be appointed by the Combined Entity to encash the Retained KOM Consideration Shares, and the proceeds will be used to satisfy the identified contingent liabilities which SCM or the Combined Entity may have against the Company in connection with the Proposed Combination (the "**Identified Contingent Liabilities**");
- (b) neither the Combined Entity nor the Company will have day-to-day authority over encashment of the Retained KOM Consideration Shares in the Segregated Account. The Retained KOM Consideration Shares will be sold pursuant to a programme that has predefined sale parameters;
- (c) the Company will retain all voting and economic rights in respect of the Retained KOM Consideration Shares, provided that any economic entitlement attributable to KCL to the Retained KOM Consideration Shares shall be transferred to and retained in the Segregated Account during the Segregated Period;
- (d) the Retained KOM Consideration Shares shall be transferred to the Segregated Account for the duration not exceeding 48 months after completion of the KOM Combination (the "**Segregated Period**"); and
- (e) any balance Retained KOM Consideration Shares or any cash proceeds from the divestment of the Retained KOM Consideration Shares (if any), together with any distributions (whether capital or dividend) made by the Combined Entity in respect of the Retained KOM Consideration Shares, will be returned to the Company, in any event and at the latest, five (5) business days after the expiry of the Segregated Period.

The exclusive remedy of the Combined Entity in respect of the Company for all Identified Contingent Liabilities shall be limited to payment out of the Segregated Account and the value of the Retained KOM Consideration Shares.

### 5.3 KOM Scheme Conditions

The KOM Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the Conditions and certain conditions (the "**KOM Scheme Conditions**") set out in the KOM Implementation Agreement, which are reproduced in Part 1 and Part 2 respectively of **Schedule 3** to this Announcement.

If each of the Conditions and the KOM Scheme Conditions is satisfied (or, where applicable, waived) in accordance with the Combination Framework or the KOM Implementation Agreement (as the case may be), the KOM Scheme will come into effect on the date on which a copy of the court order pursuant to Section 210 of the Companies Act sanctioning the KOM Scheme has been lodged with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**"), pursuant to Section 210(5) of the Companies Act.

### 5.4 Termination and Long-Stop Date

If any of the Conditions and the KOM Scheme Conditions set out in Part 1 and Part 2 respectively of **Schedule 3** to this Announcement is not satisfied (or, where applicable, waived), and the KOM Scheme has not become effective in accordance with its terms on or before 5.00 p.m. on 30 June 2023 (or such later date as SCM, the Company and the Combined Entity may agree) (the "**Long-Stop Date**"), either of KOM and the Combined Entity may immediately terminate the KOM Implementation Agreement by notice in writing to the other. Further, the KOM Implementation Agreement shall automatically terminate if the Combination Framework Agreement is terminated in accordance with the terms thereof.

### 5.5 Restrictions on Conduct of Business

Under and subject to the terms of the Combination Framework Agreement, the Company will not in any Relevant Capacity (as defined below) during the Restricted Period (as defined below) directly or indirectly carry on any business within the Restricted Territory (as defined below) which is the same as the Restricted Business (as defined below) and which is in competition with the Restricted Business (as defined below).

For the purposes of this paragraph 5.5:

- (a) "**Relevant Capacity**" means for its own account or for that of any individual, corporation, partnership, association, limited liability company, trust, governmental or quasi-governmental authority or body or other entity or organisation, or in any other manner and whether through the medium of any company controlled by the Company;
- (b) "**Restricted Business**" means the following business conducted by each KOM In-Scope Entity and each of SCM and its subsidiaries (SCM and its subsidiaries collectively, the "**SCM Group Companies**") as at the date of the Combination Framework Agreement:

- (i) provision of design, engineering, procurement, construction (including full EPC or EPCIC), installation and/or commissioning of all vessels, rigs, platforms, modules and structures for use nearshore or offshore;
- (ii) repair, upgrades, conversion of all vessel types, rigs, platforms, or units and structures for use nearshore or offshore; and
- (iii) shipyard operations and the provision of ancillary services to shipyards generally,

but excluding (A) the holding or being interested in, solely as an investment, up to five per cent. (5%) of the issued share capital of other corporations which are in businesses similar to the Restricted Business; (B) any development, design, engineering procurement, operation and maintenance, and/or investment in near-shore infrastructure, such as near-shore power solutions, waste-to-energy, water treatment and desalination plants, data centres, floating cities and coastal defence and (C) the conduct of environmental studies and surveys for deposits of polymetallic nodules by Ocean Mineral Singapore Pte Ltd (or any other member of the KCL Group) pursuant to the joint venture with Lockheed Martin;

- (c) "**Restricted Period**" means the period of 36 months commencing on the Closing Date; and
- (d) "**Restricted Territory**" means worldwide.

## 6. **THE PROPOSED DISTRIBUTION**

### 6.1 Method of Distribution

Contemporaneously with the completion of the KOM Combination, the Company proposes to undertake the Proposed Distribution, such that the KOM Consideration Shares (less the Retained Shares) shall, on or immediately after the completion of the Proposed Combination, be issued directly to and held by the Shareholders. The Proposed Distribution will be effected by way of a distribution *in specie* to Shareholders *pro rata* to their respective shareholdings in the Company as at a future record date to be determined. Shareholders who hold issued and paid-up ordinary shares in the capital of the Company as at a time and date (the "**Record Date**") to be determined by the board of directors of the Company for the purposes of determining Shareholders' entitlements under the Proposed Distribution (the "**Eligible Shareholders**"), will be entitled to the Proposed Distribution.

### 6.2 The Proposed Distribution is subject to Shareholders' Approval

The Proposed Distribution will be subject to and conditional on the approval of the Shareholders at an extraordinary general meeting of the Company ("**EGM**") for the Proposed Transaction and the Proposed Distribution.

## 7. **RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION**

The strategic rationale for, and the expected benefits of, the Asset Co Transfer and the KOM Combination (collectively, the "**Proposed Transaction**") are as follows:

(a) Alignment with the Company's Vision 2030

The Proposed Transaction is in line with the Company's Vision 2030 plans to be more focused and disciplined as it executes its mission to provide solutions for sustainable urbanisation. The Proposed Transaction, together with the Company's increasing focus on renewables, will accelerate the KCL Group's pivot towards new energy and decarbonisation solutions.

(b) Creating a premier global player in the offshore & marine sector, focused on green energy and renewables

The Combined Entity is envisaged to unlock synergies from the combined track record of successful executions and deliveries, combined technical and engineering abilities as well as in-house design and research & development know-how, to expand and compete more effectively in its areas of focus. Building on the existing wins to date, the Combined Entity will scale up its footprint in the offshore wind energy, with participation across substations, offshore service vessels and foundations. The Combined Entity will contribute to energy production and resiliency by continuing to serve the demand for floating production storage and offloading (FPSO) units, through focusing on innovating and applying new technologies to reduce the carbon footprint of such structures. The Combined Entity will also focus on making select early investments in new energy sources, such as hydrogen and ammonia, and in carbon capture technology, with a view to building successful franchises in these areas for the decades ahead.

(c) Monetising KOM's legacy rig assets and associated receivables in addition to receiving S\$500 million in cash payment

External investors in the Asset Co Transaction will provide capital that can be used for finishing uncompleted legacy rigs, which will no longer be funded by the Company. Improving conditions in the offshore & marine sector, underpinned by improving oil price and increasing utilisation and dayrates of offshore drilling rigs, provide an opportunity for Asset Co to monetise the legacy rigs. As the rigs are monetised, the Company's economic exposure in Asset Co will be reduced over time. The vendor notes from Asset Co will be gradually converted into cash, and these freed up funds can be re-invested into future growth initiatives and also used to reward shareholders.

In addition, in connection with the Proposed Transaction, the Company will also extract cash payment of S\$500 million in the form of the Cash Component.

## 8. **CHAPTER 10 OF THE LISTING MANUAL**

Chapter 10 of the Listing Manual governs the continuing listing obligations of issuers in respect of acquisitions and disposals. Such transactions are classified into the following categories:

- (a) non-discloseable transactions;
- (b) discloseable transactions;
- (c) major transactions; and
- (d) very substantial acquisitions or reverse takeovers.

A transaction by the Company may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison, as set out in Rule 1006 of the Listing Manual:

- (i) the net asset value ("**NAV**") of the assets to be disposed of, compared with the KCL Group's NAV;
- (ii) the net profits attributable to the assets acquired or disposed of, compared with the KCL Group's net profits;
- (iii) the aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares;
- (iv) the number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue; and
- (v) the aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the KCL Group's proved and probable reserves.

Where any of the relative figures computed on the bases set out above exceeds 20% but is less than 100%, the transaction is classified as a "major transaction" under Chapter 10 of the Listing Manual.

The relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 are set out below.

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures (%)</b>
(a)	The NAV of the Identified Asset Co Assets and KOM Shares (collectively, the " <b>Proposed Transaction Assets</b> "), compared with the KCL Group's NAV <sup>(i)</sup> .	40.0
(b)	The net loss attributable to the Proposed Transaction Assets, compared with the KCL Group's net profits <sup>(ii)</sup> .	- 22.6
(c)	The aggregate value of the consideration received for the Proposed Transaction <sup>(iii)</sup> , compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares) <sup>(iv)</sup> .	74.2

(d)	The number of equity securities issued by the Company as consideration for the Proposed Transaction, compared with the number of equity securities previously in issue.	N.A. <sup>(V)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the KCL Group's proved and probable reserves.	N.A. <sup>(VI)</sup>

**Notes:**

- (I) Under Rule 1002(3)(a) of the Listing Manual, "net assets" means total assets less total liabilities. Based on the KOM Audited FY2021 Financial Statements, the NAV of the Proposed Transaction Assets amounts to S\$4,975.5 million. Based on the audited consolidated financial statements of the KCL Group for the financial year ended 31 December 2021 (the "**KCL Audited FY2021 Financial Statements**"), the KCL Group's NAV amounts to S\$12,441.4 million.
- (II) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and noncontrolling interests. Based on the KOM Audited FY2021 Financial Statements, the net loss attributable to the Proposed Transaction Assets amount to S\$302.2 million. Based on the KCL Audited FY2021 Financial Statements, the KCL Group's net profits amount to S\$1,335.0 million.
- (III) The aggregate value of the consideration received pursuant to the Proposed Transaction amounts to S\$8,924.2 million and does not include the Cash Component. The KCL Group will receive the Cash Component as part of the KOM Pre-Combination Restructuring. For such purpose, the implied value attributable to the KOM Consideration Shares is calculated based on (1) the assumption that 39,949,762,557 shares will be issued by the Combined Entity to the Company representing 56% of the issued and paid-up share capital of the Combined Entity, (2) the SCM Shareholders being issued with, in aggregate, 44% of the issued and paid-up share capital of the Combined Entity, which for the purpose of this computation, is assumed to be the same number of shares, being 31,389,099,152, as held by SCM Shareholders as at 26 April 2022 (the "**Last Market Day**"), being the last trading day immediately prior to the date of this Announcement, and (3) S\$0.122, being the volume weighted average price of issued and paid-up ordinary shares of SCM ("**SCM Shares**") for the last 10 trading days up to and including the Last Market Day. For the purpose of determining the aggregate value attributable to the KOM Consideration Shares on completion, the Company will account for the actual value of the 56% equity interest in the Combined Entity based on the last traded price of the shares of the Combined Entity on the first trading day immediately following Closing of the Proposed Combination and the actual number of shares of the Combined Entity to be issued on Closing of the Proposed Combination.
- (IV) The Company's market capitalisation is approximately S\$12,019.8 million, calculated based on the total number of shares (excluding treasury shares) multiplied by the volume weighted average price of S\$6.676 per share on the Last Market Day.
- (V) The Proposed Transaction does not involve any issue of equity securities by the Company as consideration.
- (VI) Rule 1006(e) of the Listing Manual only applies to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

As (1) the relative figure under Rule 1006(b) is a negative figure with an absolute value exceeding 20% such that the Proposed Transaction does not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual, and (2) the relative figures computed under Rules 1006(a) and 1006(c) exceed 20% but are less than 100%, pursuant to Rule 1014 of the Listing Manual, the disposal of the Proposed Transaction Assets pursuant to the Proposed Transaction constitutes a "major transaction" and is therefore subject to the approval of the Shareholders in an EGM.

## 9. FINANCIAL INFORMATION OF THE PROPOSED TRANSACTION

### 9.1 Book Value

Based on the KOM Audited FY2021 Financial Statements, the book value of the Proposed Transaction Assets as at 31 December 2021 is S\$4,975.5 million.

### 9.2 Net Tangible Asset Value

Based on the KOM Audited FY2021 Financial Statements, the net tangible asset ("**NTA**") value of the Proposed Transaction Assets as at 31 December 2021 is S\$4,932.3 million.

### 9.3 Latest Available Open Market Value

The open market value of the assets being disposed of pursuant to the Proposed Transaction is not available as the issued shares of KOM are not listed or traded on any securities exchange. No valuation of the Proposed Transaction Assets was commissioned for the purpose of the Proposed Transaction.

### 9.4 Excess of Proceeds over Book Value and Amount of Gain on Disposal

For the purpose of determining the aggregate value attributable to the KOM Consideration Shares on completion, the Company will account for the actual value of the 56% equity interest in the Combined Entity based on the last traded price of the shares of the Combined Entity on the first trading day immediately following Closing of the Proposed Combination and the actual number of shares of the Combined Entity to be issued on Closing of the Proposed Combination.

Pending such determination, the computation of the excess of the aggregate value of the consideration received for the Proposed Transaction Assets over the book value of the Proposed Transaction Assets can only be made on a pro forma basis and is currently estimated to be approximately S\$3,948.6 million<sup>2</sup>. The amount of gain on disposal of the Proposed Transaction Assets is estimated to be approximately S\$3,801.7 million<sup>3</sup>.

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<sup>2</sup> This is an approximated figure computed on a pro forma basis, assuming the Proposed Transaction had been effected on 31 December 2021, based on the proposed issue price of S\$0.122, being the volume weighted average price of SCM Shares for the last 10 trading days up to and including the Last Market Day, per new Combined Entity Share and assuming a total of 39,949,762,557 new Combined Entity Shares to be issued to the Company on completion of the Proposed Transaction. 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 completion of the Proposed Transaction will depend on the last traded price of the shares of the Combined Entity on the first market day immediately following the date of such completion and the actual number of Combined Entity Shares to be issued to the Company on such completion.

<sup>3</sup> This is an approximated figure computed on a pro forma basis, assuming the Proposed Transaction had been effected on 31 December 2021, based on the proposed issue price of S\$0.122, being the volume weighted average price of SCM Shares for the last 10 trading days up to and including the Last Market Day, per new Combined Entity Share and assuming a total of 39,949,762,557 new Combined Entity Shares to be issued to the Company on completion of the Proposed Transaction. The actual amount of consideration used to derive the gain on disposal of the Proposed Transaction Assets on completion of the Proposed Transaction will depend on the last traded price of the shares of the Combined Entity on the first market day immediately following the date of such completion and the actual number of Combined Entity Shares to be issued to the Company on such completion.

For the avoidance of doubt:

- (a) the Cash Component does not form part of the consideration payable by Asset Co and/or the Combined Entity for their respective Proposed Transaction Assets; and
- (b) the Company will not receive any cash proceeds from the disposal of the Proposed Transaction Assets.

## 10. **ILLUSTRATIVE FINANCIAL EFFECTS**

**For illustrative purposes only**, the financial effects of the Proposed Transaction and the Proposed Distribution on the (a) NTA per share of the Company and (b) earnings per share ("**EPS**") of the Company, based on the KCL Audited FY2021 Financial Statements, being the most recently completed financial year for which audited financial statements of the Company are available as at the Announcement Date, are set out below.

In this regard, the said illustrative financial effects have been prepared on the following assumptions:

- (i) transaction costs related to the Proposed Transaction, the KOM Pre-Combination Restructuring and the Proposed Distribution have not been taken into account; and
- (ii) the pro forma consideration used to derive the net disposal gain arising from the Proposed Transaction and pro forma value of the Proposed Distribution is calculated based on the proposed issue price of S\$0.122, being the volume weighted average price of SCM Shares for the last 10 trading days up to and including the Last Market Day, per new Combined Entity Share and assuming a total of 39,949,762,557 new Combined Entity Shares to be issued to the Company on completion of the Proposed Transaction. In this regard, the actual consideration used to derive the net disposal gain arising from the Proposed Transaction and the actual value of the Proposed Distribution on completion of the Proposed Transaction and Proposed Distribution will depend on the last traded price of the shares of Combined Entity on the first market day immediately following the date of such completion and the actual number of Combined Entity Shares to be issued to the Company on such completion.

### 10.1 **NTA per share**

The pro forma financial effects on the consolidated NTA per share of the Company as at 31 December 2021, assuming the Proposed Transaction and the Proposed Distribution had been effected on 31 December 2021, are as follows:



	Before the Proposed Transaction	After the Proposed Transaction	After the Proposed Transaction and the Proposed Distribution
NTA (S\$ million)	10,065.9	14,080.6	10,077.0
Number of issued shares of the Company (excluding treasury shares) ('000)	1,819,615	1,819,615	1,819,615
NTA per share (S\$)	5.53	7.74	5.54

## 10.2 EPS

The pro forma financial effects on the consolidated EPS of the Company as at 31 December 2021, assuming the Proposed Transaction had been effected on 1 January 2021, are as follows:

	Before the Proposed Transaction	After the Proposed Transaction <sup>(I)</sup>	After the Proposed Transaction <sup>(II)</sup>
Net profit attributable to shareholders (S\$ million)	1,022.7	1,319.2	5,120.8
Weighted average number of issued shares of the Company (excluding treasury shares) ('000)	1,820,424	1,820,424	1,820,424
EPS (Singapore cents)	56.2	72.5	281.3

### **Notes:**

- (I) Excludes one-off effects due to net disposal gain arising from the Proposed Transaction.
- (II) Includes one-off effects due to net disposal gain arising from the Proposed Transaction.

## 11. **THE PROPOSED TRANSACTION AS AN INTERESTED PERSON TRANSACTION**

- 11.1 Under Chapter 9 of the Listing Manual, where the Company proposes to enter into a transaction with an interested person and the value of the transaction (whether 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 5% of the Company's latest audited NTA, the approval of the Shareholders is required in respect of the transaction.

- 11.2 As at the Announcement Date, Temasek Holdings (Private) Limited ("**Temasek**") holds a direct interest in 371,408,292 ordinary shares in the issued and paid-up capital of the Company<sup>4</sup>, which is equivalent to approximately 20.63% of the total number of issued shares of the Company (excluding treasury shares)<sup>5</sup>, and is therefore regarded as a controlling shareholder of the Company under the Listing Manual. Accordingly, Temasek and its associates are (for the purposes of the Listing Manual) "interested persons" in relation to the Company.
- 11.3 As at the Announcement Date, Temasek holds:
- (a) through its wholly-owned subsidiary, Startree Investments Pte. Ltd. ("**Startree**"), 17,131,025,958 ordinary shares in the issued and paid-up capital of SCM<sup>6</sup>, which is equivalent to approximately 54.58% of the total number of issued shares of SCM (excluding treasury shares)<sup>7</sup>. Upon completion of the SCM Combination, Startree will therefore hold 17,131,609,303 ordinary shares in the issued and paid-up capital of the Combined Entity, which is equivalent to approximately 54.58% of the total number of issued shares of the Combined Entity (excluding treasury shares). Accordingly, the Combined Entity will be regarded as an associate of Temasek under the Listing Manual, upon completion of the SCM Combination; and
  - (b) 100% of the ordinary shares in Kyanite, and Kyanite is an associate of Temasek under the Listing Manual. Kyanite is a party to the Asset Co Framework Agreement, which contemplates the transfer of the Identified Asset Co Assets and the Asset Co Intercompany Loans.
- 11.4 Accordingly, the Proposed Transaction constitutes an "interested person transaction" (for the purposes of the Listing Manual). As the value of the Proposed Transaction exceeds 5% of the KCL Group's NTA, the Proposed Transaction will require the approval of the Shareholders.

## **12. OTHER INTERESTED PERSON TRANSACTIONS FOR THE CURRENT FINANCIAL YEAR**

The value of all interested person transactions entered into between the Company and Temasek (and/or its associates) during the course of the current financial year up to the Announcement Date is approximately S\$266.0 million. There are no other interested person transactions entered into by the Company during the course of the current financial year up to the Announcement Date.

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<sup>4</sup> Temasek holds a direct interest in 371,408,292 ordinary shares in the issued and paid-up capital of the Company. This excludes interests held by Temasek's independently-managed portfolio companies.

<sup>5</sup> As at the Announcement Date, there are 1,800,449,450 ordinary shares in the issued and paid-up capital of the Company (excluding treasury shares).

<sup>6</sup> This excludes interests held by Temasek's independently-managed portfolio companies.

<sup>7</sup> As at the Announcement Date, there are 31,389,099,152 ordinary shares in the issued and paid-up capital of SCM (excluding treasury shares).

**13. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

- 13.1 Pursuant to Chapter 9 of the Listing Manual, the Company has appointed CLSA Singapore Pte Ltd as the independent financial adviser (the "**IFA**") to advise the Company's Audit Committee (the "**AC**") and its directors who are considered independent for the purposes of the interested person transaction (the "**Independent Directors**") as to whether the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.
- 13.2 A copy of the letter from the IFA to the Independent Directors and the members of the AC will be included in the circular to be despatched to the Shareholders in due course.

**14. STATEMENT OF AUDIT COMMITTEE**

The AC will obtain an opinion from the IFA before forming its view on whether the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. The AC's views on the Proposed Transaction will be set out in the circular to be despatched to the Shareholders in due course.

**15. FINANCIAL ADVISER**

J.P. Morgan (S.E.A.) Limited is the sole financial adviser to the Company in respect of the Proposed Combination.

**16. EXTRAORDINARY GENERAL MEETING AND CIRCULAR TO SHAREHOLDERS**

- 16.1 The Company will convene an EGM to seek the approval of the Shareholders for:
- (a) the Proposed Transaction; and
  - (b) the Proposed Distribution,
- and the circular to Shareholders containing, *inter alia*, details thereof, together with the opinions and recommendations of the Independent Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be despatched to the Shareholders in due course.
- 16.2 The Company is seeking approval for each of the above resolutions by way of an Ordinary Resolution, and the resolutions are inter-conditional on one another. This means that if either of the resolutions is not approved, neither of the resolutions will be carried and the Company shall not proceed with the Proposed Transaction and the Proposed Distribution.

**17. ABSTENTIONS FROM VOTING**

- 17.1 Under Rule 919 of the Listing Manual, where a meeting is held to obtain shareholders' approval, the interested person and any associate of the interested person must not vote on a resolution

in respect of which such person is interested, nor accept appointments as proxies, unless specific instructions as to voting are given.

- 17.2 Accordingly, Temasek and its associates will abstain from voting (either in person or by proxy) on the resolutions listed in paragraph 16.1 herein. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of the resolutions listed in paragraph 16.1 herein unless the Shareholder concerned has given specific instructions in his/her proxy form as to the manner in which his/her votes are to be cast.

## **18. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

- 18.1 As at the Announcement Date, none of the directors of the Company has any interest, direct or indirect, in the Proposed Transaction, other than through their respective shareholdings in the Company, save as disclosed below:

- (a) Mr Tham Sai Choy is an Independent Director of DBS Group Holdings Ltd ("**DBS Group**") and an Independent Director of DBS. DBS, a subsidiary of DBS Group, was appointed as joint financial advisor to KOM and SCM with respect to the relative ratios of KOM and SCM as disclosed in paragraph 5.1 above. KOM has also entered into a commitment letter with DBS to finance the Cash Component as disclosed in paragraph 4.1 above. Mr Tham Sai Choy does not have any personal material interest in either of these transactions between DBS and KOM.

- 18.2 As at the Announcement Date, based on publicly available information, Temasek does not have any interest, direct or indirect, in the Proposed Transaction, save as disclosed in this Announcement.

## **19. NO DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed to the board of the Company as part of the Proposed Transaction, and no director's service contract is proposed to be entered into by the Company with any person in connection with the Proposed Transaction.

## **20. DOCUMENTS FOR INSPECTION**

Copies of the Asset Co Framework Agreement, Combination Framework Agreement and KOM Implementation Agreement 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<sup>8</sup> from the Announcement Date up to and including the KOM Scheme Effective Date.

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<sup>8</sup> Prior appointment will be required. Please contact the Company's Investor Relations at +65 6413 6436 or [investor.relations@kepcorp.com](mailto:investor.relations@kepcorp.com).

## 21. **FURTHER ANNOUNCEMENTS**

The Company will make further announcements, in compliance with the requirements of the Listing Manual, as and when there are material developments in respect of the Proposed Transaction and/or other matters contemplated by this Announcement.

By Order of the Board

Caroline Chang / Kenny Lee  
Company Secretaries  
27 April 2022

*Any queries relating to this Announcement, the Proposed Transaction or the Proposed Distribution should be directed to:*

**J.P. Morgan (S.E.A.) Limited**

Tel: +65 6882 2924

### Forward-Looking Statements

*All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Company should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.*

## Schedule 1

### Identified Asset Co Assets and Out of Scope Assets

#### Part 1 – Identified Asset Co Assets

##### Sale Vessels

S/N	Identified Asset Co Asset
1.	CAN-DO Vessel
2.	Clearwater 4 Vessel
3.	Fecon 1 Vessel
4.	Fecon 2 Vessel
5.	Fecon 3 Vessel
6.	Heidrun Vesse
7.	Huldra Vessel
8.	Nordic Spring Vessel
9.	Nordic Winter Vessel
10.	Sapura Raiga Vessel
11.	Tivar Vessel
12.	TS Jasper Vessel
13.	Vale Vessel
14.	Var Vessel

##### Sale Shares

S/N	Identified Asset Co Asset
1.	FELS Asset Co Pte Ltd
2.	FELS Asset Co 2 Pte Ltd
3.	Fernvale Pte Ltd
4.	Lenity Pioneer
5.	Offshore Partners Pte Ltd
6.	Offshore Partners 2 Pte Ltd

##### Asset Co Intercompany Loans

1. Loan granted by the KCL Group to FELS Asset Co Pte Ltd

2. Loan granted by the KCL Group to FELS Asset Co 2 Pte Ltd
3. Loan granted by the KCL Group to Fernvale Pte Ltd
4. Loan granted by the KCL Group to Lenity Pioneer
5. Loan granted by the KCL Group to Offshore Partners Pte Ltd
6. Loan granted by the KCL Group to Offshore Partners 2 Pte Ltd

**Part 2 – Out of Scope Assets**

1. KVE Investimentos Brasil Ltda
2. Floatel International Ltd
3. Dyna-Mac Holdings Ltd
4. Keppel Kunming Resort Ltd
5. The following Intellectual Property Rights<sup>9</sup>:

S/N	Applicant/Patentees	Patent Application No
(a)	Keppel Offshore & Marine Technology Centre Pte Ltd	18772932.2
(b)	Keppel Offshore & Marine Technology Centre Pte Ltd	10201706878P
(c)	Keppel Offshore & Marine Technology Centre Pte Ltd	PCT/SG2018/050423
(d)	Keppel Offshore & Marine Technology Centre Pte Ltd	16/640,136
(e)	Keppel Offshore & Marine Technology Centre Pte Ltd	2020-510118
(f)	Keppel Offshore & Marine Technology Centre Pte Ltd	10-2020-7008363
(g)	Keppel Offshore & Marine Technology Centre Pte Ltd	2018322410

<sup>9</sup> **"Intellectual Property Rights"** means:

- (a) patents, trademarks, service marks, logos, get-up, trade names, internet domain names, rights in designs, copyright (including rights in computer software) and moral rights, database rights, semi-conductor topography rights, utility models, rights in know-how and other intellectual property rights, in each case whether registered or unregistered and including applications for registration, and all rights or forms of protection having equivalent or similar effect anywhere in the world;
- (b) rights under licences, consents, orders, statutes or otherwise in relation to a right under sub-paragraph (a) above;
- (c) rights of the same or similar effect or nature as or to those in sub-paragraphs (a) and (b) which now or in the future may subsist; and
- (d) the right to sue for past infringements of any of the foregoing rights.

(h)	Keppel FELS Limited	10202105389P
(i)	Keppel FELS Limited	10202106296Q
(j)	Keppel FELS Limited	10202108647V
(k)	Keppel FELS Limited	10202108651Q
(l)	Keppel Marine & Deepwater Technology Pte Ltd	10201902911Y
(m)	Keppel Marine & Deepwater Technology Pte Ltd	EP 20163234.6
(n)	Keppel Marine & Deepwater Technology Pte Ltd	42021026537.7
(o)	Keppel Marine & Deepwater Technology Pte Ltd	2020-045948
(p)	Keppel Marine & Deepwater Technology Pte Ltd	762702
(q)	Keppel Marine & Deepwater Technology Pte Ltd	2020102223071
(r)	Keppel Marine & Deepwater Technology Pte Ltd	BR 10 2020 006030 9
(s)	Keppel Marine & Deepwater Technology Pte Ltd	202024014129
(t)	Keppel Marine & Deepwater Technology Pte Ltd	MX/a/2020/003294
(u)	Keppel Marine & Deepwater Technology Pte Ltd	10-2020-0037902
(v)	Keppel Marine & Deepwater Technology Pte Ltd	16/828,329
(w)	Keppel Offshore & Marine Technology Centre Pte. Ltd.	11201808126P
(x)	Keppel Offshore & Marine Technology Centre Pte. Ltd.	19127295.4
(y)	Keppel Offshore & Marine Technology Centre Pte. Ltd.	BR 112018069178
(z)	Keppel Offshore & Marine Technology Centre Pte. Ltd.	2017800269664
(aa)	Keppel Offshore & Marine Technology Centre Pte. Ltd.	10-2018-7029226
(bb)	Keppel Offshore & Marine Technology Centre Pte. Ltd.	16/086,586



**Schedule 2**

**Joint Press Release**

**KEPPEL CORPORATION AND SEMBCORP MARINE  
SIGN DEFINITIVE AGREEMENTS FOR PROPOSED COMBINATION OF  
KEPPEL O&M AND SEMBCORP MARINE TO CREATE A PREMIER GLOBAL PLAYER IN  
OFFSHORE RENEWABLES, NEW ENERGY AND CLEANER O&M SOLUTIONS**

- **Proposed Combination brings together the world-class engineering capabilities and global operational capabilities of both companies, as well as their well-established track records for quality and reliability in executing complex, large-scale projects. Synergies from the combined operating and engineering capabilities are expected to deliver long-term value creation**
- **Combined Entity is expected to be a premier global player offering offshore renewables, new energy and cleaner solutions in the offshore & marine sector**
- **Proposed Combination is based on a 50:50 enterprise value ratio between Keppel O&M and Sembcorp Marine. After taking into account the respective capital structures of the two companies, the S\$500 million cash that Keppel O&M will pay to Keppel and other adjustments, the agreed equity value exchange ratio will result in Keppel and its shareholders owning 56% of the Combined Entity and Sembcorp Marine shareholders owning 44% on completion**
- **Keppel O&M's legacy rigs and associated receivables will not be part of the Proposed Combination and will be sold to a separate Asset Co that will be 90%-owned by other investors, with Keppel holding a 10% stake**
- **Keppel O&M and Sembcorp Marine will preserve operational strength by retaining and attracting O&M engineering talent while engaging with workplace unions, to address labour considerations related to the Combined Entity**
- **Proposed Combination is subject to various regulatory approvals and expected to be put to respective shareholders for approval in the fourth quarter of 2022**

**Singapore, 27 April 2022** – Keppel Corporation Limited (“**Keppel**”) and Sembcorp Marine Ltd (“**Sembcorp Marine**”) entered into definitive agreements today for the proposed combination of Keppel Offshore & Marine Ltd (“**Keppel O&M**”) and Sembcorp Marine (the “**Proposed Combination**”). The Proposed Combination is set to create a premier global player focusing on offshore renewables, new energy and cleaner solutions in the offshore & marine sector (“**O&M**”).

The Proposed Combination, which follows the signing of a memorandum of understanding between Keppel and Sembcorp Marine on 24 June 2021, will bring together the world-class engineering capabilities, well-established track records and reputations for quality and reliability of the two companies with complementary competencies and operations. The Combined Entity will be well-positioned to capture opportunities arising from decarbonisation in the oil & gas sector and from the global energy transition towards renewables, particularly in the areas of offshore wind, and new energy sources such as hydrogen and ammonia.

## Summary of Transactions

The Proposed Combination involves the establishment of a new holding company (the “**Combined Entity**”) which will combine the businesses of Keppel O&M and Sembcorp Marine via separate schemes of arrangement.

Under Sembcorp Marine’s scheme of arrangement, Sembcorp Marine will undergo an internal restructuring exercise whereby shareholders of Sembcorp Marine will exchange their shares in Sembcorp Marine for shares in the Combined Entity on a one-for-one basis, and Sembcorp Marine will transfer its listing status on the Mainboard of the Singapore Exchange to the Combined Entity (the “**Sembcorp Marine Scheme**”).

The Combined Entity will be combined with the restructured Keppel O&M through a separate scheme of arrangement of Keppel O&M (the “**Keppel O&M Scheme**”). Following this, Keppel O&M and Sembcorp Marine will become wholly-owned subsidiaries of the Combined Entity. Concurrently, Keppel O&M will sell its legacy rigs and associated receivables to an Asset Co that will be 10%-owned by Keppel and 90%-owned by other investors, and transfer other out-of-scope assets to Keppel.

The Proposed Combination is based on a 50:50 enterprise value ratio between Keppel O&M and Sembcorp Marine. After taking into account the respective capital structures of the two companies, the S\$500 million cash that Keppel O&M will pay to Keppel immediately prior to the closing of the transaction and other adjustments, the agreed equity value exchange ratio will result in Keppel and its shareholders owning 56% of the Combined Entity and Sembcorp Marine shareholders owning 44% on completion.

Keppel will distribute in-specie 46% of the Combined Entity shares to Keppel’s shareholders and retain a 10% stake, which will be placed in a segregated account. Following this distribution-in-specie, Temasek will hold 33.5% and be the largest shareholder of the Combined Entity.<sup>1</sup>

The enterprise value ratio and the equity value exchange ratio were determined after taking into account an assessment conducted by DBS Bank Ltd., which acted as the Joint Financial Advisor to Keppel O&M and Sembcorp Marine with respect to the relative ratios of Keppel O&M and Sembcorp Marine. The relative ratios were based on a discounted cash flow methodology approach conducted by DBS Bank Ltd., as well as the extensive negotiations and due diligence by the parties.

In addition, the independent directors of Sembcorp Marine have separately engaged an independent valuer and an independent financial advisor in relation to the Proposed Combination (collectively, the “**Sembcorp Marine Independent Advisors**”). Keppel’s independent directors have also engaged an independent financial advisor in relation to the Proposed Combination and the Asset Co transaction (the “**Keppel Independent Advisor**”).

The reports of the Sembcorp Marine Independent Advisors and the Keppel Independent Advisor will be presented to the respective shareholders of Sembcorp Marine and Keppel when approvals are sought for the Proposed Combination and Asset Co transaction.

The Proposed Combination will be subject to the approvals of the shareholders of Keppel and Sembcorp Marine at separate extraordinary general meetings (“**EGMs**”), which are expected to be convened in the fourth quarter of 2022.

The composition of the Board of Directors and senior management of the Combined Entity will be disclosed ahead of the EGMs. The Combined Entity will adopt a new name and brand identity to reflect its focus on offshore renewables, new energy and cleaner solutions in the O&M sector.

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<sup>1</sup> Based on 17,131,025,958 Sembcorp Marine shares held by Startree Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek, and 371,408,292 Keppel shares held directly by Temasek as at the date of this press release. This figure excludes interests held by Temasek’s independently-managed portfolio companies.

Both Keppel O&M and Sembcorp Marine have taken a constructive approach toward labour considerations of the Combined Entity and are focused on preserving operational strengths by continuing to retain and attract local talent, supplemented with international expertise. Keppel O&M and Sembcorp Marine are committed to working cooperatively with their respective labour unions, including continuing workforce development and training and the creation of higher value-adding jobs.

Loh Chin Hua, CEO of Keppel and Chairman of Keppel O&M, said, “The signing of a win-win agreement on the Proposed Combination of Keppel O&M and Sembcorp Marine marks a strategic milestone for the offshore & marine sector. It brings together two leading O&M companies in Singapore to create a stronger player that can realise synergies and compete more effectively amidst the energy transition. Together with the resolution of Keppel O&M’s legacy rigs, this is a major step forward in Keppel’s Vision 2030 journey, as we simplify our business and sharpen our focus on providing solutions for sustainable urbanisation.”

Tan Sri Mohd Hassan Marican, Chairman of Sembcorp Marine, said, “The Proposed Combination marks a major milestone in Sembcorp Marine’s strategic business transformation journey since 2015 to stay resilient amid dramatic changes in our industry. Sembcorp Marine and Keppel O&M are Singapore’s homegrown marine icons. I am confident the Combined Entity, with its larger operational scale, broader geographical footprint and enhanced capabilities, will create a leading Singapore player to capitalise on the opportunities in the offshore and marine, as well as the renewable and clean energy sectors.”

Nagi Hamiyeh, Head, Portfolio Development Group at Temasek, said, “We are pleased that Keppel and Sembcorp Marine have come to an agreement on the terms of a combination that we think will be transformational for the companies. We believe the combined business will have the expertise and capacity to accelerate the pivot towards growing opportunities in the renewable and clean energy sectors, and pursue meaningful projects around the world that address the increasing need for greener and cleaner energy solutions. In doing so, it will be able to deliver long-term value creation for shareholders and other stakeholders. We look forward to the support of the shareholders of Keppel and Sembcorp Marine to make this possible.”

### **Rationale for the Proposed Combination**

The O&M sector has faced a prolonged and severe downturn since 2015, exacerbated by the rapid global transition towards renewables and clean energy, as well as significant disruptions during the COVID-19 pandemic. Amid this downturn, competition for a shrinking pool of projects has intensified, contributing to an increased level of debt across the industry and necessary equity issuances to strengthen financial positions. Additionally, many offshore players have sought consolidation to achieve the scale and synergies needed to become more competitive and build a sustainable order book.

Oil prices have rallied in recent months, and conditions in the O&M sector are improving. However, 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. These include areas such as offshore wind, hydrogen and ammonia, in which both Keppel O&M and Sembcorp Marine have built their respective capabilities and track records in the past few years.

## Creation of a Premier Global Player for the Renewable, New Energy and Cleaner O&M Solutions Markets

Against this backdrop, the Proposed Combination will create a premier global player with a deep engineering heritage to offer offshore renewables, new energy and cleaner solutions in the O&M sector, in the following areas:

- **Offshore Renewables:** Building on the existing wins to date to scale up the Combined Entity's footprint in offshore wind energy, a sector that is expected to see global expenditures of S\$260 billion between 2021 and 2030<sup>2</sup>, with participation across the value chain, including substations and wind turbine installation vessels;
- **New Energy:** Making select early investments in new energy sources, such as hydrogen and ammonia, and in carbon capture technologies, with a view to building successful franchises in these areas for the decades ahead; and
- **Cleaner O&M solutions:** Contributing to energy production and resiliency by continuing to serve the demand for floating production systems, such as floating production storage and offloading (FPSO) units, and other offshore oil & gas solutions, which is estimated to amount to a S\$290 billion opportunity in terms of market size<sup>2</sup>, through focusing on innovating and applying new technologies to reduce the carbon footprint of such structures.

## Greater Synergies from Combined Operational Capabilities, Engineering Bench Strength and Track Record

The Combined Entity is envisaged to unlock synergies from the integration of two established industry players by:

- Leveraging the combined technical and engineering abilities, as well as in-house design and research and development know-how, to expand its suite of technological capabilities and to carry out a wider scope of work;
- Combining the respective track records of successful executions and deliveries, and reinforcing the Combined Entity's distinctive intellectual property and thought leadership in complex projects;
- Building a global footprint and integrating the operations in Singapore into a centre of excellence focused on high-value-added, specialised projects and modules; and
- Generating greater economies of scale and developing more rigorous project execution capabilities.

The Combined Entity will create greater value for all stakeholders. As a single organisation, the collective workforce will benefit from expanded opportunities for career development and growth in the areas of renewables, new energy and cleaner O&M solutions. It will also strengthen Singapore's position as both a maritime and offshore and marine hub.

## **Details of the Proposed Combination**

Sembcorp Marine will undergo an internal restructuring exercise via a scheme of arrangement, whereby shareholders of Sembcorp Marine will exchange their shares in Sembcorp Marine for shares in the Combined Entity on a one-for-one basis, and Sembcorp Marine will transfer its listing status on the Mainboard of the Singapore Exchange to the Combined Entity. Upon completion, shareholders of Sembcorp Marine will hold the same number of shares in the Combined Entity as they hold in Sembcorp Marine. Sembcorp Marine will become a wholly-owned subsidiary of the Combined Entity. The Sembcorp Marine Scheme will not be conditional on the approval of the Keppel O&M Scheme.

Through a second scheme of arrangement, the Combined Entity will be combined with Keppel O&M, excluding (i) Keppel O&M legacy rigs and associated receivables, which will be sold to a separate Asset Co and (ii) certain out-of-scope assets comprising mainly Keppel O&M's interests in Floatel International Ltd and Dyna-Mac Holdings Ltd, which will be retained by Keppel.

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<sup>2</sup> According to market research for 2021 to 2030 by a leading global management consultancy.

Immediately prior to the completion of the Proposed Combination, Keppel O&M will pay S\$500 million in cash to settle outstanding interest and make a partial redemption of certain perpetual securities previously issued to Keppel.

To finance this cash component, Keppel O&M has entered into a commitment letter with DBS Bank Ltd. for financing arrangements of up to S\$500 million, subject to the satisfaction of the terms and conditions contained in the commitment letter. Keppel O&M reserves the right to explore alternative financing options to settle such outstanding interest and make such partial redemption of certain perpetual securities previously issued to Keppel, leading up to the completion of the Proposed Combination.

Pursuant to the Proposed Combination, and as consideration for its combination with Keppel O&M, the Combined Entity will issue new shares to Keppel and its shareholders representing 56% of the shares in the Combined Entity on a post-issue basis. Keppel will distribute 46% of the Combined Entity's shares in specie to its shareholders, upon completion of the Proposed Combination, and retain a 10% stake (the "**Retained Stake**") in the Combined Entity.

The Retained Stake will be placed in a segregated account to fund claims, if any, relating to certain identified contingent liabilities for a period of up to 48 months from the completion of the Proposed Combination. This segregated account will be managed by an independent third party who will have authority to monetise the Retained Stake based on pre-defined parameters.

The Combined Entity has agreed to indemnify Keppel for certain identified contingent liabilities for a period of up to 24 months from the completion of the Proposed Combination.

### **Other Concurrent Agreements**

Concurrent with the Proposed Combination, Keppel has entered into a definitive agreement with Baluran Limited ("**Baluran**") and Kyanite Investment Holdings Pte Ltd ("**Kyanite**"), an indirect wholly-owned subsidiary of Temasek, for the sale of Keppel O&M's legacy rigs and associated receivables to a new and separate entity ("**Asset Co**") (the "**Asset Co Transaction**"). Baluran is indirectly wholly-owned by ASM Connaught House Fund V ("**CHF5**"). CHF5 is managed by Argyle Street Management Limited, and has TIH Investment Management Pte Ltd, a wholly-owned subsidiary of Mainboard-listed TIH Limited, as its investment advisor.

As consideration for the sale of the legacy rigs and associated receivables to Asset Co, Keppel will receive a combination of ordinary shares, vendor notes and perpetual securities issued by Asset Co. Keppel, Baluran and Kyanite will hold stakes of 10.0%, 74.9% and 15.1% respectively in Asset Co.

Separately, Asset Co and Keppel O&M will enter into a master services agreement under which the Combined Entity, through Keppel O&M, will provide construction, berthing and maintenance, and other associated services for the legacy rigs held by Asset Co for an initial period of 10 years.

In addition, Keppel and the Combined Entity will continue to explore opportunities for future collaboration in areas such as floating data centres and floating infrastructure solutions.

### **Timing and Approvals**

Sembcorp Marine will be seeking its shareholders' approval for the Sembcorp Marine Scheme (including the one-for-one share exchange and transfer of Sembcorp Marine's listing status to the Combined Entity) and the Keppel O&M Scheme (for the Proposed Combination with Keppel O&M). If Sembcorp Marine's shareholders approve the Sembcorp Marine Scheme, the one-for-one share exchange and transfer of listing status to the Combined Entity will proceed even if the Keppel O&M Scheme is not approved. The extraordinary general meeting for Sembcorp Marine's shareholders to vote on these matters is expected to be convened in the fourth quarter of 2022.

Keppel will also be seeking its shareholders' approval for the Proposed Combination, the Asset Co Transaction and the in-specie distribution of shares in the Combined Entity that Keppel receives. The approvals are inter-conditional upon each other. The extraordinary general meeting for Keppel shareholders to vote on these three matters is expected to be held in the fourth quarter of 2022.

Temasek, which is a controlling shareholder of both Keppel and Sembcorp Marine, will abstain from voting in all the resolutions relating to the above.

The Proposed Combination is also subject to other customary closing conditions and approvals.

Further details on the Proposed Combination can be found in Keppel and Sembcorp Marine's announcements, which are available on [www.sgx.com](http://www.sgx.com) and on the companies' respective websites.

### **Financial Advisors**

J.P. Morgan (S.E.A.) Limited is the Sole Financial Advisor to Keppel. Credit Suisse (Singapore) Limited is the Sole Financial Advisor to Sembcorp Marine.

- End -

### **For media and analyst queries:**

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### **About Keppel Corporation**

Keppel Corporation is one of Singapore's flagship multinational companies with a global footprint in more than 20 countries. Keppel provides solutions for sustainable urbanisation, focusing on four key areas comprising energy & environment, urban development, connectivity and asset management. With sustainability at the core of its strategy, Keppel harnesses the strengths and expertise of its business units to develop, operate and maintain real assets, which provide diverse solutions that are good for the planet, for people and for the Company.

### **About Sembcorp Marine**

Sembcorp Marine provides innovative engineering solutions to the global offshore, marine and energy industries. Headquartered in Singapore, the Group has close to 60 years of track record in the design and construction of rigs, floaters, offshore platforms and specialised vessels, as well as in the repair, upgrading and conversion of different ship types. Sembcorp Marine's solutions focus on the following areas: Renewables, Process, Gas, Ocean Living and Advanced Drilling Rigs.

Sembcorp Marine's customers include major energy companies, owners of floating production units, shipping companies and cruise and ferry operators. They are supported by four commercial units: Rigs & Floaters; Repairs & Upgrades; Offshore Platforms and Specialised Shipbuilding.

Discover more at [www.sembmarine.com](http://www.sembmarine.com).

### Schedule 3

#### Conditions and KOM Scheme Conditions

All capitalised terms used and not defined in this **Schedule 3** shall have the same meanings given to them in the Combination Framework Agreement (and, where undefined in the Combination Framework Agreement, this Announcement), a copy of which is available for inspection during normal business hours at the registered office of the Company from the Announcement Date up to and including the KOM Scheme Effective Date.

#### **Part 1 – Conditions**

- (a) **SCM Shareholders' Approval:** the approval of:
  - (i) the SCM Scheme by the SCM Scheme Shareholders at the SCM Scheme Meeting;
  - (ii) the approval of the KOM Combination by the Combined Entity by the SCM Shareholders at the SCM EGM;
- (b) **KCL Shareholders' Approval:** the approval of the KOM Combination, the Asset Co Transaction and the KCL Distribution by the KCL Shareholders at the KCL EGM;
- (c) **Satisfaction of SCM Scheme Conditions:** the conditions to the SCM Scheme have been fulfilled or waived;
- (d) **Completion of SCM Scheme:** the completion of the SCM Scheme;
- (e) **Completion of Asset Co Transaction:** the completion of the Asset Co Transaction taking place immediately prior to the KOM Restructuring and the KOM Combination;
- (f) **Completion of KOM Restructuring:** upon completion of the Asset Co Transaction, the completion of the KOM Restructuring taking place immediately prior to the KOM Combination;
- (g) **Regulatory Approvals:** (1) all the Regulatory Approvals: (A) having been obtained or made on terms satisfactory to the Parties, acting reasonably; and (B) remaining in full force and effect from the date such Regulatory Approvals are obtained or granted up to the Relevant Date; (2) where relevant, all applicable waiting periods in relation to the Regulatory Approvals having expired or been terminated; (3) all conditions to which the Regulatory Approvals are subject and required to be satisfied as at the Relevant Date having been fulfilled; and (4) no Governmental Authority having issued or provided any Party with any indication that it will not or does not intend to grant the Regulatory Approvals on terms satisfactory to the Parties, acting reasonably. The Regulatory Approvals to be obtained for the purposes of fulfilling this Condition are limited to the following:
  - (i) **SIC Confirmations.** confirmation from the Securities Industry Council that Temasek Holdings (Private) Limited, KCL and parties acting in concert with them are not obliged, pursuant to or as a result of the issuance of the Combined Entity Shares, to make an offer for SCM or the Combined Entity under Rule 14 of the Code;



- (ii) **MAS Exemption.** exemption from MAS for the Combined Entity to comply with the prospectus registration requirements under the Securities and Futures Act in relation to the allotment and issue of the Combined Entity Shares in connection with the Proposed Combination;
- (iii) **SGX-ST Approvals.**
  - (1) in respect of the SCM Scheme only, the approval-in-principle from the SGX-ST for the SCM Scheme Document, the Transfer and the Listing, and the delisting of SCM and the approval in principle for the listing of the Combined Entity Shares to be issued pursuant to the SCM Scheme; and
  - (2) in respect of the KOM Combination only, the approval-in-principle from the SGX-ST for the issuance by KCL of the KCL Circular to Shareholders and the issuance by SCM of the SCM Circular to Shareholders and the approval in principle for the listing of the KOM Consideration Shares;
- (h) **No Regulatory Impediment:** no Governmental Authority having taken, or proposed and notified to any Party that the Governmental Authority may take, any steps (including the initiation of any investigation), and there being no law or ruling by any Governmental Authority, which would or the result of which may be to, prohibit, materially delay or restrict the Proposed Combination;
- (i) **Authorisations.** any approvals, clearances, consents, authorisations, exemptions and/or waivers ("**Authorisations**") from (and all notifications and/or filings to) each Governmental Authority which are necessary or appropriate in connection with the Proposed Combination having been obtained and remaining in full force and effect as at the Relevant Date (or any applicable waiting period thereunder having expired or been terminated). The Authorisations to be obtained for the purposes of fulfilling this Condition are:
  - (i) approval from the Administrative Council for Economic Defense (Brazil);
  - (ii) approval from the Competition and Consumer Commission of Singapore; and
- (j) in relation to the KOM In-Scope Entities, approval from the Maritime Port Authority of Singapore ("**MPA**") in relation to the change in effective control of FueLNG Pte. Ltd. under the licence issued by the MPA for the supply of bunker in the Port of Singapore as a result of the Proposed Combination;
- (k) in relation to the SCM Group:
  - (i) approval from the MPA in relation to the change in effective control of Jurong Marine Services Private Limited under the public licence for towage services (harbour tug licence) granted under Section 81 of the Maritime and Port Authority Act 1996, as a result of the Proposed Combination; and
  - (ii) notification to the MPA in relation to the change in ownership of SCM Marine Integrated Yard Pte. Ltd. ("**SMIY**") under the letter dated 6 January 2021 from the MPA to SMIY specifying certain facilities as shipyards and/or specified offshore marine location for the purposes of port duties, as a result of the Proposed Combination; and

- (l) **Others.** such other Regulatory Approvals as may be identified and mutually agreed by the Parties within 30 days from the date of the Combination Framework Agreement;
- (m) **SCM Warranties:**
- (i) the SCM Warranties set out in the Combination Framework Agreement:
- (1) which are qualified as to materiality being true and correct; and
- (2) which are not qualified as to materiality being true and correct in all material respects,
- in each case as at the date of the Combination Framework Agreement and as at the Relevant Date as though made on and as at that date except to the extent any such SCM Warranty expressly relates to an earlier date (in which case as at such earlier date); and
- (ii) SCM shall have, as at the Relevant Date performed and complied in all material respects with all of its covenants, undertakings and agreements contained in this Agreement which SCM is required to perform or comply with, on or prior to the Relevant Date and which are material in the context of the Proposed Combination;
- (n) **KCL Warranties:**
- (i) the KCL Warranties set out in the Combination Framework Agreement:
- (1) which are qualified as to materiality being true and correct; and
- (2) which are not qualified as to materiality being true and correct in all material respects,
- in each case as at the date of the Combination Framework Agreement and as at the Relevant Date as though made on and as at that date except to the extent any such KCL Warranty expressly relates to an earlier date (in which case as at such earlier date); and
- (ii) KCL shall have, as at the Relevant Date performed and complied in all material respects with all of its covenants, undertakings and agreements contained in the Combination Framework Agreement which KCL is required to perform or comply with, on or prior to the Relevant Date and which are material in the context of the Proposed Combination;
- (o) **No SCM Material Adverse Change:** a diminution in the net tangible asset of the SCM Group (as set out in the SCM Audited FY2021 Financial Statements) by an amount in excess of S\$600 million as at the Subsequent Financials Accounts Date, based on the Last SCM Subsequent Financials (calculated on the same basis as the calculation of the net tangible assets of the SCM Group in the SCM Audited FY2021 Financial Statements); and

- (p) **No KOM Material Adverse Change:** a diminution in the net tangible asset of the KOM In-Scope Group (based on the KOM Pro Forma Financial Statements) by an amount in excess of S\$600 million as at the Subsequent Financials Accounts Date based on the Last KOM Subsequent Financials (calculated on the same basis as the calculation of the net tangible assets of the KOM In-Scope Group in the KOM Pro Forma Financial Statements). For the avoidance of doubt, any financing or indebtedness to be incurred by a KOM In-Scope Entity for paying the Cash Component shall be disregarded in computing any decrease in the net tangible assets of the KOM In-Scope Group.

## **Part 2 – KOM Scheme Conditions**

- (a) **Court Order:** the grant of the order of the High Court of Singapore pursuant to Section 210 of the Companies Act sanctioning the KOM Scheme (the "**Court Order**") and such Court Order having become final; and
- (b) **Lodgement of Court Order with ACRA:** the lodgement of the Court Order with ACRA in accordance with Section 210(5) of the Companies Act.