

CIRCULAR DATED 23 NOVEMBER 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your shares in the capital of Keppel Corporation Limited (the "**Company**"), you should immediately inform the purchaser, the transferee or the bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or the transferee, that this Circular (together with the Notice of EGM (as defined herein) and accompanying Proxy Form (as defined herein)) may be accessed on the SGXNet and the Company's website at <https://www.kepcorp.com/en/investors/aggm-egm/>. The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

This Circular has been made available on the SGXNet and the Company's website at <https://www.kepcorp.com/en/investors/aggm-egm/>. In line with the provisions of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, a printed copy of this Circular will not be despatched to Shareholders (as defined herein).



KEPPEL CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 196800351N)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

(1) PROPOSED TRANSACTION INVOLVING THE ASSET CO TRANSFER AND THE PROPOSED COMBINATION OF KEPPEL OFFSHORE & MARINE LTD AND SEMBCORP MARINE LTD WHICH CONSTITUTES A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION

(2) PROPOSED DISTRIBUTION IN SPECIE OF SEMBCORP MARINE LTD SHARES

Independent Financial Advisers to the Proposed Transaction
as an Interested Person Transaction



CLSA SINGAPORE PTE LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198703750W)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	5 December 2022 at 3.00 p.m.
Last date and time to pre-register online to attend the EGM (as defined herein)	:	5 December 2022 at 3.00 p.m.
Date and time of EGM	:	8 December 2022 at 3.00 p.m.
Place of EGM	:	The EGM will be convened and held by way of electronic means. Please refer to paragraphs 17 and 18 of this Circular for further details.

TABLE OF CONTENTS

	Page
CORPORATE INFORMATION	1
INDICATIVE TIMETABLE	3
DEFINITIONS	4
FORWARD-LOOKING STATEMENTS	13
IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS	14
CIRCULAR TO SHAREHOLDERS	15
1. INTRODUCTION	15
2. INFORMATION ON KOM, ASSET CO AND SCM	19
3. THE ASSET CO TRANSFER	20
4. THE KOM PRE-COMBINATION RESTRUCTURING	22
5. THE KOM COMBINATION	23
6. THE PROPOSED DISTRIBUTION	30
7. RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION	32
8. CHAPTER 10 OF THE LISTING MANUAL	34
9. FINANCIAL INFORMATION OF THE PROPOSED TRANSACTION	37
10. ILLUSTRATIVE FINANCIAL EFFECTS	39
11. THE PROPOSED TRANSACTION AS AN INTERESTED PERSON TRANSACTION	40
12. ADMINISTRATIVE MATTERS RELATING TO THE PROPOSED DISTRIBUTION	42
13. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER	44
14. NO DIRECTORS' SERVICE CONTRACTS	46
15. AUDIT COMMITTEE'S STATEMENT	46
16. RECOMMENDATIONS	46
17. EXTRAORDINARY GENERAL MEETING	47
18. ACTION TO BE TAKEN BY SHAREHOLDERS	47
19. DIRECTORS' RESPONSIBILITY STATEMENT	48
20. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT	48

21. CONSENT BY THE FINANCIAL ADVISER AND IFA	48
22. DOCUMENTS AVAILABLE FOR INSPECTION	49
APPENDIX A IDENTIFIED ASSET CO ASSETS AND OUT OF SCOPE ASSETS	50
APPENDIX B CONDITIONS	53
APPENDIX C IFA LETTER	57
APPENDIX D UNAUDITED PRO FORMA FINANCIAL INFORMATION OF RESTRUCTURED KOM	83
APPENDIX E EXPLANATORY NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF RESTRUCTURED KOM	121
APPENDIX F NOTICE OF EXTRAORDINARY GENERAL MEETING	133

CORPORATE INFORMATION

- Directors of the Company : Mr. Danny Teoh
(Non-Executive and Non-Independent Chairman)
- Mr. Loh Chin Hua
(Chief Executive Officer and Executive Director)
- Mr. Till Vestring
(Lead Independent Director)
- Ms. Veronica Eng
(Independent Director)
- Mr. Jean-François Manzoni
(Independent Director)
- Mr. Teo Siong Seng
(Non-Executive and Non-Independent Director)
- Mr. Tham Sai Choy
(Independent Director)
- Mrs. Penny Goh
(Independent Director)
- Mr. Shirish Apte
(Independent Director)
- Mr. Olivier Pascal Marius Blum
(Independent Director)
- Mr. Jimmy Ng Hwee Kim
(Independent Director)
- Registered Office of the Company : 1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
- Financial Adviser to the Company : J.P. Morgan Securities Asia Private Limited
88 Market Street
#30-00 CapitaSpring
Singapore 048948
- Independent Financial Adviser to
the Relevant Directors and the
Audit Committee : CLSA Singapore Pte Ltd
80 Raffles Place
#18-01 UOB Plaza
Singapore 048624

Legal Adviser to the Company : WongPartnership LLP
12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982

Share Registrar of the Company : Boardroom Corporate & Advisory Services Pte. Ltd.
1 HarbourFront Avenue
Keppel Bay Tower #14-07
Singapore 098632

INDICATIVE TIMETABLE

Key Event	Date and Time
Last date and time for pre-registration for the EGM ⁽¹⁾	<ul style="list-style-type: none"> • 5 December 2022 at 3.00 p.m.
Last date and time for lodgement of Proxy Forms ⁽²⁾	<ul style="list-style-type: none"> • 5 December 2022 at 3.00 p.m.
Last date and time for submission of questions ⁽³⁾	<ul style="list-style-type: none"> • 30 November 2022 at 3.00 p.m.
Date and time of the EGM for the Shareholders	<ul style="list-style-type: none"> • 8 December 2022 at 3.00 p.m.
Expected last date of "cum" trading of the KCL Shares on the SGX-ST	<ul style="list-style-type: none"> • To be announced by the Company
Expected date and time of commencement of "ex" trading of the KCL Shares on the SGX-ST	<ul style="list-style-type: none"> • To be announced by the Company
Expected Record Date ⁽⁴⁾ for the Proposed Distribution	<ul style="list-style-type: none"> • To be announced by the Company
Expected Relevant Date ⁽⁵⁾	<ul style="list-style-type: none"> • To be announced by the Company
Expected date for crediting KOM Consideration Shares to Eligible Shareholders pursuant to the Proposed Distribution	<ul style="list-style-type: none"> • To be announced by the Company

Notes:

- (1) The EGM will be conducted by way of electronic means and all Shareholders (as defined below) (including CPF/SRS Investors (as defined below)) who wish to follow the proceedings of the EGM through the live audio-visual webcast/live audio-only stream must pre-register online at <https://www.kepcorp.com/en/egm-dec2022/> (the "**Pre-registration Page**") no later than 3.00 p.m. on 5 December 2022 (being 72 hours before the time appointed for the holding of the EGM) for verification purposes. Please refer to paragraph 18 of this Circular and the Notice of EGM as set out in **Appendix F** of this Circular (the "**Notice of EGM**"), for more details.
- (2) Shareholders or their duly appointed proxy(ies) will be able to vote live at the EGM. Shareholders may also vote at the EGM by appointing the Chairman of the EGM as proxy to vote on their behalf. Please refer to paragraph 18 of this Circular, the Notice of EGM and the Proxy Form for more details.
- (3) All Shareholders (including CPF/SRS Investors) may submit questions relating to the business of the EGM in advance of, or live at, the EGM. All Shareholders (including CPF/SRS Investors) can submit questions relating to the business of the EGM in advance of the EGM, up till 3.00 p.m. on 30 November 2022 (being 7 calendar days after the despatch of the Notice of EGM) via the Pre-registration Page, via email to investor.relations@kepcorp.com or by post addressed to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 HarbourFront Avenue, Keppel Bay Tower #14-07, Singapore 098632. Shareholders (including CPF/SRS Investors) who have pre-registered for the EGM may also ask the Chairman of the EGM questions relating to the business of the EGM live at the EGM. Please refer to paragraph 18 of this Circular and the Notice of EGM for more details.
- (4) "**Record Date**" refers to the date and time to be announced (before the date of Closing) by the Company on which the Transfer Books and the Register of Members of the Company will be closed in order to determine the entitlements of the Shareholders in respect of the Proposed Distribution.
- (5) "**Relevant Date**" refers to the date falling on the Business Day immediately preceding the date of Closing.

All dates and times referred to above are Singapore dates and times. Please note that the timetable for the events which are scheduled to take place after the EGM is indicative only and may be subject to change. Please refer to future announcement(s) released by the Company on the SGXNet for the exact dates of these events.

DEFINITIONS

The following definitions shall apply throughout this Circular unless the context otherwise requires or unless otherwise stated:

<u>"Amended and Restated Combination Framework Agreement"</u>	:	The Combination Framework Agreement, as amended and restated by the Amendment and Restatement Deed
<u>"Amended Asset Co Framework Agreement"</u>	:	The Asset Co Framework Agreement, as amended by the Supplemental Agreement
<u>"Amendment and Restatement Deed"</u>	:	The amendment and restatement deed dated 27 October 2022 and entered into by the Company with SCM and the Combined Entity to amend and restate the Combination Framework Agreement to revise, <i>inter alia</i> , the structure and terms of the Proposed Combination
<u>"Asset Co"</u>	:	Rigco Holding Pte. Ltd.
<u>"Asset Co Bank Financing"</u>	:	A credit facility of up to S\$500 million to be granted to Asset Co
<u>"Asset Co Consideration"</u>	:	Equity and debt securities issued by Asset Co amounting in aggregate to approximately S\$4,058.2 million (as may be adjusted) in connection with the Asset Co Transfer
<u>"Asset Co Consideration Shares"</u>	:	The 499,000 new ordinary shares in the capital of Asset Co to be issued by Asset Co pursuant to the Asset Co Transfer
<u>"Asset Co Framework Agreement"</u>	:	The framework agreement dated 27 April 2022 and entered into among the Asset Co Framework Agreement Parties in relation to, <i>inter alia</i> , the Asset Co Transfer
<u>"Asset Co Framework Agreement Parties"</u>	:	The Company, KOM, FELS Offshore Pte Ltd, Keppel FELS Limited, KHPL, Asset Co, Kyanite and Baluran Limited
<u>"Asset Co Intercompany Loans"</u>	:	The intra-group loans owed by the Asset Co Target Companies to the KCL Group as further described in Part 1 of Appendix A of this Circular
<u>"Asset Co Perpetual Securities"</u>	:	S\$120.0 million 10.0% PIK Toggle Perpetual Securities to be issued by Asset Co as part of the Asset Co Consideration
<u>"Asset Co Target Companies"</u>	:	The companies listed at Part 1 of Appendix A of this Circular

<u>"Asset Co Transfer"</u>	:	The transfer of the Identified Asset Co Assets from the KOM Vendors to Asset Co
<u>"Audit Committee"</u>	:	The audit committee of the Company
<u>"Business Day"</u>	:	A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks in Singapore are open for business
<u>"Capitalised Loan Amount"</u>	:	The remaining outstanding principal amount of the Relevant Perpetual Securities that is not partially redeemed in the manner set out in paragraphs 1.1(b)(ii) and 1.1(b)(iii) of this Circular, to be contributed <i>in specie</i> into KOM
<u>"Cash Component"</u>	:	The S\$500 million to be paid to the KCL Group to cash-settle interests and the redemption amount for a partial redemption of the Relevant Perpetual Securities
<u>"CDP"</u>	:	The Central Depository (Pte) Limited
<u>"CHF5"</u>	:	ASM Connaught House Fund V
<u>"Circular"</u>	:	This circular to Shareholders dated 23 November 2022
<u>"Closing"</u>	:	Completion of the KOM Combination in accordance with the Amended and Restated Combination Framework Agreement
<u>"Code"</u>	:	The Singapore Code on Take-overs and Mergers
<u>"Combination Framework Agreement"</u>	:	The combination framework agreement dated 27 April 2022 relating to, <i>inter alia</i> , the merger of KOM with the Combined Entity
<u>"Combined Entity"</u>	:	Bayberry Limited
<u>"Companies Act"</u>	:	The Companies Act 1967 of Singapore
<u>"Company"</u>	:	Keppel Corporation Limited
<u>"Completion Date"</u>	:	The date the Proposed Distribution is completed
<u>"Conditions"</u>	:	The conditions precedent to the Amended and Restated Combination Framework Agreement which are reproduced in Appendix B of this Circular
<u>"CPF"</u>	:	The Central Provident Fund

<u>“CPF/SRS Investors”</u>	:	Investors who have purchased KCL Shares using their CPF savings under the CPF Investment Scheme or their SRS contributions pursuant to the SRS (and each of them, a <u>“CPF/SRS Investor”</u>)
<u>“DBS”</u>	:	DBS Bank Ltd
<u>“DBS Group”</u>	:	DBS Group Holdings Ltd
<u>“Directors”</u>	:	The directors of the Company (and each of them, a <u>“Director”</u>)
<u>“DIS Shares”</u>	:	The KOM Consideration Shares less the Retained KOM Consideration Shares
<u>“EGM”</u>	:	The extraordinary general meeting of the Shareholders to be held on 8 December 2022, notice of which is set out in Appendix F of this Circular
<u>“Eligible Shareholders”</u>	:	All Shareholders as at the Record Date (and each of them, an <u>“Eligible Shareholder”</u>)
<u>“Encumbrances”</u>	:	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
<u>“EPS”</u>	:	Earnings per share of the Company
<u>“Financial Adviser”</u>	:	J.P. Morgan Securities Asia Private Limited
<u>“Identified Asset Co Assets”</u>	:	KOM’s legacy rig assets, associated receivables and the Asset Co Intercompany Loans as further described in Part 1 of Appendix A of this Circular
<u>“Identified Contingent Liabilities”</u>	:	Such identified contingent liabilities which SCM may have against the Company in connection with the Proposed Combination
<u>“IFA”</u>	:	CLSA Singapore Pte Ltd, being the independent financial adviser to the Audit Committee and the Relevant Directors
<u>“IFA Letter”</u>	:	The letter from the IFA to the Audit Committee and the Relevant Directors relating to the Proposed Transaction, as set out in Appendix C of this Circular

<u>“Intellectual Property Rights”</u>	:	(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, semiconductor 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.
<u>“Joint Press Release”</u>	:	The joint press release issued 27 April 2022 by the Company and SCM titled <i>“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”</i>
<u>“KCL 1H2022 Financial Statements”</u>	:	The consolidated financial statements of the KCL Group for the half year ended 30 June 2022
<u>“KCL Audited FY2021 Financial Statements”</u>	:	The audited consolidated financial statements of the KCL Group for the financial year ended 31 December 2021
<u>“KCL Group”</u>	:	The Company and its subsidiaries
<u>“KCL Shares”</u>	:	The issued and paid-up ordinary shares in the capital of the Company
<u>“KHPL”</u>	:	Kepinvest Holdings Pte. Ltd.
<u>“KOM”</u>	:	Keppel Offshore & Marine Ltd
<u>“KOM 1H2022 Financial Statements”</u>	:	The unaudited consolidated financial statements of the KOM Group for the half year ended 30 June 2022
<u>“KOM Asset Co Securities”</u>	:	The Asset Co Consideration payable to the KOM Vendors

<u>“KOM Audited FY2021 Financial Statements”</u>	:	The audited consolidated financial statements of the KOM Group for the financial year ended 31 December 2021
<u>“KOM Combination”</u>	:	The merger of KOM with SCM, to be effected by way of the KOM Share Transfer in accordance with the Amended and Restated Combination Framework Agreement
<u>“KOM Consideration”</u>	:	The KOM Consideration Shares
<u>“KOM Consideration Shares”</u>	:	Such number of SCM Shares (rounded down to the nearest whole number) comprising 54% of the total number of SCM Shares on a fully diluted basis immediately after Closing
<u>“KOM Group”</u>	:	KOM and its subsidiaries
<u>“KOM In-Scope Entities”</u>	:	The entities within the KOM Group, excluding such entities to be transferred pursuant to the Asset Co Transfer and the KOM Pre-Combination Restructuring
<u>“KOM Intercompany Loans”</u>	:	The outstanding intercompany loans owing by the KOM In-Scope Entities to the KCL Group
<u>“KOM Pre-Combination Restructuring”</u>	:	The internal restructuring exercise to be conducted by KOM, which involves, among others, an assignment and transfer of the Out of Scope Assets to the KCL Group, prior to completion of the KOM Combination, as further described at paragraph 4 of this Circular
<u>“KOM Share Transfer”</u>	:	Transfer of all the KOM Shares by the Company to SCM by way of the Company executing a share transfer form for the transfer of all the KOM Shares to SCM in accordance with the Amended and Restated Combination Framework Agreement
<u>“KOM Shares”</u>	:	Ordinary shares (excluding treasury shares) in the share capital of KOM
<u>“KOM Vendors”</u>	:	KOM, FELS Offshore Pte Ltd and Keppel FELS Limited
<u>“Kyanite”</u>	:	Kyanite Investment Holdings Pte. Ltd., an indirect wholly-owned subsidiary of Temasek
<u>“Last Market Day”</u>	:	26 October 2022, being the last trading day immediately prior to the date of the Updated Chapter 10 Announcement
<u>“Latest Practicable Date”</u>	:	16 November 2022, being the latest practicable date prior to the finalisation of this Circular

<u>"Listing Manual"</u>	:	The listing manual of the SGX-ST, as amended or modified from time to time
<u>"Long-Stop Date"</u>	:	5.00 p.m. on 30 June 2023 (or such later date as SCM and the Company may agree)
<u>"Market Day"</u>	:	A day on which the SGX-ST is open for trading in securities
<u>"NAV"</u>	:	Net asset value
<u>"Notice of EGM"</u>	:	The notice of EGM, as set out in Appendix F of this Circular
<u>"NTA"</u>	:	Net tangible assets
<u>"Original Proposed Combination Announcement"</u>	:	The announcement dated 27 April 2022 by the Company relating to, <i>inter alia</i> , the Proposed Combination and the Proposed Distribution
<u>"Out of Scope Assets"</u>	:	Such identified assets of the KOM In-Scope Entities as further described in Part 2 of Appendix A of this Circular
<u>"Overseas Shareholders"</u>	:	Shareholders whose registered address for the service of the notices and/or documents on the Register of Members of the Company or the Depository Register (as the case may be) is not in Singapore as at the Record Date
<u>"PIL"</u>	:	Pacific International Lines (Private) Limited
<u>"Pre-registration Page"</u>	:	https://www.kepcorp.com/en/egm-dec2022/
<u>"Proposed Combination"</u>	:	The proposed combination of KOM and SCM such that KOM will be held as a wholly-owned subsidiary of SCM
<u>"Proposed Distribution"</u>	:	The proposed distribution <i>in specie</i> by the Company of the DIS Shares
<u>"Proposed Transaction"</u>	:	The Asset Co Transfer and the KOM Combination
<u>"Proposed Transaction Assets"</u>	:	The Identified Asset Co Assets and KOM Shares
<u>"Proxy Form"</u>	:	The accompanying proxy form for the EGM as set out in this Circular
<u>"Record Date"</u>	:	The date and time to be announced (before the date of Closing) by the Company on which the Transfer Books and the Register of Members of the Company will be closed in order to determine the entitlements of the Shareholders in respect of the Proposed Distribution

<u>“Relevant Announcements”</u>	:	The Original Proposed Combination Announcement and the Updated Chapter 10 Announcement
<u>“Relevant Approvals”</u>	:	All consents, approvals and/or waivers to be obtained by the KOM Vendors and Asset Co for the Asset Co Transfer to be consummated
<u>“Relevant Date”</u>	:	The date falling on the Business Day immediately preceding the date of Closing
<u>“Relevant Directors”</u>	:	All the Directors, save for Mr. Teo Siong Seng who abstained from giving a recommendation to Shareholders for the reasons set out in paragraph 16.1 of the Circular
<u>“Relevant Perpetual Securities”</u>	:	Such existing perpetual securities issued by the KOM In-Scope Entities to the KCL Group
<u>“Restructured KOM”</u>	:	The KOM Group after the Asset Co Transfer and the KOM Pre-Combination Restructuring, comprising the KOM In-Scope Entities
<u>“Restructuring Agreement”</u>	:	The restructuring agreement to be entered into by, among others, the Company and KOM, to give effect to the KOM Pre-Combination Restructuring
<u>“Retained KOM Consideration Shares”</u>	:	Such number of the KOM Consideration Shares representing 5% of the total number of SCM Shares on a fully diluted basis immediately after Closing
<u>“SCM”</u>	:	Sembcorp Marine Ltd
<u>“SCM EGM”</u>	:	The extraordinary general meeting of the SCM Shareholders to be held in connection with the Proposed Combination
<u>“SCM Reference Issue Price”</u>	:	S\$0.122, being the volume weighted average price of SCM Shares for the last 10 trading days up to and including the trading day immediately preceding the date of the Original Proposed Combination Announcement
<u>“SCM Shareholders”</u>	:	The shareholders of SCM, including persons whose/ which SCM Shares are deposited with CDP or who have purchased SCM Shares on the SGX-ST (and each of them, an <u>“SCM Shareholder”</u>)
<u>“SCM Shares”</u>	:	The issued and paid-up ordinary shares in the capital of SCM

<u>“Securities Accounts”</u>	:	The securities accounts maintained by depositors with CDP, but not including securities sub-accounts maintained with a depository agent
<u>“Segregated Account”</u>	:	The segregated account to be managed by the Segregated Agent in connection with the Retained KOM Consideration Shares
<u>“Segregated Agent”</u>	:	An institutional financial services provider to be appointed by the Company to manage the Segregated Account
<u>“Segregated Period”</u>	:	Such duration not exceeding 48 months after Closing
<u>“SFA”</u>	:	The Securities and Futures Act 2001 of Singapore
<u>“SGXNet”</u>	:	Singapore Exchange Network
<u>“SGX-ST”</u>	:	Singapore Exchange Securities Trading Limited
<u>“Share Registrar”</u>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<u>“Shareholders”</u>	:	The shareholders of the Company, including persons whose/which KCL Shares are deposited with CDP or who have purchased KCL Shares on the SGX-ST (and each of them, a <u>“Shareholder”</u>)
<u>“SIC”</u>	:	Securities Industry Council
<u>“SRS”</u>	:	Supplementary Retirement Scheme
<u>“Startree”</u>	:	Startree Investments Pte. Ltd.
<u>“Supplemental Agreement”</u>	:	The supplemental agreement to the Asset Co Framework Agreement dated 27 October 2022 to revise, <i>inter alia</i> , the terms of the Asset Co Framework Agreement
<u>“S\$”, “SGD” and “Singapore cents”</u>	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore
<u>“Temasek”</u>	:	Temasek Holdings (Private) Limited
<u>“Transaction Documents”</u>	:	The legal agreements to give effect to, and as contemplated by, the Proposed Transaction as described in this Circular, and for the avoidance of doubt, include the Asset Co Framework Agreement, the Supplemental Agreement, the Amendment and Restatement Deed, the Amended and Restated Combination Framework Agreement, the Restructuring Agreement and the Transitional Services Agreement

<u>“Transitional Services Agreement”</u>	:	The transitional services agreement to be entered into between the Company and KOM or a KOM In-Scope Entity whereby the KCL Group shall provide transitional support services to the KOM In-Scope Entities
<u>“Unit Share Market”</u>	:	The unit share market of the SGX-ST which allows trading of shares in single shares
<u>“Update Announcement Date”</u>	:	27 October 2022, being the date of the Updated Chapter 10 Announcement
<u>“Updated Chapter 10 Announcement”</u>	:	The announcement dated 27 October 2022 by the Company relating to, <i>inter alia</i> , the revision of the structure and terms of the Proposed Combination and the Proposed Distribution
<u>“Vendor Notes”</u>	:	The fixed rate notes to be issued by Asset Co pursuant to the Asset Co Transfer

A reference to **“paragraph”** is a reference to a paragraph of this Circular unless otherwise specified or the context otherwise requires.

The terms **“depositor”**, **“depository agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing any one gender shall, where applicable, include the other genders where applicable. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Code, the Companies Act, the SFA or the Listing Manual and used in this Circular shall, where applicable, have the meaning ascribed to it under the Code, the Companies Act, the SFA or the Listing Manual, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Code, the Companies Act, the SFA and the Listing Manual) contained in this Circular are of such laws and regulations (including the Code, the Companies Act, the SFA and the Listing Manual) as at the Latest Practicable Date.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof, or discrepancies between figures included in the tables and figures in the text of this Circular, are due to rounding.

The headings in this Circular are for ease of reference only and are not to be taken into account in the interpretation or construction of this Circular or any of its contents.

Unless otherwise stated, the equivalent SGD of an amount denominated in a foreign currency in this Circular has been calculated based on the exchange rate obtained from Bloomberg L.P. on the Latest Practicable Date.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular 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.

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

The circulation of this Circular and the distribution of the DIS Shares may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Shareholders are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without any liability of the Company. It is the responsibility of Shareholders in such jurisdictions to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities which are required to be observed and/or payment of any issue, transfer or other taxes due in such jurisdiction. Further details on the distribution of and the entitlement of Overseas Shareholders to the distribution of the DIS Shares are set out on paragraph 12.5 of this Circular.

CIRCULAR TO SHAREHOLDERS



KEPPEL CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 196800351N)

Directors of Keppel Corporation Limited:

Mr. Danny Teoh	<i>(Non-Executive and Non-Independent Chairman)</i>
Mr. Loh Chin Hua	<i>(Chief Executive Officer and Executive Director)</i>
Mr. Till Vestring	<i>(Lead Independent Director)</i>
Ms. Veronica Eng	<i>(Independent Director)</i>
Mr. Jean-François Manzoni	<i>(Independent Director)</i>
Mr. Teo Siong Seng	<i>(Non-Executive and Non-Independent Director)</i>
Mr. Tham Sai Choy	<i>(Independent Director)</i>
Mrs. Penny Goh	<i>(Independent Director)</i>
Mr. Shirish Apte	<i>(Independent Director)</i>
Mr. Olivier Pascal Marius Blum	<i>(Independent Director)</i>
Mr. Jimmy Ng Hwee Kim	<i>(Independent Director)</i>

Registered Office:

1 HarbourFront Avenue
#18-01
Keppel Bay Tower
Singapore 098632

23 November 2022

To: Shareholders of Keppel Corporation Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 The Proposed Combination

Pursuant to the Original Proposed Combination Announcement and the Updated Chapter 10 Announcement (collectively, the "**Relevant Announcements**"), the Company announced, *inter alia*, the proposed combination of its wholly-owned subsidiary, Keppel Offshore & Marine Ltd ("**KOM**"), and Sembcorp Marine Ltd ("**SCM**") which will be effected in the manner and sequence set out below (the "**Proposed Combination**"):

- (a) firstly, the transfer of KOM's legacy rig assets, associated receivables and associated intercompany loans owing by the Asset Co Target Companies to the KCL Group (the "**Asset Co Intercompany Loans**") as further described in Part 1 of **Appendix A** of this Circular (the "**Identified Asset Co Assets**") from the KOM

Vendors to a newly established asset-holding company, Rigco Holding Pte. Ltd. ("**Asset Co**" and such transfer, the "**Asset Co Transfer**"). In return, the KCL Group and the KOM Vendors will receive equity and debt securities issued by Asset Co amounting in aggregate to approximately S\$4,058.2 million (as may be adjusted) (the "**Asset Co Consideration**"). Further information on Asset Co and the Asset Co Transfer is set out in paragraph 2.2 and paragraph 3 respectively;

- (b) secondly, an internal restructuring exercise to be conducted by KOM (the "**KOM Pre-Combination Restructuring**") to transfer certain identified assets from the KOM In-Scope Entities to the rest of the KCL Group, and in consideration of such transfer, certain liabilities owing by some KOM In-Scope Entities to the KCL Group will be set off and discharged. The KOM Pre-Combination Restructuring will be principally effected through the following steps:
- (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 further described in Part 2 of **Appendix A** of this Circular (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 transfer consideration for the transfer of the KOM Asset Co Securities and the Out of Scope Assets 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 remaining outstanding principal amount of the Relevant Perpetual Securities (the "**Capitalised Loan Amount**") that is not partially redeemed in the manner set out in paragraphs 1.1(a)(ii) and (iii) above to be fully capitalised into new ordinary shares in KOM (the "**KOM Shares**") and issued 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 and the KOM In-Scope Entities will have no outstanding liability to the KCL Group other than those arising out of the ordinary course of business and under the Transitional Services Agreement. Further information on the KOM Pre-Combination Restructuring is set out in paragraph 4 below; and

- (c) thirdly, subject to the satisfaction (or, where applicable, the waiver) of the Conditions, all the KOM Shares held by the Company will be transferred to SCM (the "**KOM Share Transfer**") in consideration for the issuance by SCM of such number of new ordinary shares in the capital of SCM ("**SCM Shares**") representing 54% of the total number of SCM Shares on a fully diluted basis immediately after Closing (the "**KOM Consideration Shares**"). Further information on the KOM Combination is set out in paragraph 5 below.

For the avoidance of doubt, the completion of the Asset Co Transfer will proceed regardless of whether the KOM Combination takes place. If the KOM Combination fails to complete due to non-satisfaction of any of the Conditions, such as the failure to

obtain the approval of the KOM Combination by the SCM Shareholders at the SCM EGM, the Company will proceed with the Asset Co Transfer.

The steps taken to effect the Proposed Combination will allow the Company to realise approximately S\$9,053.7 million in value over time, comprising:

- (1) approximately S\$4,058.2 million as the Asset Co Consideration, which is based on the carrying value of the Identified Asset Co Assets in the unaudited consolidated financial statements of KOM Group for the half year ended 30 June 2022 ("**KOM 1H2022 Financial Statements**"). The Asset Co Consideration will be adjusted as at completion of the Asset Co Transfer based on the *pro forma* balance sheet as at the date of completion of the Asset Co Transfer. Please refer to paragraph 3.2 below for more information on such adjustment;
- (2) S\$4,495.5 million as the *pro forma* estimate of the value of the KOM Consideration Shares¹. Shareholders should note that this is an implied aggregate value attributable to the KOM Consideration Shares based on certain assumptions as set out in footnote 1 below and the Company is not receiving this amount in cash from SCM; and
- (3) S\$500 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 Closing, a distribution *in specie* (the "**Proposed Distribution**") of the KOM Consideration Shares less the Retained KOM Consideration Shares (the "**DIS Shares**").

It is currently envisaged that the Proposed Distribution will be effected in respect of 49% of the total number of SCM Shares, such that SCM will at the Company's direction issue to Eligible Shareholders the DIS Shares on or immediately after Closing.

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 Company had entered into the following definitive agreements:

- (a) the combination framework agreement dated 27 April 2022 (the "**Combination Framework Agreement**") relating to, *inter alia*, the proposed combination of KOM and SCM such that KOM and SCM will be held as wholly-owned subsidiaries of the Combined Entity;
- (b) an amendment and restatement deed dated 27 October 2022 with SCM and the Combined Entity to amend and restate the Combination Framework Agreement (the "**Amendment and Restatement Deed**" and the Combination Framework Agreement as amended and restated by the Amendment and Restatement Deed, the "**Amended and Restated Combination Framework Agreement**") to revise, *inter alia*, the structure and terms of the Proposed Combination such that the merger of KOM and SCM will be effected by way of the acquisition by SCM (and

¹ The implied aggregate value attributable to the KOM Consideration Shares is calculated based on (a) the assumption that 36,848,072,918 SCM Shares will be issued by SCM to the Company representing 54% of the issued and paid-up share capital of SCM and (b) an issue price of S\$0.122 (being the SCM Reference Issue Price).

not the Combined Entity) of all the KOM Shares held by the Company, and the KOM Consideration Shares to be issued by SCM in consideration of such acquisition will represent 54% (instead of 56% as previously agreed) of the total number of SCM Shares on a fully diluted basis immediately after Closing;

- (c) the framework agreement dated 27 April 2022 with the other Asset Co Framework Agreement Parties in relation to, *inter alia*, the Asset Co Transfer (the "**Asset Co Framework Agreement**"); and
- (d) a supplemental agreement to the Asset Co Framework Agreement dated 27 October 2022 with the other Asset Co Framework Agreement Parties (the "**Supplemental Agreement**" and together with the Asset Co Framework Agreement, the "**Amended Asset Co Framework Agreement**") to revise, *inter alia*, the terms of the Asset Co Framework Agreement such that the Asset Co Transfer will no longer be subject to the satisfaction (or, where applicable, the waiver) of the Conditions for the KOM Share Transfer, the Vendor Notes to be issued by Asset Co shall bear interest at the rate of 4% per annum (instead of 2% per annum as previously agreed) and the maximum tenure of the Vendor Notes shall be 12 years (instead of 10 years as previously agreed).

Please refer to paragraph 6 of the Updated Chapter 10 Announcement for further information on the rationale for the aforesaid revisions to the structure and terms of the Proposed Combination and for the revision to the terms of the Asset Co Transfer.

Please refer to the Relevant Announcements and the Joint Press Release for further details on the Proposed Combination and the Proposed Distribution. Copies of the Relevant Announcements and the Joint Press Release are available on the SGXNet at <https://www.sgx.com/securities/company-announcements>.

1.4 Shareholders' Approval for the Proposed Transaction and the Proposed Distribution

The Proposed Transaction comprises the Asset Co Transfer and the KOM Combination. The Proposed Transaction constitutes a "major transaction" under Rule 1014 of the Listing Manual and accordingly, the Proposed Transaction is subject to the approval of the Shareholders under Rule 1014(2) of the Listing Manual. The Proposed Transaction also constitutes an "interested person transaction" under Chapter 9 of the Listing Manual, and as the value of the Proposed Transaction exceeds 5% of the KCL Group's NTA, the Proposed Transaction is also subject to approval of the Shareholders under Rule 906(1) of the Listing Manual.

The Proposed Distribution will also be subject to and conditional on the approval of the Shareholders.

- 1.5 In light of the above, the Company is seeking approval from the Shareholders for the Proposed Transaction (which comprises the Asset Co Transfer and the KOM Combination) as a "major transaction" and an "interested person transaction", and for the Proposed Distribution at an EGM, by way of Ordinary Resolutions. **Shareholders should note that Ordinary Resolution 1 in respect of the Proposed Transaction and Ordinary Resolution 2 in respect of the Proposed Distribution 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.**

Shareholders should also note that by voting on Ordinary Resolution 1 relating to the Proposed Transaction, Shareholders will be deemed to have specifically approved the interested person transactions described at paragraphs 5.6 and 11.7 of the Circular.

2. INFORMATION ON KOM, ASSET CO AND SCM

2.1 KOM

KOM was incorporated in Singapore on 6 February 1999 and as at the Latest Practicable Date, it 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.

As at the Latest Practicable Date, 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 Latest Practicable 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 as at the Latest Practicable Date, it is wholly-owned by KHPL. KHPL, in turn, is a wholly-owned subsidiary of the Company. Asset Co was formed as an investment holding company.

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

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

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

On completion of the Asset Co Transfer, Asset Co will be held by Baluran Limited, Kyanite Investment Holdings Pte. Ltd. ("**Kyanite**") and KHPL in the shareholding proportion of 74.9%, 15.1% and 10.0% respectively. Based on information available to

the Company, 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. Kyanite is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**").

2.3 SCM

SCM is a public company incorporated in Singapore on 25 April 1963 and is listed on the Mainboard 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.

As at the Latest Practicable Date, the board of directors of SCM comprises the following:

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

As at the Latest Practicable Date, SCM has an issued share capital comprising of 31,389,099,152 SCM Shares (excluding treasury shares). It is envisaged that on Closing, SCM will have an issued share capital comprising 68,237,172,070 (excluding treasury shares)².

3. THE ASSET CO TRANSFER

3.1 Overview

The Asset Co Transfer involves the transfer of the Identified Asset Co Assets (which comprises KOM's legacy rig assets, associated receivables and the Asset Co Intercompany Loans) from the KOM Vendors to Asset Co under the terms and subject to the conditions of the Amended Asset Co Framework Agreement, are set out in Part 1 of **Appendix A** of this Circular.

The rationale for the Asset Co Transfer is set out in paragraph 7 of this Circular, in particular paragraph 7.4(c) of this Circular.

² This is calculated based on the assumption that 36,848,072,918 SCM Shares will be issued by SCM to the Company representing 54% of the issued and paid-up share capital of SCM.

3.2 Asset Co Consideration

Subject to the terms of the Amended Asset Co Framework Agreement, the Asset Co Consideration of approximately S\$4,058.2 million (subject to such adjustments as described in this paragraph 3.2 below), which is payable by Asset Co to the KOM Vendors and the KCL Group will be satisfied in the following manner:

- (a) S\$499,000 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\$1.00 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 by Asset Co ("**Asset Co Perpetual Securities**"). The Asset Co Perpetual Securities bear interest from and including their date of issue at the fixed rate of 10.0% per annum, payable semi-annually in arrears. Subject to the terms of the Asset Co Perpetual Securities, Asset Co may elect to pay interest due on any interest payment date (i) entirely in cash, (ii) entirely in additional Asset Co Perpetual Securities to be issued as payment of interest or (iii) a combination of (i) and (ii). The Asset Co Perpetual Securities have no fixed redemption date and may only be redeemed at the option of Asset Co on or after five (5) years from their date of issue; and
- (c) approximately S\$3,937.7 million (subject to such adjustments as may be necessary) of the Asset Co Consideration shall be satisfied by way of the issuance of fixed rate notes in the same aggregate principal amount (the "**Vendor Notes**") by Asset Co. The Vendor Notes bear interest from and including their date of issue at the fixed rate of 4.0% per annum, payable annually in arrears. Subject to the terms of the Vendor Notes, Asset Co may elect to pay interest due on any interest payment date (i) entirely in cash, (ii) entirely in additional Vendor Notes to be issued as payment of interest or (iii) a combination of (i) and (ii). The Vendor Notes have a maturity date falling on the twelfth anniversary of their date of issue (with Asset Co having an option to extend such maturity date to any date falling on or before the fifteenth anniversary of their date of issue), and may be redeemed at the option of Asset Co at any time. The Vendor Notes may be redeemed at the outstanding principal amount together with unpaid accrued interest and a redemption premium equal to 5.0% of the outstanding principal amount of Vendor Notes being redeemed.

Under the terms of the Amended 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 in the KOM 1H2022 Financial Statements. The Asset Co Consideration will be updated as at completion of the Asset Co Transfer, based on the *pro forma* balance sheet as at the date of completion of the Asset Co Transfer. Subject to the terms of the Amended Asset Co Framework Agreement, such *pro forma* balance sheet will be drawn up in accordance with the accounting policies, procedures and practices adopted in the audited financial statements of KOM, applied on a consistent basis, and the accounting principles generally accepted in the relevant jurisdiction. The carrying value of each Identified Asset Co Asset reflected in such *pro forma* balance sheet will also be updated to reflect additional capital expenditure

undertaken from 31 December 2021, the latest available impairment assessment and any depreciation. Any increase or decrease in the carrying value of the Identified Asset Co Assets reflected in the *pro forma* balance sheet as at completion of the Asset Co Transfer will result in a corresponding increase or decrease (as the case may be) of the principal amount of the Vendor Notes to be issued by Asset Co to KHPL.

3.3 Salient Conditions Precedent to the Asset Co Transfer

The completion of the Asset Co Transfer is subject to and conditional upon, among others, (a) all consents, approvals and/or waivers (the “**Relevant Approvals**”) having been obtained by the KOM Vendors and Asset Co for the Asset Co Transfer to be consummated on or before 27 June 2023 (or such other date as the Asset Co Framework Agreement Parties may agree), and where any such Relevant Approvals are subject to conditions, such conditions being reasonably acceptable to the Asset Co Framework Agreement Parties, and remaining at full force and effect as at completion of the Asset Co Transfer and (b) the Asset Co having secured credit facility of up to S\$500 million (the “**Asset Co Bank Financing**”). As at the Latest Practicable Date, the condition set out in (a) above has been fulfilled.

For the avoidance of doubt, the completion of the Asset Co Transfer will proceed regardless of whether the KOM Combination takes place. If the KOM Combination fails to complete due to non-satisfaction of any of the Conditions, such as the failure to obtain the approval of the KOM Combination by the SCM Shareholders at the SCM EGM, the Company will proceed with the Asset Co Transfer.

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 Proposed Combination, and the Cash Component would be paid to the KCL Group. The Out of Scope Assets are set out in Part 2 of **Appendix A** of this Circular; 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.

The Company and SCM have commercially agreed that the Out of Scope Assets held by the KOM In-Scope Entities are assets that are deemed non-core to the business of SCM after the Proposed Combination and are not assets required by the KOM Group to carry out its business of rig-building and repairs and hence, will be retained as non-core investments for the KCL Group instead of being transferred to SCM.

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 of S\$500 million 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. 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 Closing; 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 paragraphs 4.1(i) and (ii) above), will be fully capitalised into new KOM Shares and KOM will issue such new KOM Shares to the Company,

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

4.2 Conditions Precedent to the KOM Pre-Combination Restructuring

The KOM Pre-Combination Restructuring is an internal restructuring step to be undertaken by KOM after the completion of the Asset Co Transfer and immediately prior to completion of the KOM Combination. It is the Company's current intention that the KOM Pre-Combination Restructuring will only be implemented in full (in the manner described in this paragraph 4) if all the Conditions are satisfied (or, where applicable, waived) and the KOM Combination is completed immediately after the KOM Pre-Combination Restructuring. The completion of the KOM Pre-Combination Restructuring is a Condition to completion of the KOM Combination. If the KOM Combination does not complete for any reason, the Company will review the situation at that time and may undertake part of the KOM Pre-Combination Restructuring.

5. THE KOM COMBINATION

5.1 Transfer of KOM Shares and Consideration

Upon completion of the Asset Co Transfer and the KOM Pre-Combination Restructuring, the Company intends to procure the KOM Combination. The KOM Shares will be transferred from the Company to SCM fully paid-up and free from Encumbrances.

The KOM Combination will be effected by way of the transfer of all the KOM Shares from the Company to SCM in consideration for the KOM Consideration Shares, being such number of SCM Shares representing 54% of the total number of SCM Shares on a fully diluted basis immediately after Closing (the "**KOM Consideration**"). The issue price of the SCM Shares shall be determined subsequently and assuming a total of 36,848,072,918 SCM Shares will be issued to the Company on completion of the Proposed Transaction at an issue price of S\$0.122³ per SCM Share, the aggregate value of the KOM Consideration is approximately S\$4,495.5 million.

The KOM Consideration was arrived at after taking reference to a valuation assessment prepared by DBS who was appointed as joint financial advisor to KOM and SCM. Such valuation assessment was prepared based on a discounted cash flow methodology

³ Being the SCM Reference Issue Price. The actual issue price of the SCM Shares will be determined subsequently.

taking in account among others, KOM's and SCM's order book as at 31 December 2021, historical financial performance and competitive position, which resulted in a 50:50 enterprise value ratio for SCM and KOM. The final equity value exchange ratio of 46% to SCM and 54% to KOM was agreed following extensive negotiations and due diligence, and took into account the respective capital structures of KOM and SCM as well as other adjustments.

Specifically, the capital structure adjustments considered in the determination of the final equity value exchange ratio included among others, the net debt position of KOM and SCM as of 31 December 2021. Adjustments were further made to deduct an amount equivalent to the Cash Component to be paid by KOM to the Company as part of the KOM Pre-Combination Restructuring in determining the equity value of KOM.

5.2 Retained KOM Consideration Shares

Pursuant to the terms of the Amended and Restated Combination Framework Agreement, in the event that certain Identified Contingent Liabilities have not been fully and finally settled prior to the date that the last of the Conditions (other than the Conditions in paragraphs (c), (d), (f) and (g) of **Appendix B** of this Circular) has been satisfied, such number of the KOM Consideration Shares representing 5% of the SCM Shares on a fully diluted basis immediately after Closing (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) an institutional financial services provider (the "**Segregated Agent**") (to be mutually agreed by SCM and the Company) shall be appointed by the Company with effect from the date of Closing to manage the Segregated Account and encash the Retained KOM Consideration Shares. The proceeds of such encashment will be used to satisfy the identified contingent liabilities which SCM may have against the Company in connection with the Proposed Combination (the "**Identified Contingent Liabilities**");
- (b) neither SCM 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 by the Segregated Agent pursuant to a programme that has predefined sale parameters. The Company will retain discretion to approve block sales proposed by the Segregated Agent falling outside of the predefined sale parameters;
- (c) the Company will retain all voting and economic rights in respect of the Retained KOM Consideration Shares in the Segregated Account, provided that any economic entitlements attributable to the Company arising from the Retained KOM Consideration Shares shall be transferred to and retained in the Segregated Account during the Segregated Period;
- (d) unless sold by the Segregated Agent pursuant to the sale programme, the Retained KOM Consideration Shares shall be retained in the Segregated Account for the duration not exceeding 48 months after Closing (the "**Segregated Period**"); and
- (e) any balance of the Retained KOM Consideration Shares that are not sold by the Segregated Agent and any cash proceeds from the sale of the Retained KOM Consideration Shares, together with any distributions made by SCM in respect of the Retained KOM Consideration Shares (whether in the form of capital or

dividend distributions) shall be returned to the Company after the expiry of the Segregated Period, unless the cash amounts had been used to satisfy the Identified Contingent Liabilities prior to the expiry of the Segregated Period.

The exclusive remedy of SCM 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 left in the Segregated Account and the cash amount in the Segregated Account. Any claim by SCM for the Identified Contingent Liabilities must be made before the expiry of the Segregated Period.

5.3 Conditions to KOM Combination

The KOM Combination is conditional upon the satisfaction (or, where applicable, the waiver) of the conditions set out in the Amended and Restated Combination Framework Agreement (the "**Conditions**"), which are set out in **Appendix B** of this Circular.

The status of each of the Conditions as at the Latest Practicable Date is also set out in **Appendix B** of this Circular.

5.4 Termination and Long-Stop Date

Subject to the Amended and Restated Combination Framework Agreement, if any of the Conditions is not satisfied (or, where applicable, waived) on or before 5.00 p.m. on 30 June 2023 (or such later date as SCM and the Company may agree) (the "**Long-Stop Date**"), the Amended and Restated Combination Framework Agreement shall terminate in accordance with the terms thereof.

5.5 Restrictions on Conduct of Business

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

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 as at 27 April 2022, being 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 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 date of Closing; and

(d) "**Restricted Territory**" means worldwide.

5.6 Post-Closing transactions between the Company and SCM

Certain KOM In-Scope Entities currently receive corporate services and operation support services from the KCL Group. So as to ensure a smooth transition post-Closing, the Company will enter into a transitional services agreement with KOM or a KOM In-Scope Entity (the "**Transitional Services Agreement**") to provide transitional support services to the KOM In-Scope Entities. As agreed in the Amended and Restated Combination Framework Agreement, the Company shall provide the transitional services on the same terms as that previously provided to the KOM In-Scope Entities by the Company before 27 April 2022, being the date on which the Combination Framework Agreement was executed, for such period as SCM may require, up to a period of 12 months after Closing.

The scope of transitional services that may be provided by the KCL Group to the KOM In-Scope Entities under the Transitional Services Agreement will include, amongst others:

- (a) finance and payroll services, including processing of employees' payroll, supplier invoice, customer billing, travel and expense claims, book closing and updating of master data records. The fees payable by the KOM In-Scope Entities for such services shall be on a transaction-based chargeback mechanism dependent on the rate per transaction and the volume of the transactions involved;
- (b) technology services, including the continued use of certain software licences relating among others, enterprise resource planning and systems, applications and products and electronic signing, as well as supporting the audit coordination relating to information technology. The fees payable by the KOM In-Scope Entities for such technology services shall be on a cost recovery basis with a mark-up not exceeding 10%; and
- (c) cybersecurity services, including cybersecurity advisory support, detecting network anomalies, reviewing implementation for new systems and the monitoring and testing of new email architecture. The fees payable by the KOM In-Scope Entities for such technology services shall be on a cost recovery basis with a mark-up not exceeding 10%.

Assuming that the KOM In-Scope Entities require the provision of all transitional services under the Transitional Services Agreement for the full duration of 12 months after Closing, the aggregated amount payable by the KOM In-Scope Entities to the Company (which includes the costs incurred by the KCL Group in providing such transitional services) in connection therewith is approximately S\$43.4 million.

5.7 Further Information on the KOM In-Scope Entities

The KOM Group after the Asset Co Transfer and the KOM Pre-Combination Restructuring ("**Restructured KOM**") comprises the KOM In-Scope Entities, which excludes (a) KOM's legacy rig assets, associated receivables and the Asset Co Intercompany Loans to be transferred by KOM to Asset Co pursuant to the Asset Co Transfer; (b) the KOM Asset Co Securities and the Out of Scope Assets, to be transferred out of the KOM In-Scope Entities to the KCL Group pursuant to the KOM Pre-Combination Restructuring; and (c) the Cash Component, to be transferred out of the KOM In-Scope Entities to the KCL Group pursuant to the KOM Pre-Combination Restructuring. Further details on the Asset Co Transfer and the KOM Pre-Combination Restructuring can be found at paragraphs 3 and 4 respectively of this Circular.

As the KOM Combination is to effect the transfer of Restructured KOM by KCL to SCM, the "Unaudited Pro Forma Financial Information of Restructured KOM" in **Appendix D** has been prepared to illustrate the relevant *pro forma* financial information of Restructured KOM proposed to be transferred to SCM pursuant to the KOM Combination. **Appendix D** has been prepared on a *pro forma* basis, by reference to the relevant financial statements of KOM and by making certain adjustments to account for the Asset Co Transfer and the KOM Pre-Combination Restructuring, as if completion of the Asset Co Transfer and the KOM Pre-Combination Restructuring had taken place prior to the relevant financial periods.

For ease of reference, selected line items from the "Unaudited Pro Forma Financial Information of Restructured KOM" in **Appendix D** have been reproduced below for the financial years ended 31 December 2021, 2020 and 2019, and the interim financial periods ended 30 June 2022 and 2021. Shareholders are strongly advised to refer to **Appendix D** in its entirety to review the *pro forma* financial results of Restructured KOM for these periods in a holistic manner.

Unaudited Pro Forma Profit or Loss Statements

For financial years ended 31 December 2021, 2020 and 2019

	2021 \$'000	2020 \$'000	2019 \$'000
Revenue	2,013,279	1,384,267	1,615,909
Raw materials and consumables used	(834,254)	(479,153)	(462,177)
Contract labour and subcontractors' costs	(673,520)	(435,887)	(402,631)
Staff costs	(443,375)	(503,629)	(531,602)
Depreciation and amortisation	(106,374)	(108,756)	(112,085)
Other operating expenses – net	(67,955)	(84,739)	(83,047)
Impairment on financial and contract assets	(18,233)	(17,587)	(9,108)
Dividend income	6,091	3,449	4,988
Interest income	22,068	34,096	41,006
Interest expense	(43,532)	(43,877)	(49,035)
Share of results of associated companies and joint ventures	8,135	(8,374)	(4,661)
(Loss)/profit before taxation	(137,670)	(260,190)	7,557
Taxation	29,005	92,769	30,771
(Loss)/profit for the financial year	(108,665)	(167,421)	38,328

Unaudited Pro Forma Profit or Loss Statements
For the interim financial period ended 30 June 2022 and 2021

	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000
Revenue	1,159,044	789,644
Raw materials and consumables used	(381,960)	(232,731)
Contract labour and subcontractors' costs	(514,117)	(297,469)
Staff costs	(185,241)	(189,632)
Depreciation and amortisation	(49,031)	(52,969)
Other operating income/(expenses) – net	56,631	(4,797)
Impairment on financial and contract assets	(3,521)	(24,444)
Dividend income	26,844	2,550
Interest income	10,227	6,140
Interest expense	(26,988)	(20,593)
Share of results of associated companies and joint ventures	7,874	6,295
Profit/(loss) before taxation	99,762	(18,006)
Taxation	(5,009)	2,584
Profit/(loss) for the financial period	94,753	(15,422)

Appendix E titled “Explanatory Notes to the Unaudited Pro Forma Financial Information of Restructured KOM” discusses the unaudited *pro forma* results of operations and financial position of Restructured KOM proposed to be transferred to SCM pursuant to the KOM Combination.

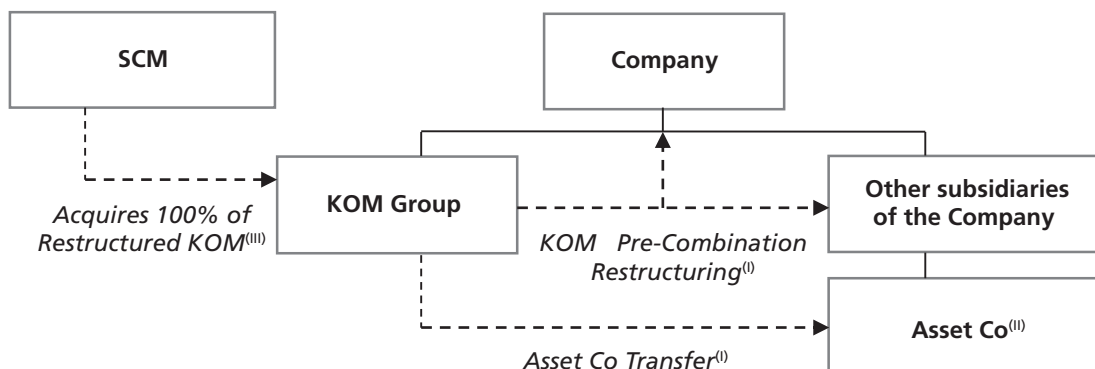
5.8 Current Outlook for Restructured KOM

Whilst the business of Restructured KOM has improved (including from one-off gains from sale of joint ventures) in the first half of 2022 as compared to the same period in 2021, there continues to be lingering impact from Covid-19 pandemic disruptions. The continuing challenges from global supply chain disruptions, significant labour shortages including lack of availability of skilled manpower and increased raw material costs have increased Restructured KOM’s costs to deliver and complete the ongoing projects. While Restructured KOM continues to mitigate such increased costs and to negotiate with its customers to pass on any cost overrun on projects, there is no assurance that it will succeed in doing so. In the event that it is unable to do so, it is likely that Restructured KOM would suffer a loss after taxation for the financial year ending 31 December 2022 arising from increased cost and cost overrun and consequential provisioning for project losses. The amount of loss likely to be suffered by Restructured KOM cannot be determined as at the Latest Practicable Date.

5.9 Structure of the KCL Group before and after the Proposed Transaction

The diagrams below show the structure of the KCL Group before and after the Proposed Transaction.

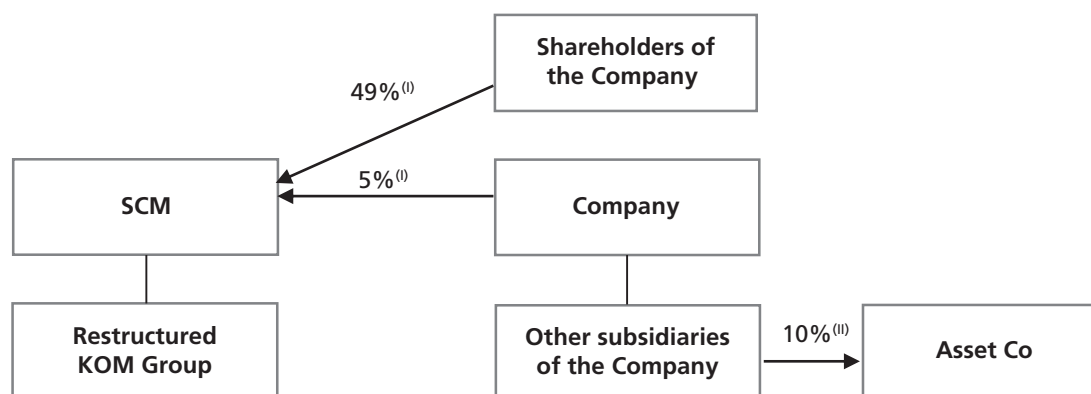
Structure of the KCL Group before the Proposed Transaction



Notes:

- (I) KOM Group proceeds with the Asset Co Transfer and the KOM Pre-Combination Restructuring.
- (II) Asset Co is a wholly-owned subsidiary of KHPL as at the Latest Practicable Date.
- (III) SCM directly acquires 100% of Restructured KOM from the Company.

Structure of KCL Group after the Proposed Transaction



Notes:

- (I) After the Proposed Transaction and the Proposed Distribution, the Company will retain 5% of the total number of the SCM Shares on a fully diluted basis immediately after Closing, which will be held in the Segregated Account, and 49% of the total number of SCM Shares on a fully diluted basis immediately after Closing will be distributed to Eligible Shareholders pursuant to the Proposed Distribution.
- (II) KHPL will hold 10% of the total number of ordinary shares in Asset Co upon completion of the Asset Co Transfer. For details on the remaining shareholders of Asset Co after the Asset Co Transfer, please refer to paragraph 2.2 of this Circular. Please refer to paragraph 3.2 of this Circular for further information on the Vendor Notes and the Asset Co Perpetual Securities that the KCL Group will hold (through KHPL) after the Asset Co Transfer.

6. THE PROPOSED DISTRIBUTION

6.1 Method of Distribution

Contemporaneously with Closing, the Company proposes to undertake the Proposed Distribution, such that the DIS Shares shall, on or immediately after Closing, be issued directly to and held by Eligible Shareholders. The Proposed Distribution will be effected by way of a dividend *in specie* to Eligible Shareholders *pro rata* to their respective shareholdings in the Company as at a future record date to be determined. No payment will be required from Eligible Shareholders for the DIS Shares to be received from the Proposed Distribution. Shareholders who hold KCL Shares as at a time and date (the "**Record Date**") to be announced by the Company on which the Transfer Books and the Register of Members of the Company will be closed in order to determine the entitlements of Shareholders in respect of the Proposed Distribution, will be entitled to receive approximately 19.1 DIS Shares⁴ per KCL Share held by such Shareholders. Please refer to future announcement(s) released by the Company on the SGXNet for the exact number of DIS Shares per KCL Share to be distributed to Eligible Shareholders.

The Securities Industry Council ("**SIC**") has confirmed on 8 April 2022, 14 April 2022 and 12 October 2022 that none of the Company, Temasek or their respective concert parties would incur a mandatory offer obligation under the Code for SCM if the issuance of the KOM Consideration Shares and the Proposed Distribution took place on the same day or such other date as SIC may approve.

The DIS Shares will be distributed free of Encumbrances and together with all rights attaching thereto on and from the date the Proposed Distribution is completed.

6.2 Dividend Distribution

To effect the Proposed Distribution as a dividend *in specie*, the Company will appropriate an amount out of the retained earnings and/or distributable reserves of the Company to meet the amount of dividend to be declared. The final appropriated amount will be based on the value of the DIS Shares on the date the Proposed Distribution is completed ("**Completion Date**"). For illustration purposes, assuming that SCM is trading at S\$0.122 per SCM Share on the Completion Date and further assuming that 33,436,214,314 DIS Shares (representing 49% of the total number of SCM Shares on a fully diluted basis immediately after Closing) are distributed to Eligible Shareholders, the appropriated amount is estimated to be approximately S\$4,079.2 million. Based on the KCL 1H2022 Financial Statements, the retained earnings of the Company as at 30 June 2022 was S\$9,209.6 million. As at the Latest Practicable Date, other than the Proposed Distribution and the interim cash dividend of 15.0 cents per share amounting to S\$265.1 million in respect of the half year ended 30 June 2022, the Company has not declared any dividend during the financial year ending 31 December 2022.

4 The number of DIS Shares to be distributed to the Shareholders for every one (1) KCL Share held by an Eligible Shareholder is calculated based on the assumption that Company's issued and paid-up share capital on Closing would be 1,751,941,293 KCL Shares (excluding treasury shares) which is the number of KCL Shares (excluding treasury shares) of the Company as at the Latest Practicable Date, and on the further assumption that 33,436,214,314 DIS Shares will be distributed to Eligible Shareholders.

6.3 Effects of the Proposed Distribution

The Proposed Distribution will not result in any change to the issued and paid-up share capital of the Company after the Proposed Distribution or to the number of KCL Shares held by a Shareholder.

6.4 The Proposed Distribution is subject to Shareholders' Approval

The Proposed Distribution will be subject to and conditional on the approval of the Shareholders at the EGM.

6.5 Date of Crediting of the DIS Shares

Subject to the Conditions being satisfied (or, where applicable, waived) and Closing, it is currently expected that the Securities Accounts of Eligible Shareholders who are depositors will be credited with DIS Shares after Closing, on such date to be announced by the Company. Eligible Shareholders who are not depositors will receive their entitlements to DIS Shares pursuant to the Proposed Distribution after Closing by the entry of their names on the register of members of SCM. Please refer to future announcement(s) released by the Company on the SGXNet for further information.

Please refer to paragraph 12 below for further information on administrative matters relating to the Proposed Distribution.

6.6 Taxation

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Proposed Distribution. Shareholders (including those who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore) should consult their own professional advisers.

(a) Tax Implications for Shareholders

As the Company is tax resident in Singapore, dividends paid by the Company (whether paid in the form of cash or by way of distribution *in specie* of the Company's assets) are tax exempt (one-tier) dividends which are exempt from Singapore income tax in the hands of Shareholders. Accordingly, as the Proposed Distribution is a payment of a dividend *in specie* by the Company, it will be exempt from Singapore income tax when received by Shareholders.

(b) Stamp Duty

The Company will bear stamp duty, if any, chargeable for the issuance of the DIS Shares to Eligible Shareholders pursuant to the Proposed Distribution.

7. RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION

7.1 Current State of the Offshore & Marine ("O&M") Industry

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. The improving industry outlook, underpinned by rising oil prices over the past year, supports ongoing reviews by oil and gas companies of their plans for resumption of deferred activities, final investment decisions and capital expenditures.

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 KOM and SCM have built their respective capabilities and track records in the past few years.

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

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

(a) Offshore Renewables

Building on the existing wins of KOM and SCM, it is expected that after the Proposed Transaction, SCM will scale up its footprint in offshore wind energy, a sector that is expected to see global expenditures of S\$260 billion between 2021 and 2030⁵, with participation across the value chain, including substations and wind turbine installation vessels.

(b) New Energy

SCM, after the Proposed Transaction, is expected to make 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.

⁵ According to market research for 2021 to 2030 by a leading global management consultancy.

(c) 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 units, and other offshore oil & gas solutions, which is estimated to amount to a S\$290 billion opportunity in terms of market size⁶, through focusing on innovating and applying new technologies to reduce the carbon footprint of such structures.

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

SCM, after the Proposed Transaction, is envisaged to unlock synergies from the integration of two (2) established industry players by:

- (a) 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;
- (b) combining the respective track records of successful executions and deliveries, and reinforcing the distinctive intellectual property of SCM and KOM and their thought leadership in complex projects;
- (c) 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
- (d) generating greater economies of scale and developing more rigorous project execution capabilities.

SCM, after the Proposed Transaction, will create greater value for all stakeholders. As a group, the collective workforce of SCM and KOM 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.

7.4 Expected Benefits to the Company and its Shareholders from the Proposed Transaction

The expected benefits of 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 KCL Group's pivot towards new energy and decarbonisation solutions.

⁶ According to market research for 2021 to 2030 by a leading global management consultancy.

- (b) Shareholders would have a direct interest in SCM

The Proposed Transaction would allow the Shareholders of the Company to have a direct ownership interest in SCM and participate in a company that is envisaged to unlock synergies from the integration of two (2) established industry players in KOM and SCM 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 KOM and SCM in successful executions and deliveries, and reinforcing their distinctive intellectual property and thought leadership in complex projects, SCM, after the Proposed Transaction, would generate greater economies of scale and develop more rigorous project execution capabilities.

SCM, after the Proposed Transaction, is therefore expected to create greater value for all stakeholders.

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

The finishing of uncompleted legacy rigs will no longer be funded by the Company and instead, will primarily be funded by external lender(s) under the Asset Co Bank Financing. Improving conditions in the offshore & marine sector, underpinned by improving oil prices and increasing utilisation and day rates of offshore drilling rigs, provide an opportunity for Asset Co to monetise the legacy rigs by selling or securitising them. As the legacy rigs are sold or securitised, the proceeds raised from the sale or securitisation of such rigs will be used to repay the Vendor Notes and redeem the Asset Co Perpetual Securities and accordingly, 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 a 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 significant transactions, including 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 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 KCL 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.

8.1 Relative Figures for the Asset Co Transfer

The relative figures for the Asset Co Transfer computed on the bases set out in Rule 1006 are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	The NAV of the Identified Asset Co Assets to be disposed of, compared with the KCL Group's NAV ⁽ⁱ⁾ .	32.3 ⁽ⁱⁱ⁾
(b)	The net loss attributable to the Identified Asset Co Assets, compared with the KCL Group's net profits ⁽ⁱⁱⁱ⁾ .	-9.2 ^(iv)
(c)	The aggregate value of the consideration received for the Asset Co Transfer ^(v) , compared with the Company's market capitalisation based on the total number of issued KCL Shares (excluding treasury shares) ^(vi) .	35.1
(d)	The number of equity securities issued by the Company as consideration for the Asset Co Transfer, compared with the number of equity securities previously in issue.	N.A. ^(vii)
(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. ^(viii)

Notes:

- (i) Under Rule 1002(3)(a) of the Listing Manual, "net assets" means total assets less total liabilities.
- (ii) Based on the KOM 1H2022 Financial Statements, the NAV of the Identified Asset Co Assets amounts to S\$4,058.2 million. Based on the consolidated financial statements of the KCL Group for the half year ended 30 June 2022 (the "KCL 1H2022 Financial Statements"), the KCL Group's NAV amounts to S\$12,568.3 million.

- (III) 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 non-controlling interests.
- (IV) Based on the KOM 1H2022 Financial Statements, the net loss attributable to the Identified Asset Co Assets amount to S\$57.0 million. Based on the KCL 1H2022 Financial Statements, the KCL Group’s net profits amount to S\$616.6 million.
- (V) The aggregate value of the consideration received pursuant to the Asset Co Transfer amounts to approximately S\$4,058.2 million and does not include the Cash Component. The KCL Group will receive the Cash Component as part of the KOM Pre-Combination Restructuring.
- (VI) The Company’s market capitalisation is approximately S\$11,569.8 million, calculated based on the total number of KCL Shares (excluding treasury shares) multiplied by the volume weighted average price of S\$6.604 per KCL Share on 26 October 2022 (the “**Last Market Day**”), being the last trading day immediately prior to the date of the Updated Chapter 10 Announcement.
- (VII) The Asset Co Transfer does not involve any issue of equity securities by the Company as consideration.
- (VIII) 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 the relative figures computed under Rules 1006(a) and 1006(c) of the Listing Manual exceed 20% but are less than 100%, pursuant to Rule 1014 of the Listing Manual, the disposal of the Identified Asset Co Assets pursuant to the Asset Co Transfer constitutes a “major transaction” and is therefore subject to the approval of the Shareholders in an EGM.

8.2 Relative Figures for the Proposed Transaction

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

Rule 1006	Bases	Relative Figures (%)
(a)	The NAV of the Identified Asset Co Assets and KOM Shares (collectively, the “ Proposed Transaction Assets ”) to be disposed of, compared with the KCL Group’s NAV ⁽ⁱ⁾ .	40.9 ⁽ⁱⁱ⁾
(b)	The net profits attributable to the Proposed Transaction Assets, compared with the KCL Group’s net profits ⁽ⁱⁱⁱ⁾ .	10.5 ^(iv)
(c)	The aggregate value of the consideration received for the Proposed Transaction ^(v) , compared with the Company’s market capitalisation based on the total number of issued KCL Shares (excluding treasury shares) ^(vi) .	73.9
(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. ^(vii)
(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. ^(viii)

Notes:

- (i) Under Rule 1002(3)(a) of the Listing Manual, “net assets” means total assets less total liabilities.
- (ii) Based on the KOM 1H2022 Financial Statements, the NAV of the Proposed Transaction Assets amounts to S\$5,142.1 million. For the avoidance of doubt, the NAV of the KOM Shares includes the Capitalised Loan Amount to be contributed *in specie* into KOM. Based on the KCL 1H2022 Financial Statements, the KCL Group’s NAV amounts to S\$12,568.3 million.

- (III) Under Rule 1002(3)(b) of the Listing Manual, “net profits” means profit or loss including discontinued operations that have not been disposed of and before income tax and non-controlling interests.
- (IV) Based on the KOM 1H2022 Financial Statements, the net profits attributable to the Proposed Transaction Assets amount to S\$64.9 million. Based on the KCL 1H2022 Financial Statements, the KCL Group’s net profits amount to S\$616.6 million.
- (V) The aggregate value of the consideration received pursuant to the Proposed Transaction amounts to approximately S\$8,553.7 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 36,848,072,918 SCM Shares will be issued by SCM to the Company representing 54% of the total number of SCM Shares on a fully diluted basis immediately after Closing, (2) the SCM Shareholders holding 31,389,099,152 SCM Shares, representing 46% of the total number of SCM Shares on a fully diluted basis immediately after Closing which, for the purpose of this computation, is the same number of SCM Shares held by the SCM Shareholders as at the Last Market Day, and (3) an 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 Market Day immediately preceding the date of the Original Proposed Combination Announcement (“**SCM Reference Issue Price**”). For the purpose of determining the aggregate value attributable to the KOM Consideration Shares on Closing, the Company will account for the actual value of the 54% equity interest in SCM based on the last traded price of the shares of SCM on the first trading day immediately following Closing and the actual number of shares of SCM to be issued on Closing.
- (VI) The Company’s market capitalisation is approximately S\$11,569.8 million, calculated based on the total number of KCL Shares (excluding treasury shares) multiplied by the volume weighted average price of S\$6.604 per KCL Share on the Last Market Day.
- (VII) The Proposed Transaction does not involve any issue of equity securities by the Company as consideration.
- (VIII) 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 the relative figures computed under Rules 1006(a) and 1006(c) of the Listing Manual 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 1H2022 Financial Statements, as at 30 June 2022:

- (a) the book value of the Identified Asset Co Assets is S\$4,058.2 million; and
- (b) the book value of the Proposed Transaction Assets is S\$5,142.1 million.

9.2 Net Tangible Asset Value

Based on the KOM 1H2022 Financial Statements, as at 30 June 2022:

- (a) the NTA value of the Identified Asset Co Assets is S\$4,058.2 million; and
- (b) the NTA value of the Proposed Transaction Assets is S\$5,099.2 million.

9.3 Latest Available Open Market Value

The open market value of the Proposed Transaction Assets is not available as the shares of the Asset Co Target Companies (as set out in Part 1 of **Appendix A** of this Circular) which form part of the Identified Asset Co Assets and the KOM Shares 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 as the Company had relied on among others, the KOM 1H2022 Financial Statements in considering the terms 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 Closing, the Company will account for the actual value of the 54% equity interest in SCM based on the last traded price of the SCM Shares on the first trading day immediately following Closing and the actual number of SCM Shares to be issued on Closing. Pending such determination, the computation of the excess of the aggregate value attributable to the KOM Consideration Shares on completion can only be made on a *pro forma* basis.

Based on the KOM 1H2022 Financial Statements, as at 30 June 2022:

- (a) there is no excess of the Asset Co Consideration (on the basis that the Asset Co Consideration amounts to approximately S\$4,058.2 million) over the book value of the Identified Asset Co Assets, and there is no gain/loss on disposal of the Identified Asset Co Assets;
- (b) the excess of the aggregate value of the consideration received for the Proposed Transaction Assets over the book value of the Proposed Transaction Assets (which can only be computed on a *pro forma* basis) is currently estimated to be approximately S\$3,411.6 million⁷ and the amount of gain on disposal of the Proposed Transaction Assets (which can only be computed on a *pro forma* basis, and excluding costs related to the disposal) is estimated to be approximately S\$3,329.2 million⁸.

For the avoidance of doubt:

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

7 This is an approximated figure computed on a *pro forma* basis, assuming the Proposed Transaction had been effected on 30 June 2022, based on the proposed issue price of S\$0.122 (being the SCM Reference Issue Price) and assuming a total of 36,848,072,918 new SCM Shares to be issued on Closing. 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 Closing will depend on the last traded price of the SCM Shares on the first Market Day immediately following the date of Closing and the actual number of SCM Shares to be issued on Closing.

8 This is an approximated figure computed on a *pro forma* basis, assuming the Proposed Transaction had been effected on 30 June 2022, based on the proposed issue price of S\$0.122 (being the SCM Reference Issue Price) and assuming a total of 36,848,072,918 new SCM Shares to be issued on Closing. The actual amount of consideration used to derive the gain on disposal of the Proposed Transaction Assets on Closing will depend on the last traded price of the SCM Shares on the first Market Day immediately following the date of Closing and the actual number of SCM Shares to be issued on Closing.

10. ILLUSTRATIVE FINANCIAL EFFECTS

For illustrative purposes only, the financial effects of the Proposed Transaction and the Proposed Distribution on the (a) net tangible assets ("**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 Latest Practicable Date, are set out below.

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

- (1) transaction expenses and other costs related to the Proposed Transaction, the KOM Pre-Combination Restructuring and the Proposed Distribution have not been taken into account;
- (2) the Proposed Distribution will take place contemporaneously with the Proposed Transaction; and
- (3) the *pro forma* consideration used to derive the disposal gain arising from the Proposed Transaction and *pro forma* value of the Proposed Distribution is calculated based on an assumed issue price of S\$0.122, being the SCM Reference Issue Price and assuming a total of 36,848,072,918 new SCM Shares to be issued to the Company on Closing. In this regard, the actual issue price for the SCM Shares will be subsequently determined and the actual consideration used to derive the 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 SCM Shares on the first Market Day immediately following the date of Closing and the actual number of SCM Shares to be issued to the Company on such Closing.

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 Asset Co Transfer	After the Proposed Transaction ⁽ⁱ⁾	After the Proposed Transaction and the Proposed Distribution ⁽ⁱⁱ⁾
NTA (S\$ million)	10,065.9	10,065.9	13,705.7	9,626.5
Number of issued KCL Shares (excluding treasury shares) ('000)	1,819,615	1,819,615	1,819,615	1,819,615
NTA per KCL Share (S\$)	5.53	5.53	7.53	5.29

Notes:

- (i) The increase in NTA is mainly due to the inclusion of one-off disposal gain arising from the Proposed Transaction.
- (ii) The decrease in NTA is mainly due to the effect of the Proposed Distribution which is partially offset by the inclusion of the disposal gain arising from the Proposed Transaction.

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 Asset Co Transfer	After the Proposed Transaction ^(I)	After the Proposed Transaction ^(II)
Net profits attributable to Shareholders (S\$ million)	1,022.7	1,303.9	1,397.9	4,824.7
Weighted average number of issued KCL Shares (excluding treasury shares) ('000)	1,820,424	1,820,424	1,820,424	1,820,424
EPS (Singapore cents)	56.2	71.6	76.8	265.0

Notes:

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

(II) Includes one-off effects due to 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 Latest Practicable Date, Temasek Holdings (Private) Limited ("**Temasek**") holds a direct interest in 371,408,292 KCL Shares⁹, which is equivalent to approximately 21.20% of the total number of KCL Shares (excluding treasury shares)¹⁰, 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 Latest Practicable Date:

(a) Temasek holds, through its indirect wholly-owned subsidiary, Startree Investments Pte. Ltd. ("**Startree**"), 17,131,025,958 SCM Shares¹¹, which is equivalent to approximately 54.58% of the total number of SCM Shares (excluding treasury shares)¹². Accordingly, SCM is regarded as an associate of Temasek under the Listing Manual; and

9 Temasek holds a direct interest in 371,408,292 KCL Shares. This excludes Temasek's interests in the KCL Shares through Temasek's independently managed portfolio companies.

10 As at the Latest Practicable Date, there are 1,751,941,293 KCL Shares (excluding treasury shares).

11 This excludes Temasek's interests in the SCM Shares through Temasek's independently managed portfolio companies.

12 As at the Latest Practicable Date, there are 31,389,099,152 SCM Shares (excluding treasury shares).

(b) Kyanite is an indirect wholly-owned subsidiary of Temasek, and Kyanite is therefore regarded as an associate of Temasek under the Listing Manual. Kyanite is a party to the Amended Asset Co Framework Agreement, which contemplates the transfer of the Identified Asset Co Assets.

11.4 Accordingly, the Proposed Transaction constitutes an “interested person transaction” under Chapter 9 of the Listing Manual.

11.5 Based on the KCL Audited FY2021 Financial Statements, the KCL Group’s NTA amounts to S\$10,065.9 million. Based on the KOM Audited FY2021 Financial Statements, the NTA of the Proposed Transaction Assets amounts to approximately S\$4,909.5 million (of which the NTA of the KOM Shares to be transferred pursuant to the KOM Share Transfer is S\$855.6 million). The value of the Proposed Transaction represents approximately 49% of the KCL Group’s NTA (and the value of the KOM Shares to be transferred represents approximately 8% of the KCL Group’s NTA). As both aforesaid values exceed 5% of the KCL Group’s NTA, the Proposed Transaction will require the approval of the Shareholders.

11.6 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 Latest Practicable Date is approximately S\$1,583.7 million. There are no other interested person transactions entered into by the Company during the course of the current financial year up to the Latest Practicable Date.

11.7 Post-Closing transactions between the Company and SCM

As mentioned above at paragraph 11.3(a) of this Circular, SCM is regarded as an associate of Temasek and post-Closing, the KOM In-Scope Entities will also be regarded as associates of Temasek. Therefore, for the purposes of the Listing Manual, SCM and the KOM In-Scope Entities will be regarded as “interested persons” in relation to the Company post-Closing. Additionally, the Company will continue to hold an indirect interest in certain KOM In-Scope Entities as they remain associated companies of the Company held through other entities within the KCL Group (excluding KOM) which the Company and its “interested persons” collectively retains control over, and for the purposes of the Listing Manual, will be considered “entities at risk”. Accordingly, following Closing, certain Transaction Documents (including the Transitional Services Agreement) to be entered into by the KCL Group and/or its associated companies with SCM and/or the KOM In-Scope Entities would constitute interested person transactions of the Company.

Further details on the Transitional Services Agreement can be found at paragraph 5.6 of this Circular. If Shareholders approve the Proposed Transaction as an “interested person transaction” under Chapter 9 of the Listing Manual, such approval will be deemed to include the Transaction Documents (including the Transitional Services Agreement) as they form an integral part of the contractual rights, entitlements and obligations following Closing. Subsequent modifications to the Transitional Services Agreement (other than renewals on substantially the same terms) will be subject to interested person transactions review procedures of the Company in accordance with Chapter 9 of the Listing Manual.

11.8 Independent Financial Advisor

The Company has appointed CLSA Singapore Pte Ltd as the independent financial adviser (the “**IFA**”) pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Company’s audit committee (the “**Audit Committee**”) and the Relevant 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.

A copy of the IFA Letter to the Audit Committee and the Relevant Directors, containing its advice in full, is set out in **Appendix C** of this Circular and Shareholders are advised to read the IFA Letter carefully.

After taking into account a range of factors which the IFA considers to be relevant and have a significant bearing on its assessment, and subject to the assumptions and qualifications set out in the IFA Letter, and taking into account the information made available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that the Proposed Transaction is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

12. ADMINISTRATIVE MATTERS RELATING TO THE PROPOSED DISTRIBUTION

12.1 Depositors

In the case of Eligible Shareholders (being depositors), entitlements to the DIS Shares will be determined on the basis of the number of KCL Shares standing to the credit of their respective Securities Accounts as at the Record Date. Following the date of Closing, CDP will credit the Securities Accounts of such Eligible Shareholders with the relevant number of DIS Shares on the credit date to be announced by the Company in due course and CDP will send to each such depositor a notification letter confirming the number of DIS Shares that has been credited to his Securities Account.

12.2 Scrip Shareholders

In the case of Eligible Shareholders (not being depositors), entitlements to the DIS Shares will be determined on the basis of their holdings of KCL Shares in the Register of Members of the Company as at the Record Date. Following the date of Closing, the names of such Eligible Shareholders as well as the relevant number of DIS Shares to be distributed to such Eligible Shareholders will be entered into the register of members of SCM and the share certificates in respect of the DIS Shares will be sent to them by registered post to their address stated in the Register of Members of the Company at the sole risk of the Eligible Shareholders. Eligible Shareholders should note that they will not be able to trade in such DIS Shares on the SGX-ST unless they have a Securities Account and make appropriate arrangements for the share certificates of the DIS Shares to be deposited with CDP for crediting into said Securities Account.

Shareholders holding their KCL Shares in scrip form and who wish to have their KCL Shares credited to their Securities Accounts pursuant to the Proposed Distribution or wish to trade the DIS Shares on the SGX-ST on or immediately after the Proposed Distribution should deposit with CDP their existing share certificates in respect of their KCL Shares, together with the duly executed instruments of transfer in favour of CDP as well as all other relevant supporting documents required by CDP, no later than 5.00 p.m. on the date falling 12 Market Days prior to the Record Date so as to enable CDP to credit their Securities Accounts with the relevant KCL Shares by the Record Date and thereafter for CDP to credit their Securities Accounts with the DIS Shares.

12.3 CPF/SRS Investors

In the case of investors who have purchased KCL Shares using their CPF funds or SRS funds ("CPF/SRS Investors"), entitlements to the DIS Shares will be determined on the basis of the number of KCL Shares held by the CPF agent banks or SRS operator on behalf of each CPF/SRS Investor (as the case may be) as at the Record Date. Following the date of Closing, CDP will credit the DIS Shares attributable to CPF/SRS Investors pursuant to the Proposed Distribution to the respective Securities Accounts of the relevant CPF agent banks or SRS operator, and the CPF agent banks and SRS operator will update their records accordingly.

12.4 Investors whose KCL Shares are held through a finance company and/or depository agent

In the case of investors who hold KCL Shares through a finance company and/or depository agent, entitlements to the DIS Shares will be determined on the basis of the number of KCL Shares held by the finance companies and/or the depository agents on behalf of such investors as at the Record Date. Following the date of Closing, CDP will credit the DIS Shares attributable to such investors pursuant to the Proposed Distribution to the Securities Accounts of the finance companies and/or the depository agents.

12.5 Overseas Shareholders

You will be regarded as an Overseas Shareholder if your registered address for the service of the notices and/or documents on the Register of Members of the Company or the Depository Register (as the case may be) is not in Singapore as at the Record Date. Shareholders who wish to change their registered address on the Register of Members of the Company or the Depository Register (as the case may be) are to provide an address in Singapore in substitution thereof prior to the Record Date and may do so by sending a notice in writing to the Share Registrar (in the case of a change of address on the Register of Members of the Company) or CDP (in the case of a change of address on the Depository Register), respectively not later than three (3) Market Days prior to the Record Date.

The distribution of this Circular and the Proposed Distribution may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Shareholders are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without any liability of the Company. It is the responsibility of Shareholders in such jurisdictions to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities which are required to be observed and/or payment of any issue, transfer or other taxes due in such jurisdiction.

For practical reasons and in order to avoid violating applicable securities laws outside Singapore, or where the Directors are of the view that such distribution may infringe any foreign law or may necessitate compliance with conditions or requirements which the Directors, in their absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the Directors reserve the discretion not to distribute the DIS Shares to any Overseas Shareholder and to deal with such DIS Shares in the manner set out below.

In the event the Directors decide not to distribute the DIS Shares to any Overseas Shareholders, arrangements will be made for the distribution of the DIS Shares which would otherwise be distributed to such Overseas Shareholders pursuant to the Proposed Distribution to such person(s) as the Directors may appoint to sell such DIS Shares and thereafter the net proceeds of such sale, after deducting for all dealings and other expenses in connection therewith, shall be distributed proportionately among such Overseas Shareholders according to their respective entitlements to the DIS Shares as at the Record Date in full satisfaction of their rights to the DIS Shares which they would otherwise have become entitled to under the Proposed Distribution.

12.6 Odd-Lot Trading

SCM Shares are traded in board lots of 100 SCM Shares in the ready market. Shareholders may receive odd lots of SCM Shares pursuant to the Proposed Distribution (that is, lots other than board lots of 100 SCM Shares). Shareholders who receive odd lots of SCM Shares pursuant to the Proposed Distribution and who wish to trade such odd lots of SCM Shares on the SGX-ST are able to trade with a minimum size of one (1) SCM Share on the Unit Share Market of the SGX-ST. As odd lots of SCM Shares can be traded on the Unit Share Market of the SGX-ST, no separate arrangement will be made for the trading of such odd lots. Shareholders should note that the market for trading of odd lots of SCM Shares may be illiquid and trading in odd lots of SCM Shares may also incur a proportionately higher brokerage cost than trading in board lots of SCM Shares.

13. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

13.1 Based on the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date, the interests of the Directors of the Company in KCL Shares are as follows:

Name of Director	Direct Interest		Deemed Interest	
	No. of KCL Shares	% ⁽ⁱ⁾	No. of KCL Shares	% ⁽ⁱ⁾
Danny Teoh	129,825	0.007	–	–
Loh Chin Hua ⁽ⁱⁱ⁾	2,949,667	0.168	38,500	0.002
Teo Siong Seng ⁽ⁱⁱⁱ⁾	14,000	0.001	21,483	0.001
Till Vestring	103,000	0.006	–	–
Veronica Eng	56,000	0.003	–	–
Jean-François Manzoni	123,000	0.007	–	–
Tham Sai Choy	170,570	0.010	–	–
Penny Goh	44,000	0.003	–	–
Shirish Apte	3,000	n.m. ^(iv)	–	–
Olivier Pascal Marius Blum	–	–	–	–
Jimmy Ng Hwee Kim	–	–	–	–

Notes:

(i) All references to percentage shareholding of the issued share capital of the Company in this paragraph are based on the total number of 1,751,941,293 KCL Shares (excluding treasury shares) as at the Latest Practicable Date.

- (II) Loh Chin Hua is deemed interested in the 38,500 KCL Shares held in an account jointly owned by him and his spouse. The figures in the table above excludes the contingent share awards granted to Loh Chin Hua under the Company's Performance Share Plan which are capable of vesting into a maximum of 3,697,500 KCL Shares and the contingent share awards granted to Loh Chin Hua under the Company's Restricted Share Plan which are capable of vesting into a maximum of 351,608 KCL Shares.
- (III) Teo Siong Seng is deemed to have an interest in the 21,483 KCL Shares held in the name of the Estate of Teo Woon Tiong, as he is one of the joint executors of the Estate.
- (IV) n.m. means not meaningful.

13.2 As at the Latest Practicable Date:

- (a) Tham Sai Choy is an Independent Director of DBS Group Holdings Ltd ("**DBS Group**") and an Independent Director of DBS;
- (b) Jimmy Ng Hwee Kim is the Group Chief Information Officer and Head of Technology & Operations of DBS; and
- (c) Shirish Apte has been appointed as an Independent Director of Standard Chartered Bank PLC with effect from 4 May 2022.

DBS, a subsidiary of DBS Group, was appointed as joint financial advisor to KOM and SCM with respect to the relative exchange 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. Neither Tham Sai Choy nor Jimmy Ng Hwee Kim has any personal material interest in either of these transactions between DBS and KOM.

A related corporation of Standard Chartered Bank PLC, Standard Chartered Bank (Singapore) Limited, had signed a debt commitment letter with Asset Co on 27 April 2022 in connection with the Asset Co Bank Financing. Shirish Apte has no personal material interest in the debt commitment letter entered by Standard Chartered Bank (Singapore) Limited and Asset Co.

Save as disclosed above, and other than through their respective shareholdings in the Company as set out in paragraph 13.1 above, none of the Directors of the Company has any interest, direct or indirect, in the Proposed Transaction.

- 13.3 Based on the Register of Substantial Shareholders' Shareholdings of the Company as at the Latest Practicable Date, the sole substantial Shareholder and controlling Shareholder of the Company, Temasek, has a direct interest in 371,408,292 KCL Shares, representing approximately 21.20% of the total number of KCL Shares (excluding treasury shares) and a deemed interest in 8,979,415 KCL Shares, representing approximately 0.51% of the total number of KCL Shares (excluding treasury shares)¹³.
- 13.4 As at the Latest Practicable Date, based on publicly available information, Temasek does not have any interest, direct or indirect, in the Proposed Transaction, save as disclosed in this Circular.

¹³ Temasek is deemed interested in 8,979,415 KCL Shares in which its independently managed portfolio companies have an interest in. Temasek is not involved in their business or operating decisions, including those regarding their positions in the KCL Shares.

14. 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.

15. AUDIT COMMITTEE'S STATEMENT

The Audit Committee, having considered the relevant factors, including the terms of the Proposed Transaction and the rationale for, and benefits of, the Proposed Transaction as set out in paragraph 7 of this Circular, as well as the advice and opinion of the IFA as set out in the IFA Letter, is of the view that the Proposed Transaction is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

16. RECOMMENDATIONS

16.1 The Proposed Transaction

The Relevant Directors, having considered the relevant factors, including the terms of the Proposed Transaction and the rationale for, and benefits of, the Proposed Transaction as set out in paragraph 7 of this Circular, as well as the advice and opinion of the IFA as set out in the IFA Letter, recommend that the Shareholders **VOTE IN FAVOUR** of Ordinary Resolution 1 in respect of the Proposed Transaction.

Teo Siong Seng is the Executive Chairman of Pacific International Lines (Private) Limited ("**PIL**"), which is majority owned by Heliconia Capital Management Pte. Ltd., a wholly-owned subsidiary of Temasek. Other than through its interests in the Company, Temasek also has other interests in the Proposed Transaction which is disclosed in paragraph 11.3 of this Circular. Whilst Teo Siong Seng has no involvement in any aspect of the Proposed Transaction, to avoid any perception of conflict due to Temasek's indirect interest in PIL, Teo Siong Seng has abstained from making any recommendation as to how Shareholders should vote in respect of the Ordinary Resolution 1 in relation to the Proposed Transaction.

16.2 The Proposed Distribution

The Directors, having considered the relevant factors, recommend that the Shareholders **VOTE IN FAVOUR** of Ordinary Resolution 2 in respect of the Proposed Distribution.

16.3 Shareholders should read this Circular carefully in its entirety. In giving the above recommendations, the Relevant Directors have not had regard to any general or specific investment objectives, financial situations, tax positions or particular needs or constraints of any individual Shareholder or any specific group of Shareholders. As different Shareholders have different investment profiles and objectives, the Relevant Directors recommend that any Shareholder who may require specific advice in relation to his/her/its investment portfolio should consult his/her/its stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

17. EXTRAORDINARY GENERAL MEETING

17.1 Details of the Extraordinary General Meeting

The EGM, notice of which is set out in **Appendix F** of this Circular, will be held by electronic means on 8 December 2022 for the purpose of considering and, if thought fit, passing, the Ordinary Resolutions set out in the Notice of EGM.

In line with the provisions of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, no printed copies of this Circular will be despatched to Shareholders.

An electronic copy of this Circular (including the Notice of EGM and the Proxy Form) is available on the Company's website at <https://www.kepcorp.com/en/investors/agm-egm/>, and on the SGXNet.

17.2 Abstention from Voting

(a) Proposed Transaction

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.

Accordingly, Temasek will abstain, and has undertaken to ensure that its associates will abstain, from voting (either in person or by proxy) on Ordinary Resolution 1 relating to the Proposed Transaction. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of Ordinary Resolution 1 relating to the Proposed Transaction 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.

(b) Proposed Distribution

As the Proposed Distribution does not constitute an "interested person transaction" under Chapter 9 of the Listing Manual, no Shareholder is required to abstain from voting on the Ordinary Resolution 2 in respect of the Proposed Distribution pursuant to Chapter 9 of the Listing Manual.

18. ACTION TO BE TAKEN BY SHAREHOLDERS

18.1 No Attendance in Person

The EGM will be conducted by way of electronic means and there will be no personal attendance at the EGM.

18.2 Alternative Arrangements

Shareholders or their duly appointed proxy(ies) will be able to (a) observe and/or listen to the EGM proceedings through a live audio-visual webcast or live audio-only stream by pre-registering, (b) submit questions in advance of and/or live at the EGM, and/or (c) vote live at the EGM. Shareholders may also vote at the EGM by appointing the Chairman of the EGM as proxy to vote on their behalf.

Shareholders should refer to the Notice of EGM in **Appendix F** of this Circular and the Company's announcement dated 23 November 2022 and titled "*Electronic Despatch of Circular and the Extraordinary General Meeting of Keppel Corporation Limited to be held on 8 December 2022*", which are available on the SGXNet, for further details, including the steps to be taken by Shareholders who wish to participate in the EGM.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Relevant Directors' recommendation in paragraph 16.1 of this Circular remains the sole responsibility of the Relevant Directors. Save for the foregoing, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than information relating to SCM) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the Proposed Distribution and the KCL Group which are relevant to the Proposed Transaction and Proposed Distribution, and the Directors are not aware of any facts, the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source (including information relating to SCM), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

20. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

J.P. Morgan Securities Asia Private Limited (the "**Financial Adviser**") is the sole financial adviser to the Company in respect of the Proposed Transaction and the Proposed Distribution.

To the best of the Financial Adviser's knowledge and belief, save for the information set out in paragraphs 2.3, 9, 10, 11, 13, 14, 15, 16, 19, **Appendix C**, **Appendix D** and **Appendix E** of this Circular, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the Proposed Distribution and the KCL Group which are relevant to the Proposed Transaction and Proposed Distribution, and the Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular misleading.

21. CONSENT BY THE FINANCIAL ADVISER AND IFA

The Financial Adviser has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

22. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents 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 098632¹⁴ from the Update Announcement Date up to and including the completion of the Proposed Combination:

- (a) the Amendment and Restatement Deed and the Amended and Restated Combination Framework Agreement; and
- (b) the Asset Co Framework Agreement and the Supplemental Agreement.

Yours faithfully

For and on behalf of the Board of Directors of
Keppel Corporation Limited

Danny Teoh
Chairman

23 November 2022

¹⁴ Prior appointment will be required. Please contact the Company's Investor Relations at +65 6413 6436 or investor.relations@kepcorp.com.

APPENDIX A

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.	Heidrun Vessel
3.	Huldra Vessel
4.	Nordic Spring Vessel
5.	Nordic Winter Vessel
6.	Sapura Raiga Vessel
7.	Tivar Vessel
8.	TS Jasper Vessel
9.	Vale Vessel
10.	Var Vessel

Asset Co Target Companies

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.
7.	FELS Asset Co 3 Pte. Ltd.
8.	FELS Asset Co 4 Pte. Ltd.
9.	FELS Asset Co 5 Pte. Ltd.
10.	FELS Asset Co 6 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:

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
(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

S/N	Applicant/Patentees	Patent Application No
(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

APPENDIX B

CONDITIONS

All capitalised terms used and not defined in this **Appendix B** shall have the same meanings given to them in the Amended and Restated Combination Framework Agreement (and, where undefined in the Amended and Restated Combination Framework Agreement, this Circular), a copy of which is available for inspection during normal business hours at the registered office of the Company from the Update Announcement Date up to and including Closing. The status of each of the Conditions as at the Latest Practicable Date is also set out below.

Condition	Status
(a) SCM Shareholders' Approval: the approval of the KOM Combination by the SCM Shareholders at the SCM EGM;	To be sought by SCM 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;	To be sought by the Company at the EGM
(c) Completion of Asset Co Transaction: the completion of the Asset Co Transaction taking place immediately prior to the KOM Restructuring and the KOM Combination;	To be announced by the Company in due course
(d) 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;	To be announced by the Company in due course
(e) 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;	See status as set out in (i) to (vii) of this paragraph (e)
(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 SCM Shares, to make an offer for SCM under Rule 14 of the Code:	Satisfied

Condition	Status
<p>(ii) SGX-ST Approvals: in respect of the KOM Combination, 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 from the SGX-ST for the listing of the KOM Consideration Shares;</p>	<p>Other than approval-in-principle from the SGX-ST for the issuance by KCL of the KCL Circular to Shareholders, the remaining approvals are to be sought by SCM</p>
<p>(iii) 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;</p>	<p>To be determined on the Relevant Date</p>
<p>(iv) 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:</p> <p>(A) approval from the Administrative Council for Economic Defense (Brazil); and</p> <p>(B) approval from the Competition and Consumer Commission of Singapore;</p>	<p>Satisfied</p>
<p>(v) 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;</p>	<p>Pending</p>

Condition	Status
<p>(vi) in relation to the SCM Group:</p> <p>(A) 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</p> <p>(B) notification to the MPA in relation to the change in ownership of Sembcorp 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</p>	Satisfied
<p>(vii) Others: such other Regulatory Approvals as may be identified and mutually agreed by the Parties within 30 days from the Agreement Date;</p>	There are no other Regulatory Approvals identified
<p>(f) SCM Warranties:</p> <p>(i) the SCM Warranties set out in the Amended and Restated Combination Framework Agreement:</p> <p>(1) which are qualified as to materiality being true and correct; and</p> <p>(2) which are not qualified as to materiality being true and correct in all material respects,</p> <p>in each case as at the Agreement Date 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</p> <p>(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 the Amended and Restated Combination Framework 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;</p>	To be determined on the Relevant Date

Condition	Status
<p>(g) KCL Warranties:</p> <p>(i) the KCL Warranties set out in the Amended and Restated Combination Framework Agreement:</p> <p>(1) which are qualified as to materiality being true and correct; and</p> <p>(2) which are not qualified as to materiality being true and correct in all material respects,</p> <p>in each case as at the Agreement Date 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</p> <p>(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 Amended and Restated 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;</p>	<p>To be determined on the Relevant Date</p>
<p>(h) No SCM Material Adverse Change: no 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>	<p>To be determined by the date of despatch of the SCM Circular to Shareholders or the KCL Circular to Shareholders, whichever occurs later</p>
<p>(i) No KOM Material Adverse Change: no 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.</p>	<p>To be determined by the date of despatch of the SCM Circular to Shareholders or the KCL Circular to Shareholders, whichever occurs later</p>

APPENDIX C

IFA LETTER

CLSA Singapore Pte Ltd
80 Raffles Place
#18-01 UOB Plaza 1
Singapore 048624

23 November 2022

To: Audit Committee and the Relevant Directors of
Keppel Corporation Limited
10 HarbourFront Avenue
#02-01 Keppel Bay Tower
Singapore 098632

Dear Sir/Madam,

LETTER FROM CLSA SINGAPORE PTE LTD TO THE AUDIT COMMITTEE AND RELEVANT DIRECTORS OF KEPPEL CORPORATION LIMITED (THE "COMPANY" OR "KCL GROUP") IN RESPECT OF THE PROPOSED TRANSACTION AS AN INTERESTED PERSON TRANSACTION PURSUANT TO CHAPTER 9 OF THE LISTING MANUAL (THE "LISTING RULES") OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST")

For the purposes of this Letter ("**Letter**"), capitalised terms not otherwise defined herein shall have the same meaning as defined in the circular dated 23 November 2022 (the "**Circular**").

1 INTRODUCTION

1.1 BACKGROUND

Pursuant to the Original Proposed Combination Announcement and the Updated Chapter 10 Announcement (collectively, the "**Relevant Announcements**"), the Company announced, *inter alia*, the proposed combination of its wholly-owned subsidiary, Keppel Offshore & Marine Ltd ("**KOM**"), and Sembcorp Marine Ltd ("**SCM**"), which will be effected in the manner and sequence set out below (the "**Proposed Combination**"):

- (a) firstly, the transfer of KOM's legacy rig assets, associated receivables and associated intercompany loans owing by the Asset Co Target Companies to the KCL Group (the "**Asset Co Intercompany Loans**") as further described in Part 1 of **Appendix A** to the Circular (the "**Identified Asset Co Assets**") from the KOM Vendors to a newly established asset-holding company, Rigco Holding Pte. Ltd. ("**Asset Co**" and such transfer, the "**Asset Co Transfer**"). In return, the KCL Group and the KOM Vendors will receive equity and debt securities issued by Asset Co amounting in aggregate to approximately S\$4,058.2 million (as may be adjusted) (the "**Asset Co Consideration**"). On completion of the Asset Co Transfer, Asset Co will be held by Baluran Limited ("**Baluran**"), Kyanite Investment Holdings Pte. Ltd. ("**Kyanite**") and KHPL in the shareholding proportion of 74.9%, 15.1% and 10.0% respectively. Based on information available to the Company, 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. Kyanite is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**").

- (b) secondly, an internal restructuring exercise to be conducted by KOM (the “**KOM Pre-Combination Restructuring**”) for the KOM In-Scope Entities; and
- (c) thirdly, subject to the satisfaction (or, where applicable, the waiver) of the Conditions, all the issued and paid-up ordinary shares (excluding treasury shares) in the share capital of KOM (the “**KOM Shares**”) held by the Company will be transferred to SCM (the “**KOM Share Transfer**”) in consideration for the issuance by SCM of such number of new ordinary shares in the capital of SCM (“**SCM Shares**”) representing 54% of the total number of SCM Shares on a fully diluted basis immediately after Closing (the “**KOM Consideration Shares**”).

For the avoidance of doubt, the completion of the Asset Co Transfer will proceed regardless of whether the KOM Combination takes place. If the KOM Combination fails to complete due to non-satisfaction of any of the Conditions, such as the failure to obtain the approval of the KOM Combination by the SCM Shareholders at the SCM EGM, the Company will proceed with the Asset Co Transfer.

The KOM Pre-Combination Restructuring is an internal restructuring step to be undertaken by KOM after the completion of the Asset Co Transfer and immediately prior to completion of the KOM Combination. It is the Company’s current intention that the KOM Pre-Combination Restructuring will only be implemented in full (in the manner described in paragraph 4 of the Circular) if all the Conditions are fulfilled and/or waived and the KOM Combination is completed immediately after the KOM Pre-Combination Restructuring. The completion of the KOM Pre-Combination Restructuring is a Condition to completion of the KOM Combination. If the KOM Combination does not complete for any reason, the Company will review the situation at that time and may undertake part of the KOM Pre-Combination Restructuring.

Copies of the Relevant Announcements are available on the SGXNet at <https://www.sgx.com/securities/company-announcements>. Please refer to the Circular for details on the Proposed Combination.

1.2 THE PROPOSED TRANSACTION (AS DEFINED HEREIN) AS AN INTERESTED PERSON TRANSACTION

- 1.2.1 The Proposed Transaction comprises the Asset Co Transfer and the KOM Combination. 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 Group’s latest audited Net Tangible Assets (“**NTA**”), the approval of the Shareholders is required in respect of the transaction.

- 1.2.2 As at the Latest Practicable Date, Temasek Holdings (Private) Limited (“**Temasek**”) holds a direct interest in 371,408,292 KCL Shares¹, which is equivalent to approximately 21.20% of the total number of KCL Shares (excluding treasury shares)², 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.
- 1.2.3 As mentioned above at paragraph 11.3(a) of this Circular, SCM is regarded as an associate of Temasek and post-Closing, the KOM In-Scope Entities will also be regarded as associates of Temasek. Therefore, for the purposes of the Listing Manual, SCM and the KOM In-Scope Entities will be regarded as “interested persons” in relation to the Company post-Closing. Additionally, the Company will continue to hold an indirect interest in certain KOM In-Scope Entities as they remain associated companies of the Company held through other entities within the KCL Group (excluding KOM) which the Company and its “interested persons” collectively retains control over, and for the purposes of the Listing Manual, will be considered “entities at risk”.
- 1.2.4 As at the Latest Practicable Date:
- (a) Temasek holds, through its indirect wholly-owned subsidiary, Startree Investments Pte. Ltd. (“**Startree**”), 17,131,025,958 SCM Shares³, which is equivalent to approximately 54.58% of the total number of SCM Shares (excluding treasury shares)⁴. Accordingly, SCM is regarded as an associate of Temasek under the Listing Manual; and
 - (b) Kyanite is an indirect wholly-owned subsidiary of Temasek, and Kyanite is therefore regarded as an associate of Temasek under the Listing Manual. Kyanite is a party to the Amended Asset Co Framework Agreement, which contemplates the transfer of the Identified Asset Co Assets.
- 1.2.5 Accordingly, the Proposed Transaction constitutes an “interested person transaction” under Chapter 9 of the Listing Manual.
- 1.2.6 Based on the KCL Audited FY2021 Financial Statements, the KCL Group’s NTA amounts to S\$10,065.9 million. Based on the KOM Audited FY2021 Financial Statements, the NTA of the Proposed Transaction Assets amounts to approximately S\$4,909.5 million (of which the NTA of the KOM Shares to be transferred pursuant to the KOM Share Transfer is S\$855.6 million). The value of the Proposed Transaction represents approximately 49% of the KCL Group’s NTA (and the value of the KOM Share Transfer represents approximately 8% of the KCL Group’s NTA). As both aforesaid values exceed 5% of the KCL Group’s NTA, the Proposed Transaction will require the approval of the Shareholders.

¹ Temasek holds a direct interest in 371,408,292 KCL Shares. This excludes Temasek’s interests in the ordinary shares in the KCL Shares through Temasek’s independently managed portfolio companies.

² As at the Latest Practicable Date, there are 1,751,941,293 KCL Shares (excluding treasury shares).

³ This excludes Temasek’s interests in SCM Shares through Temasek’s independently managed portfolio companies.

⁴ As at the Latest Practicable Date, there are 31,389,099,152 SCM Shares (excluding treasury shares).

1.2.7 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 Latest Practicable Date is approximately S\$1,583.7 million. There are no other interested person transactions entered into by the Company during the course of the current financial year up to the Latest Practicable Date.

1.2.8 Post-Closing transactions between the Company and SCM

As mentioned above at paragraph 11.3(a) of the Circular, SCM is regarded as an associate of Temasek and post-Closing, the KOM In-Scope Entities will also be regarded as associates of Temasek. Therefore, for the purposes of the Listing Manual, SCM and the KOM In-Scope Entities will be regarded as "interested persons" in relation to the Company post-Closing. Additionally, the Company will continue to hold an indirect interest in certain KOM In-Scope Entities as they remain associated companies of the Company held through other entities within the KCL Group (excluding KOM) which the Company and its "interested persons" collectively retains control over, and for the purposes of the Listing Manual, will be considered "entities at risk". Accordingly, following Closing, certain Transaction Documents (including the Transitional Services Agreement) to be entered into by the KCL Group and/or its associated companies with SCM and/or the KOM In-Scope Entities would constitute interested person transactions of the Company.

Further details on the Transitional Services Agreement can be found at paragraph 5.6 of the Circular. If Shareholders approve the Proposed Transaction as an "interested person transaction" under Chapter 9 of the Listing Manual, such approval will be deemed to include the Transaction Documents (including the Transitional Service Agreement) as they form an integral part of the contractual rights, entitlements and obligations following Closing. Subsequent modifications to the Transitional Services Agreement (other than renewals on substantially the same terms) will be subject to interested person transactions review procedures of the Company in accordance with Chapter 9 of the Listing Manual.

1.3 **APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

- 1.3.1 The Company has appointed CLSA Singapore Pte Ltd as the independent financial adviser ("**CLSA**", or the "**IFA**") pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Audit Committee and the Relevant 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.
- 1.3.2 This Letter sets out, *inter alia*, our evaluation of, and our opinion to, the Proposed Transaction, and forms part of the Circular issued by the Company in connection with the Proposed Transaction.

2 TERMS OF REFERENCE

We have been appointed by the Company to advise the Audit Committee and Relevant Directors on whether the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. Our opinion is delivered as required under Listing Rule 921(4) as well as for the use and benefit of the Audit Committee and Relevant Directors.

We are not a party to any negotiation in relation to the Proposed Transaction. We are also not involved in the deliberations leading up to the decisions by the Company to undertake the Proposed Transaction. We do not, by this Letter, warrant or make any representation whatsoever in relation to the merits (whether commercial, financial or otherwise) of the Proposed Transaction, other than to form an opinion 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.

Our scope of work does not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Transaction, or the future performance or prospects of the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group, whether with or without the Proposed Transaction. We were not requested to and have not provided advice concerning the structure, the specific amount of the consideration, or any other aspects of the Proposed Transaction or provided services other than the delivery of this Letter.

The merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Transaction, as with other business transactions of the Company, are solely the responsibility of the Board. Likewise, we are not expressing herein any opinion as to the prices at which the KCL Shares may trade upon with the receipt of Shareholders' approval for the Proposed Transaction. We are also not addressing the relative merits of the Proposed Transaction, as compared to any alternative transaction previously considered by the Company or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Board and the management of the Company.

We have not made any independent evaluation and appraisal on the assets and liabilities of the Identified Asset Co Assets and KOM In-Scope Entities. We have not been furnished with any evaluation or appraisal of the Identified Asset Co Assets or the KOM In-Scope Entities. We have not independently verified the information received from the Company, whether written or verbal, and accordingly we cannot and do not warrant or make any representation (whether expressed or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of the information received from the Company. However, we have made such reasonable enquiries and exercised our judgment as we deem necessary on such information and have found no reason to doubt the accuracy or reliability of the information.

Our analysis and opinion is based upon market, economic, industry, monetary and other conditions prevailing as at Latest Practicable Date, as well as the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a short period of time. Accordingly, our evaluation and opinion do not take into account information, events or conditions arising after the Latest Practicable Date. Shareholders should take note of any announcement and/or documents relevant to their consideration of the Proposed Transaction which may be released or published by the Company after the Latest Practicable Date.

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own advisers in relation to the preparation of the Circular (other than this Letter). We were not involved in and have not provided any advice in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for, and express no views (express or implied) on, the contents of the Circular (other than this Letter).

While a copy of this letter may be reproduced in the Circular relating to the Proposed Transaction, neither the Group nor any of their respective directors or representatives may reproduce, disseminate or refer to this letter or any part thereof for any other purpose, except for the Proposed Transaction, at any time and in any manner without our prior written consent in each specific case. Our opinion in respect of the Proposed Transaction should be considered in the context of the entirety of this Letter and the Circular.

3 INFORMATION ON KOM, ASSET CO AND SCM

3.1 KOM

KOM was incorporated in Singapore on 6 February 1999 and as the Latest Practicable Date, it 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.

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

3.2 Asset Co

Asset Co is a company incorporated in Singapore on 28 March 2022 and as at the Latest Practicable Date, it is wholly owned by KHPL. KHPL, in turn, is a wholly-owned subsidiary of the Company. Asset Co was formed as an investment holding company.

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

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

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

3.3 SCM

SCM is a public company incorporated in Singapore on 25 April 1963 and is listed on the Mainboard 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.

As at the Latest Practicable Date, 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) Tan Beng Hai;
- (e) Gina Lee-Wan;
- (f) Tan Seng Koon William;
- (g) Koh Chiap Khiong;
- (h) Tan Wah Yeow; and
- (i) Patrick Daniel.

As at the Latest Practicable Date, SCM has an issued share capital comprising of 31,389,099,152 SCM Shares (excluding treasury shares). It is envisaged that on Closing, SCM will have an issued share capital comprising 68,237,172,070 (excluding treasury shares)⁵.

⁵ This is calculated based on the assumption that 36,848,072,918 SCM Shares will be issued by SCM to the Company representing 54% of the issued and paid-up share capital of SCM.

4 EVALUATION OF THE PROPOSED TRANSACTION

In reaching our recommendation in respect of the Proposed Transaction, we have given due consideration to the following factors:

- (a) Rationale for and benefits of the Proposed Transaction;
- (b) Assessment of the Asset Co Transfer;
- (c) Assessment of Post-closing transactions;
- (d) Assessment of the KOM Combination;
- (e) Pro forma financial effects of the Proposed Transaction; and
- (f) Other relevant considerations which may have a significant bearing on our assessment of the Proposed Transaction.

4.1 Rationale for and benefits of the Proposed Transaction

The full text of the rationale for and benefits of the Proposed Transaction is set out in paragraph 7 of the Circular. We note the following:

- (a) Current state of the offshore & marine (“O&M”) industry;
- (b) Creation of a premier global player for the renewable, new energy and cleaner O&M solutions markets;
- (c) Greater synergies from combined operational capabilities, engineering bench strength and track record;
- (d) Alignment with the Company’s Vision 2030;
- (e) Shareholders would have a direct interest in SCM;
- (f) Monetising KOM’s legacy rig assets and associated receivables in addition to receiving S\$500 million in cash payment.

4.2 Assessment of the Asset Co Transfer

4.2.1 The Asset Co Consideration

Salient information on the Asset Co Transfer, including the terms and condition thereon, is set out in paragraph 3 of the Circular.

As set out in paragraph 3.2 of the Circular, 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 based on the carrying value of the Identified Asset Co Assets in the KOM 1H2022 Financial Statements. We note the Asset Co Consideration will be updated as at completion of the Asset Co Transfer, based on the pro forma balance sheet as at the date of completion of the Asset Co Transfer. We also note that subject to the terms of the Amended Asset Co Framework Agreement, such pro forma balance sheet will be drawn up in accordance with the accounting policies, procedures and practices adopted in the audited financial statements of KOM, applied on a consistent basis, and the accounting principles generally accepted in the relevant

jurisdiction. We further note that the carrying value of each Identified Asset Co Asset reflected in such pro forma balance sheet will also be updated to reflect additional capital expenditure undertaken from 31 December 2021, the latest available impairment assessment and any depreciation. Any increase or decrease in the carrying value of the Identified Asset Co Assets and the Asset Co Intercompany Loans reflected in the pro forma balance sheet as at completion of the Asset Co Transfer will result in a corresponding increase or decrease (as the case may be) of the principal amount of the Vendor Notes to be issued by Asset Co to KHPL.

Salient information on the conditions precedent for the completion of the Asset Co Transfer is set out in paragraph 3.3 of the Circular. We note that as at the Latest Practicable Date, the condition set out in limb (a) of paragraph 3.3 of the Circular has been fulfilled.

The breakdown of the Asset Co Consideration is as follows:

Mode of settlement	Percentage of Asset Co Consideration
(a) S\$499,000 by way of 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;	0.01%
(b) S\$120.0 million by way of issuance of S\$120.0 million 10.0% PIK Toggle Perpetual Securities (the " Asset Co Perpetual Securities ") by Asset Co	2.96%
(c) approximately S\$3,937.7 million (subject to such adjustments as may be necessary) by way of issuance of fixed rate notes in the same aggregate principal amount (the " Vendor Notes ") by Asset Co	97.03%
Total Asset Co Consideration⁽¹⁾ = approximately S\$4,058.2 million	100.00%

Note:

(1) The Asset Co Consideration will be updated as at completion of the Asset Co Transfer, based on the pro forma balance sheet as at the date of completion of the Asset Co Transfer

We have considered publicly available information in respect of perpetual securities issued by companies in Singapore. We are unable to provide a direct comparison as these perpetual securities are different from the Asset Co Perpetual Securities in terms of corporate structure, investment characteristics, risk profile and other relevant factors.

For the purposes of our evaluation, we have set out below the publicly available perpetual securities issued by KCL and Sembcorp Industries Ltd ("SCI") and compared it to the Asset Co Perpetual Securities.

Announcement Date	Issuer	Principal amount (\$m)	Initial distribution rate (%)	Issuance includes non-Interested Persons	Lead managers/Book-runners appointed
16 September 2021	KCL	400.0	2.90	Yes	Yes
14 June 2017	SCI	200.0	3.70	Yes	Yes
13 May 2015	SCI	600.0	4.75	Yes	Yes
14 November 2013	SCI	200.0	5.00	Yes	Yes
27 October 2022	Asset Co	120.0	10.00	No	No

Source: Bloomberg

Vendor Notes

Similarly, there are no direct comparison for the Vendor Notes in terms of bond currency, tenor and issue size. We note the following 10-year and 30-year bonds issued by KCL:

Announcement Date	Issuer	Total issue size (\$m)	Tenure (years)	Coupon rate per annum (%)	Issuance includes non-Interested Persons	Lead managers/Book-runners appointed
29 August 2012	KCL	300.0	30	4.00	Yes	Yes
7 May 2019	KCL	350.0	10	3.66	Yes	Yes
27 October 2022	Asset Co	3,937.7	12	4.00	No	No

Source: Bloomberg

Whilst we have made our comparisons against public perpetual securities issued by KCL and SCI, as well as 10-year and 30-year bonds issued by KCL, we wish to highlight that these perpetual securities and bonds are different from the Asset Co Perpetual Securities and Vendor Notes respectively in terms of characteristics, risk profile and/or other relevant factors. In addition, the list of selected public perpetual securities and bonds are by no means exhaustive and information relating to these were compiled from publicly available information. The Relevant Directors should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

In reviewing the information above, we noted that the initial distribution rate of the Asset Co Perpetual Securities is above the public perpetual securities issued by KCL and SCI. We note that the coupon rate of the Vendor Notes is the same with the 30-year bond and slightly higher than the 10-year bond issued by KCL respectively.

4.2.2 Alternative offer

We note that as at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the Identified Asset Co Assets.

4.2.3 No open market value

We note that the open market value of the Proposed Transaction Assets is not available as the shares of the Asset Co Target Companies which form part of the Identified Asset Co Assets and the KOM Shares 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 as the Company had relied on among others, the KOM 1H2022 Financial Statements in considering the terms of the Proposed Transaction.

4.3 Assessment of Post-closing transactions

Salient information on Post-Closing transactions between the Company and SCM is set out in paragraph 5.6 of the Circular.

We note that the fee chargeable by the Company is on a cost-recovery basis and is consistent with the basis upon which all the business units of the Company are charged. The fee chargeable by the Company would also include a mark-up not exceeding 10.0% to cover administrative costs.

4.4 Assessment of the KOM Combination

We have given due consideration to, inter alia, the following factors:

- (a) the assessment conducted by DBS Bank Ltd.;
- (b) net asset value and net tangible asset value of the KOM In-Scope Entities;
- (c) analysis of the closing price and traded volumes of SCM Shares;
- (d) comparable companies analysis;
- (e) difference in gearing ratios of KOM In-Scope Entities and SCM;
- (f) comparison of net order book of KOM In-Scope Entities and SCM; and
- (g) other relevant considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., the SGX-ST and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. CLSA makes no representations or warranties, express or implied, as to the accuracy or completeness of such information.

4.4.1 Assessment conducted by DBS Bank Ltd.

We note that the KOM Consideration was arrived at taking reference to a valuation assessment prepared by DBS in March 2022 who was appointed as joint financial advisor to KOM and SCM. Such valuation assessment was prepared based on a discounted cash flow methodology taking in account among others, KOM's and SCM's order book as at 31 December 2021, historical financial performance and competitive position, which resulted in a 50:50 enterprise value ratio for SCM and KOM. We further note that the final equity value exchange ratio of 46% to SCM and 54% to KOM was agreed following extensive negotiations and due diligence, and took into account the respective capital structures of KOM and SCM as well as other adjustments.

Specifically, the capital structure adjustments considered in the determination of the final equity value exchange ratio included among others, the net debt position of KOM and SCM as of 31 December 2021. Adjustments were further made to deduct an amount equivalent to the Cash Component to be paid by KOM to the Company as part of the KOM Pre-Combination Restructuring in determining the equity value of KOM.

4.4.2 Net asset value and net tangible asset value of the KOM In-Scope Entities

(a) Net Asset Value of the KOM In-Scope Entities

Based on the pro-forma KOM 1H 2022 Financial Statements provided by the Company, the net asset value ("**Net Asset Value**" or "**NAV**") of the KOM In-Scope Entities as at 30 June 2022 is approximately S\$1,062.3 million.

The NAV of a group refers to the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities of the group, and after deducting net assets attributable to non-controlling interests.

(b) Net Tangible Asset Value of the KOM In-Scope Entities

Based on the pro-forma KOM 1H 2022 Financial Statements provided by the Company, the net tangible asset value ("**NTA**") of the KOM In-Scope Entities as at 30 June 2022 is approximately S\$1,019.4 million.

The NTA of a group refers to the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities and the intangible assets of the group, and after deducting net assets attributable to non-controlling interests.

(c) Revalued Net Asset Value ("RNAV**") of the KOM In-Scope Entities**

In our evaluation of the NAV of the KOM In-Scope Entities, we also have considered whether there are any assets which should be valued at an amount that is materially different from that which was recorded in the financial position of the KOM In-Scope Entities and whether there are any factors in recent announcements made by the Company that are likely to impact the NAV.

The Company has not commissioned any revaluation reports for the purposes of the IFA. Accordingly, there is no RNAV analysis conducted.

(d) Evaluation of the KOM In-Scope Entities

As part of our evaluation on whether the KOM Combination is on normal commercial terms and is not prejudicial to the interests of the Company and its minority

Shareholders, we have made comparisons between the KOM In-Scope Entities and the Comparable Companies (as defined below) using the Price to Net-Asset-Value (“P/NAV”) ratio or NAV approach, and the Price to Net-Tangible-Asset-Value (“P/NTA”) ratio or NTA approach. The P/NAV ratio or NAV approach is used to show the extent to which the value of each share is backed by its net assets less net assets attributable to non-controlling interests and provide an estimate of the value of the Group assuming the hypothetical sale of all their assets over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group, and the balance proceeds, if any, be distributed to all shareholders. The P/NTA ratio or NTA approach is used to show the extent to which the value of each share is backed by its net assets less intangible assets and less net assets attributable to non-controlling interests.

We note that S\$4,495.5 million is the pro forma estimate of the value attributable to the KOM Consideration Shares, calculated based on (a) the assumption that 36,848,072,918 new SCM Shares will be issued by SCM to the Company representing 54% of the issued and paid-up share capital of SCM on a fully diluted basis immediately after Closing, (b) the SCM Shareholders holding 31,389,099,152 SCM Shares, representing 46% of the issued and paid-up share capital of SCM on a fully diluted basis immediately after Closing which, for the purpose of this computation, is the same number of SCM Shares held by the SCM Shareholders as at 26 October 2022, being the last trading day immediately prior to the date of the Updated Chapter 10 Announcement and (c) an issue price of S\$0.122 (the “**SCM Reference Issue Price**”), being the Volume Weighted Average Price (“**VWAP**”) of SCM Shares for the last 10 trading days up to and including 26 April 2022, being the market day immediately preceding the date of the Original Proposed Combination Announcement. For the purpose of determining the aggregate value attributable to the KOM Consideration Shares on Closing, the Company will account for the actual value of the 54% equity interest in SCM based on the last traded price of the shares of SCM on the first trading day immediately following Closing of the Proposed Combination and the actual number of SCM Shares to be issued on Closing.

Based on the pro forma estimate of the value attributable to the KOM Consideration Shares of S\$4,495.5 million, the P/NAV and P/NTA of the KOM In-Scope Entities are 4.23x and 4.41x respectively.

As the KOM In-Scope Entities had reported pre-tax losses on a Last Twelve Months from 30 June 2022 basis, an evaluation based on an earnings approach will not be meaningful.

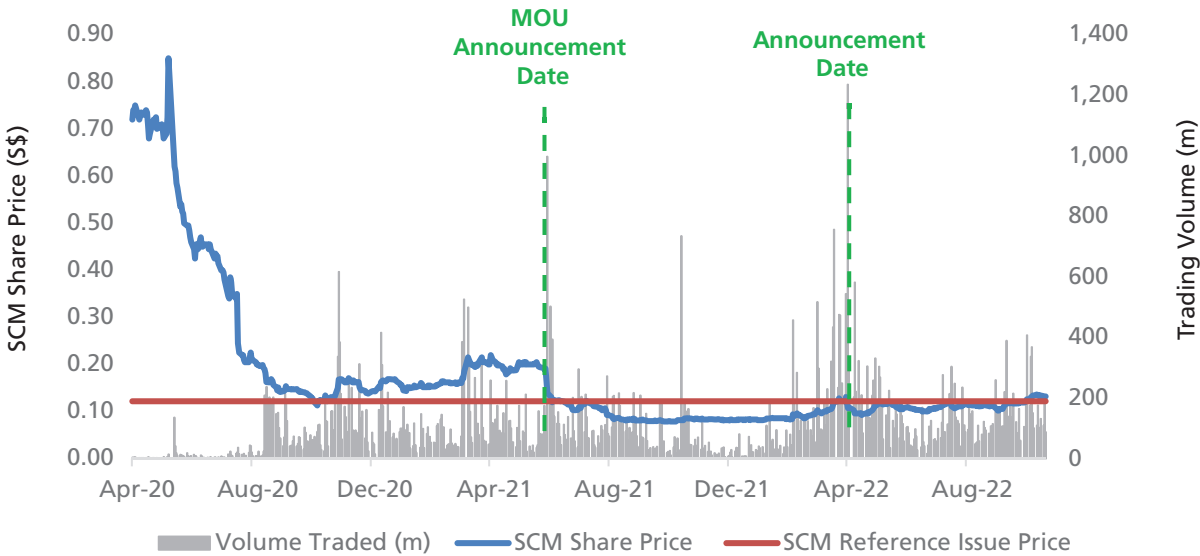
Shareholders should note that such an analysis provides only an estimate of the value of the Group based on a hypothetical scenario, which does not take into account factors such as, inter alia, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers for the assets, which would have an impact on the realisable value of the NAV and NTA.

The open market value of the KOM In-Scope Entities is not available as the issued shares of the KOM In-Scope Entities are not listed or traded on any securities exchange. We understand that no valuation of the KOM In-Scope Entities was commissioned for the purpose of the Proposed Transaction.

4.4.3 Analysis of the closing price and traded volumes of SCM Shares

(a) The Closing Price of SCM Shares

The Company and SCM first announced the commencement of exclusive negotiations for the Proposed Transaction on 24 June 2021 (“**MOU Announcement Date**”). The Company and SCM subsequently updated their respective shareholders of the significant progress that has been made to advance the Proposed Transaction on 31 March 2022. Following which, the Company and SCM then announced the Proposed Transaction in the morning of 27 April 2022 (“**Announcement Date**”) after requesting for a trading halt, prior to the trading hours of the announcement. Accordingly, we set out a chart showing the SCM Reference Issue Price relative to the closing price of SCM Shares (unadjusted for any corporate actions) as well as the trading volumes of SCM Shares for the period commencing from the 24-month period prior to and including the Announcement Date, up to the Latest Practicable Date as follows:



Note:

(1) Source: Bloomberg

We set out the key events as announced by SCM between the MOU Announcement Date and the Announcement Date which may have a bearing on the SCM Reference Issue Price as follows:

<u>Date</u>	<u>Announcement Details</u>
MOU Announcement Date (24 June 2021)	SCM announced a proposal to further raise approximately S\$1.5 billion through a fully committed, renounceable Rights Issue of up to 18,833,468,826 new ordinary shares in the capital of SCM on the basis of 3 new shares for every 2 existing shares held; and the signing of a non-binding memorandum of understanding with Keppel Corporation Limited to explore the potential combination of SCM and Keppel Offshore & Marine Ltd
30 Jun 2021	SCM’s Brazilian Yard Secures Modification Work on Tupi B.V. FPSO P-71 for Deployment at Itapu Field

<u>Date</u>	<u>Announcement Details</u>
29 Jul 2021	SCM announced its results for Half Year ending 30 June 2021, reporting a net loss of S\$647 million, including provisions of S\$472 million, on revenue of S\$844 million
3 Aug 2021	SCM announced receipt of approval in-principle from the Singapore Exchange Securities Trading Limited for the proposed renounceable underwritten rights issue to raise gross proceeds of approximately S\$1.5 billion
10 Sep 2021	SCM secured an exclusive contract from Altera Infrastructure GP LLC, to undertake the Front-End Engineering Design (FEED) work for the Floating Production, Storage and Offloading (FPSO) facility for the Dorado project
17 Sep 2021	SCM announced that, as at the close of the Rights Issue on 14 September 2021, valid acceptances and excess applications were received for 22,174,559,198 Rights Shares, representing approximately 117.7% of the 18,833,459,491 Rights Shares available under the Rights Issue.
22 Sep 2021	Startree Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited, announced a mandatory conditional general cash offer to acquire all the issued and paid-up ordinary shares in SCM that it and its concert parties do not already own, at S\$0.08 per Share in cash. Pursuant to the Rights Issue, the 18,833,459,491 Rights Shares were allotted and issued as well as listed, quoted on the Main Board of the SGX-ST
1 Nov 2021	The Minimum Acceptance Condition of the Mandatory General Offer made by Startree Investments Pte. Ltd., for all the issued and paid-up ordinary shares in SCM, has been satisfied and the Mandatory General Offer has therefore become and is hereby declared unconditional.
11 Nov 2021	SCM issued its interim business update for the third quarter of 2021 and for the nine months ended 30 September 2021.
3 Dec 2021	LMG Marin AS (LMG Marin), a wholly-owned subsidiary of SCM, has secured a contract to design the world's first green ammonia-fuelled tanker, the MS Green Ammonia, for Grieg Edge, the dedicated innovation unit of the Grieg Maritime Group.
14 Dec 2021	SCM, through its wholly-owned subsidiary, Sembcorp Marine Offshore Platforms Pte. Ltd., has entered into a contract with Bechtel Overseas Corporation for module assembly of the second LNG train to be constructed at the Pluto LNG Project.
24 Dec 2021	SCM's wholly-owned subsidiary, Jurong Shipyard Pte Ltd has received a notice of commencement of four arbitrations from a vendor under four separate contracts for the supply of certain equipment for some of its projects.

<u>Date</u>	<u>Announcement Details</u>
6 Jan 2022	SCM Completes First Floating Production Unit Newbuild – the Vito Regional Production Facility
10 Jan 2022	SCM Completes Final Delivery of Tyra West Topside Modules and Bridges for the Tyra Redevelopment Project
17 Feb 2022	SCM completes Delivery of Johan Castberg FPSO Project to Equinor for Completion in Norway
25 Feb 2022	SCM announces FY 2021 Financial Results
15 Mar 2022	SCM Completes Fabrication of First of Three Zero-emission Battery-powered Ropax Ferries
23 Mar 2022	SCM Wins Landmark Wind Turbine Installation Vessel Project
31 Mar 2022	SCM provides Update on Talks on Potential Combination of SCM and KOM
27 Apr 2022	Keppel Corp and SCM sign definitive agreements for proposed combination of KOM and SCM to create a premier Global Player in Offshore Renewables, New Energy and Cleaner O&M Solutions

We note from the chart above that the closing prices of the SCM Shares (unadjusted for any corporate actions) have closed within a narrow band of S\$0.0790 and S\$0.1390 post the MOU Announcement Date.

(b) The historical VWAP of SCM Shares

We also tabulate the historical VWAP of the SCM Shares for the various periods as follows:

	VWAP (\$)	Premium/ (Discount) of SCM Reference Issue Price to historical VWAP (%)	Implied Valuation of SCM Shares based on VWAP ⁽²⁾ (\$m)	Implied aggregate value attributable to KOM Shares ⁽³⁾ (\$m)	Implied P/NAV Ratio for KOM Shares (x)	Implied P/NTA Ratio for KOM Shares (x)
<u>Period after the MOU Announcement Date up to 26 April 2022 (both dates inclusive)</u>						
Between 25 June 2021 and 26 Apr 2022	0.0984	19.33%	3,089	3,627	3.41x	3.56x
Low	0.0790	35.25%	2,480	2,911	2.74x	2.86x
High	0.1310	(7.38%)	4,112	4,827	4.54x	4.74x
<u>Period prior to the Announcement Date (27 Apr 2022)</u>						
Last 12 months	0.1098	9.98%	3,447	4,047	3.81x	3.97x
Last 6 months	0.0998	18.20%	3,133	3,677	3.46x	3.61x
Last 3 months	0.1054	13.63%	3,307	3,883	3.65x	3.81x
Last 1 months	0.1149	5.84%	3,606	4,233	3.98x	4.15x
Day before the Original Proposed Combination Announcement (26 Apr 2022)	0.1310	(7.38%)	4,112	4,827	4.54x	4.74x
SCM Reference Issue Price	0.1220	0.00%	3,829	4,496	4.23x	4.41x
<u>Period after the Announcement Date up to Latest Practicable Date</u>						
Up to Latest Practicable Date	0.1125	7.80%	3,531	4,145	3.90x	4.07x
As of Latest Practicable Date	0.1320	(8.20%)	4,143	4,864	4.58x	4.77x
Low	0.0930	23.77%	2,919	3,427	3.23x	3.36x
High	0.1360	(11.48%)	4,269	5,011	4.72x	4.92x

Notes:

- (1) Source: Bloomberg
- (2) Based on 31,389,099,152 ordinary shares of SCM
- (3) Based on KOM to SCM Equity exchange ratio of 54:46
- (4) VWAP rounded to 4 decimal places

We note the following with regard to the historical VWAP of the SCM Shares:

- (i) For the period after the MOU Announcement Date up to the Day before the Original Proposed Combination Announcement, the closing price of the SCM Shares fluctuated between S\$0.0790 and S\$0.1310;
- (ii) The SCM Reference Issue Price represents a discount of 7.38% to the Closing Price high of S\$0.1310, and a premium of 35.25% to the Closing Price low of S\$0.0790 of the SCM Shares for the period after the MOU Announcement Date up to the Day before the Original Proposed Combination Announcement;
- (iii) The closing prices of the SCM Shares fluctuated within a narrower range of S\$0.0930 to S\$0.1360 between the Announcement Date and the Latest Practicable Date, which gives an implied P/NAV Ratio range of 3.23x to 4.72x and an implied P/NTA Ratio range of 3.36x to 4.92x for the KOM In-Scope entities; and
- (iv) Based on the closing share price of S\$0.1320 as of Latest Practicable Date, the implied P/NAV Ratio and P/NTA for the KOM In-Scope entities is 4.58x and 4.77x respectively.

(c) Trading liquidity of SCM Shares

In our review of the closing prices of the SCM Shares, we have also considered the trading liquidity of the SCM Shares. We tabulate as follows:

	Total Volume Traded (million)	Average Daily Volume Traded ("ADTV") (million) ⁽¹⁾	ADTV as a % of SCM Free Float ⁽²⁾ (%)
<u>Period after the MOU Announcement Date up to 26 April 2022 (both dates inclusive)</u>			
Between 25 June 2021 and 26 Apr 2022	23,565	111	0.78%
<u>Period prior to the Announcement Date (27 Apr 2022)</u>			
Last 12 months	27,888	110	0.78%
Last 6 months	12,568	99	0.70%
Last 3 months	9,430	152	1.07%
Last 1 months	5,870	280	1.97%
Day before the Original Proposed Combination Announcement (26 Apr 2022)	544	544	3.83%
<u>Period after the Announcement Date up to Latest Practicable Date</u>			
Up to Latest Practicable Date	19,945	143	1.01%
As of Latest Practicable Date	88	88	0.62%

Notes:

- (1) The average daily traded volumes of the SCM Shares are calculated based on the total number of SCM Shares traded and the total market days in Singapore (“Trading Days”) during that period.
- (2) Based on Bloomberg Free Float of 45.17% as of Latest Practicable Date and SCM’s total issued share capital comprising 31,389,099,152 Shares

In order to evaluate whether the historical market prices of the SCM Shares provide a meaningful reference point for comparison with implied aggregate value attributable to the KOM Consideration Shares, we have considered the liquidity and free float of SCM relative to the Top 10 STI Companies as at Latest Practicable Date, as outlined below:

Company Name	Market Capitalization (\$S m)	Outstanding Shares (m)	Free float (%)	Free float Shares (m)	Past 12 Month ADTV (m)	12 Month ADTV/Free float (%)
DBS Group Holdings	90,257	2,574	70	1,810	4.4	0.24%
Oversea-Chinese Banking Corp	55,819	4,494	85	3,828	6.4	0.17%
United Overseas Bank	49,970	1,675	85	1,427	3.0	0.21%
Singapore Telecommunications	46,219	16,507	47	7,821	29.4	0.38%
Wilmar International	25,465	6,242	28	1,755	6.8	0.39%
Jardine Matheson Holdings Ltd	19,254	290	81	235	0.3	0.14%
Capitaland Investment Ltd	18,564	5,114	47	2,417	8.5	0.35%
Singapore Airlines	16,338	2,971	67	1,980	5.4	0.28%
Hongkong Land Holdings Ltd	15,449	25,121	29	7,361	20.5	0.28%
Thai Beverage PCL	13,530	6,632	79	5,244	23.1	0.44%
Low	13,530	290	28	235	0.3	0.14%
High	90,257	25,121	85	7,821	29.4	0.44%
Mean	35,087	7,162	62	3,388	10.8	0.29%
Median	22,360	4,804	68	2,198	6.6	0.28%

Notes:

- (1) Source: Bloomberg
- (2) Figures as of Latest Practicable Date

We note the following with regard to the liquidity of the SCM Shares:

- (i) We note that in the last 12 month period leading up to the Announcement Date, SCM’s average daily trading volume represented 0.78% of its free float.
- (ii) We note that in the period after the Announcement Date leading up to the Latest Practicable Date, SCM’s average daily trading volume represented 1.01% of its free float.
- (iii) The ADTV as a % of SCM Free Float is above the high end of the range of 12 Month ADTV/Free float of the Top 10 Largest SGX Companies by Market Capitalisation of 0.44%.
- (iv) The above analysis suggests that the SCM Shares did not suffer from illiquid trading conditions in the 12-month period up to the Announcement Date and the 12-month period up to the Latest Practicable Date.
- (v) Based on our analysis of the average daily trading volume of SCM Shares relative to the Top 10 STI Companies, it appears that there is reasonable liquidity in the

trading of SCM Shares. This suggests that the market prices of the SCM Shares should generally reflect the fundamental, market-based value of the SCM Shares.

We wish to highlight that the above analysis of the historical trading liquidity of the SCM Shares serves only as an illustrative guide and is not an indication of the future trading liquidity of the SCM Shares, which will be governed by amongst other factors, the performance and prospects of the trust, prevailing economic conditions, economic outlook, and stock market conditions and sentiment.

(d) SCM Reference Issue Price as compared to the NAV and NTA per SCM Share

Based on the latest financial results of SCM for 1H2022 announced on 12 August 2022, the NAV attributable to equity holders of SCM as at 30 June 2022 is approximately S\$3,867.1 million. On 12 August 2022, SCM did not recommend an interim dividend for the period ended 30 June 2022. SCM had intangible assets of approximately S\$187.0 million as at 30 June 2022. After excluding these intangible assets, the NTA attributable to equity holders of SCM as at 30 June 2022 is S\$3,680.1 million.

Based on SCM's total issued share capital comprising of 31,389,099,152 SCM Shares, as of 30 June 2022, the NAV per SCM Share is S\$0.1232 and NTA per SCM Share is S\$0.1172. The SCM Reference Issue Price represents a discount of S\$0.0012 and a premium of S\$0.0048 to the NAV per SCM Share and NTA per SCM Share respectively. Accordingly, the SCM Reference Issue Price represents a discount of 0.98% and a premium of 3.92% to the NAV and NTA per SCM Share respectively.

(e) P/NAV of SCM

Based on the SCM Reference Issue Price of S\$0.1220 and SCM's Closing Price of S\$0.1320 as of Latest Practicable Date, the P/NAV of SCM is 0.99x and 1.07x respectively.

(f) P/NTA of SCM

Based on the SCM Reference Issue Price of S\$0.1220 and SCM's Closing Price of S\$0.1320 as of Latest Practicable Date, the P/NTA of SCM is 1.04x and 1.13x respectively.

4.4.4 Comparable companies analysis

(a) Comparison of P/NAV of selected listed companies which are broadly comparable with KOM In-Scope Entities

For the purpose of evaluating the implied aggregate value attributable to the KOM Consideration Shares, we have considered the P/NAV of listed companies which can be considered as trading peers of KOM In-Scope Entities.

There are no direct listed comparable companies with KOM's In-Scope Entities. Therefore, we have included companies which are involved in businesses which can be considered as broad proxies to the Group ("**Comparable Companies**"). These Comparable Companies are listed on stock exchanges with market capitalisations of at least S\$1 billion. There are 5 of such Comparable Companies.

We have had discussions with Management about the suitability and reasonableness of the selected Comparable Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg L.P. (“**Bloomberg**”), publicly available annual reports and/or public announcements of the selected Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the selected Comparable Companies with respect to the values for which the assets, revenue or cost are recorded may differ from that of KOM’s In-Scope Entities.

We wish to highlight that the list of selected Comparable Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable with KOM’s In-Scope Entities in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the selected Comparable Companies. Therefore, any comparison made serves only as an illustrative guide.

A brief description of the selected Comparable Companies, as extracted from Bloomberg, is set out below:

Comparable Company Name	Primary Stock Exchange	Company Description
Aker ASA (“ Aker ”)	Oslo Stock Exchange	Aker is an industrial investment company specializing in the oil and gas, renewable energy, green, seafood and marine biotechnology sectors, exercising active ownership based on its industrial and financial expertise. The company is a significant shareholder in several listed oil service, oil exploring, fishing and shipping companies, with operations in every region of the world. It also owns Aker Solutions which provides EPCI solutions to offshore oil, gas & wind industries, as well as Aker Horizons which owns and develops renewable assets such as offshore wind farms, and provides carbon capture and clean hydrogen facility technology solutions.
Korea Shipbuilding & Offshore Engineering Co. Ltd., (“ KSOE ”)	Korea Exchange (“ KRX ”)	KSOE is one of the largest global shipbuilding company, currently comprising Hyundai Group of heavy industries and engineering companies. Besides traditional commercial vessels such as tankers, containerships, bulk carriers, and naval vessels, KSOE is also a major player in offshore oil and gas drilling and floating production units, and expanding into offshore wind EPCI solutions.

Comparable Company Name	Primary Stock Exchange	Company Description
Samsung Heavy Industries Co Ltd (“SHI”)	KRX	SHI is similarly one of the world’s major shipbuilding and offshore EPC industry player. SHI has traditionally focused on commercial vessels such as tankers, containerships, gas/LNG carriers and passenger ferry vessels and cruisers. Additionally, SHI also competes in the offshore oil and gas EPC space in drillships, FLNGs, FPSOs, fixed platforms and jack-ups. SHI has also expanded into offshore wind turbine installation vessels in recent years.
CSSC Offshore and Marine Engineering Group Co Ltd. (“COMEC”)	Shanghai Stock Exchange and Hong Kong Stock Exchange	COMEC is one of the largest global shipbuilding companies in China, having merged with China Shipbuilding Industry Corporation in recent years. Besides military navy, civil passenger and traditional commercial vessels, COMEC also actively competes globally for oil and gas and renewable projects in floating production units, semi-submersibles, jackups and offshore wind value chain solutions.
Daewoo Shipbuilding & Marine Engineering Co Ltd (“DSME”)	KRX	DSME is in progress to merge with Hyundai Heavy Industries to be subsumed under KSOE above. DSME is likewise one of the larger shipbuilding and offshore EPC company globally. DSME traditionally manufactures commercial, passenger and naval vessels similar to SHI above. Additionally, DSME also focuses on offshore oil and gas EPC solutions including fixed platforms, drilling rigs, LNG related and floating production units. DSME has also recently expanded into offshore wind substations and turbine installation vessels.

Source: Bloomberg, Public Information

Comparable Companies	Market Cap as of Latest Practicable Date (S\$ m)	Latest NAV ⁽²⁾ (S\$ m)	Latest NTA ⁽³⁾ (S\$ m)	Implied P/NAV	Implied P/NTA	Gearing Ratio ⁽⁴⁾
Aker	7,736	6,244	4,645	1.24x	1.67x	32.9%
KSOE	5,778	10,040	9,887	0.58x	0.58x	13.3%
SHI	4,967	4,624	4,600	1.07x	1.08x	14.7%
COMEC	4,836	2,892	2,715	1.67x	1.78x	17.9%
DSME	2,215	921	918	2.41x	2.41x	12.2%
Low				0.58x	0.58x	12.2%
High				2.41x	2.41x	32.9%
Mean				1.39x	1.50x	18.2%
Median				1.24x	1.67x	14.7%

Notes:

(1) Source: Bloomberg, Public Information

(2) Total Equity less Minority Interests

(3) Net Asset Value less Intangible Assets

(4) Gearing Ratio as defined: (Total Short Term and Long Term Borrowings) / (Total Assets)

(5) Latest available information, converted into S\$ based on respective FX Rates from Bloomberg as of Latest Practicable Date

Based on the above, we note that:

- (i) the implied P/NAV of the KOM In-Scope Entities based on the SCM Reference Issue Price and SCM closing price as of LPD are 4.23x and 4.58x respectively, which are larger than the higher end of the P/NAV ratio range of the Comparable Companies of 2.41x;
- (ii) the implied P/NTA of the KOM In-Scope Entities based on the SCM Reference Issue Price and SCM closing price as of LPD are 4.41x and 4.77x respectively, which are larger than the higher end of the P/NAV ratio range of the Comparable Companies of 2.41x; and
- (iii) We note that the NAV of the Comparable Companies may not have been revalued and RNAV figures of these Comparable Companies are not publicly or readily available. Hence, P/RNAV of the KOM In-Scope Entities may not be a like-to-like comparison with the Comparable Companies.

Shareholders should note that the above comparison with the Comparable Companies is purely for illustrative purposes.

4.4.5 Difference in Gearing Ratios of KOM In-Scope Entities and SCM

For the purposes of evaluating the KOM Combination, we have compared the Gearing Ratios of KOM In-Scope Entities and SCM with the Gearing Ratios of Comparable Companies. For purposes of this comparison, Gearing Ratio shall refer to the ratio of Total Interest Bearing Borrowings (excluding lease liabilities, derivative liabilities and provisions)/Total Assets.

As of 30 Jun 2022, KOM In-Scope Entities have a Gearing Ratio of 18.8% while SCM has a Gearing Ratio of 34.3%.

We note that KOM In-Scope Entities has a Gearing Ratio that is closer to the mean and median Gearing Ratios of comparable companies of 18.2% and 14.7% respectively, while SCM has a Gearing Ratio that is higher than the higher end of Gearing Ratios of comparable companies of 32.9%.

4.4.6 Comparison of Net Order Book of KOM In-Scope Entities and SCM

As of 30 September 2022, SCM reported a net order book of S\$7.1 billion. This consists of approximately S\$6.8 billion of projects under execution and S\$0.3 billion of ongoing Repairs & Upgrades projects.

As of 30 September 2022, Keppel O&M's net order book stood at S\$11.6 billion.

We note that Keppel O&M's net order book is larger than SCM's order book by approximately S\$4.5 billion, or 63% larger than SCM's order book.

4.5 Pro forma financial effects of the Proposed Transaction

The full text of the pro forma financial effects of the Proposed Transaction is set out in paragraph 10 of the Circular and Shareholders are advised to read them carefully.

In summary, we note the following:

- (i) had the Proposed Transaction been effected on 31 December 2021, the NTA per Share as at 31 December 2021 will increase from 5.53 cents to 7.53 cents; and
- (ii) had the Proposed Transaction been effected on 1 January 2021 and including one-off effects due to net disposal gain arising from the Proposed Transaction, the earnings per Share for FY2021 will increase significantly from 56.2 cents to 265.0 cents.

4.6 Other relevant considerations

(a) Inter-conditionality

Shareholders should note that Ordinary Resolution 1 in respect of the Proposed Transaction and Ordinary Resolution 2 in respect of the Proposed Distribution 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.

(b) Abstention from recommendation and voting

(i) Proposed Transaction

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.

Accordingly, Temasek will abstain, and has undertaken to ensure that its associates will abstain, from voting (either in person or by proxy) on Ordinary Resolution 1 relating to the Proposed Transaction. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of Ordinary Resolution 1 relating to the Proposed Transaction 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.

(ii) Proposed Distribution

As the Proposed Distribution does not constitute an “interested person transaction” under Chapter 9 of the Listing Manual, no Shareholder is required to abstain from voting on the Ordinary Resolution 2 in respect of the Proposed Distribution pursuant to Chapter 9 of the Listing Manual.

(c) Comparison of Financial Results of KOM In-Scope Entities and SCM for half year ended 30 June 2022 (“1H2022”)

We note the following from the Company’s 1H2022 results dated 28 July 2022:

“The discontinued operations recorded a net profit of \$64 million, reversing the net loss of \$44 million in 1H 2021, underpinned by improved performance from the offshore & marine business. In addition to revenue recognition from new projects, the business recorded higher investment income, improved results from associated companies, as well as gains from the divestment of Keppel Smit Towage Pte Limited and Maju Maritime Pte Ltd.”

We also note the following from SCM’s 1H2022 results dated 12 August 2022:

“Net loss for 1H 2022 was lower mainly due to significantly higher contributions from floater and offshore platforms projects, impairment loss on right-of-use assets and impairment loss on a marine vessel in 1H 2021 not applicable during 1H 2022, lower restoration cost of land and building at Shipyard Road, offset by lower net foreign exchange gain, lower grant income and tax expenses.”

We note that KOM In-Scope Entities recorded a pro forma net profit of S\$94.8m for 1H2022 while SCM recorded a net loss of S\$143m for 1H2022.

5 OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be relevant and have a significant bearing on our assessment of the Proposed Transaction. We have carefully considered as many factors as we deem pertinent and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration when assessing the Proposed Transaction:

- (a) rationale for and benefits of the Proposed Transaction;
- (b) the initial distribution rate of the Asset Co Perpetual Securities is above the public perpetual securities issued by KCL and SCI and the coupon rate of the Vendor Notes is the same with the 30-year bond and slightly higher than the 10-year bond issued by KCL;

- (c) the fee chargeable by the Company is on a cost-recovery basis and also includes a mark-up of not more than 10.0% to cover administration costs;
- (d) the implied P/NAV of the KOM In-Scope Entities based on the SCM Reference Issue Price and SCM closing price as of Latest Practicable Date are 4.23x and 4.58x respectively, which are larger than the higher end of the P/NAV ratio range of the Comparable Companies of 2.41x;
- (e) the implied P/NTA of the KOM In-Scope Entities based on the SCM Reference Issue Price and SCM closing price as of Latest Practicable Date are 4.41x and 4.77x respectively, which are larger than the higher end of the P/NAV ratio range of the Comparable Companies of 2.41x;
- (f) KOM In-Scope Entities has a Gearing Ratio that is closer to the mean and median Gearing Ratios of Comparable Companies of 18.2% and 14.7% respectively, while SCM has a Gearing Ratio that is higher than the higher end of Gearing Ratios of Comparable Companies of 32.9% ;
- (g) Keppel O&M's net order book is larger than SCM's order book by approximately S\$4.5 billion, or 63% larger than SCM's order book as at 30 September 2022;
- (h) based on the assumptions set out in the Circular, the Proposed Transaction is expected to be accretive from both an EPS perspective and an NTA perspective; and
- (i) the potential impact of synergies on SCM post-transaction, which have not been taken into account in our analysis.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Transaction is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter is prepared pursuant to Rule 921(4)(a) of the Listing Rules as well as addressed to the Audit Committee and Relevant Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Transaction, and the recommendation made by the Relevant Directors to the Shareholders shall remain the responsibility of the Relevant Directors. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Proposed Transaction, at any time and in any manner without the prior written consent of CLSA in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours Faithfully,
For and Behalf of
CLSA Singapore Pte Ltd

Boey Xianjie
Head of Investment Banking, Southeast Asia

APPENDIX D

RESTRUCTURED KOM UNAUDITED PRO FORMA FINANCIAL INFORMATION OF RESTRUCTURED KOM

Unaudited Pro forma Statement of Financial Position
As at 30 June 2022 and 31 December 2021

	As at 30 June 2022 \$'000	As at 31 December 2021 \$'000
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	500,802	466,402
Trade debtors	163,603	117,457
Other debtors, deposits and prepayments	288,896	129,406
Stocks	329,999	318,611
Contract assets	1,382,018	1,111,031
Amounts due from associated companies and KCL related companies	98,949	103,480
Financial assets, at FVOCI	2,735	2,873
Derivative assets	86,150	9,289
Tax recoverable	33,021	64,580
	<hr/> 2,886,173	<hr/> 2,323,129
Assets classified as held for sale	93,413	168,434
	<hr/> 2,979,586	<hr/> 2,491,563
Non-current assets		
Other debtors, deposits and prepayments	414	2,701
Amounts due from associated companies and KCL related companies	–	27,432
Financial assets, at FVOCI	27,415	28,120
Financial assets, at FVPL	44,745	48,098
Other assets	17,306	17,900
Derivative assets	7,853	3,193
Property, plant and equipment	1,069,350	1,093,588
Right-of-use assets	249,017	237,728
Associated companies	177,647	171,630
Joint ventures	26,837	28,901
Intangible assets	42,938	43,236
Deferred taxation	132,716	135,089
	<hr/> 1,796,238	<hr/> 1,837,616
Total assets	<hr/> 4,775,824	<hr/> 4,329,179

The accompanying notes form an integral part of these unaudited pro forma financial information.

	As at 30 June 2022 \$'000	As at 31 December 2021 \$'000
<u>LIABILITIES</u>		
Current liabilities		
Trade and other creditors	2,066,537	1,902,719
Contract liabilities	216,851	289,639
Provision for warranty	11,236	16,942
Amounts due to associated companies and KCL related companies	81,113	73,584
Derivative liabilities	6,768	5,668
Borrowings	318,187	146,392
Lease liabilities	37,560	35,021
Provision for taxation	19,878	16,920
Liabilities directly associated with disposal group classified as held for sale	5,256	–
Total current liabilities	2,763,386	2,486,885
Non-current liabilities		
Borrowings	580,697	584,015
Lease liabilities	294,633	283,748
Deferred taxation	45,910	44,190
Deferred liabilities	778	751
Derivative liabilities	–	1,397
Accrued expenses	6,512	6,512
Total non-current liabilities	928,530	920,613
Total liabilities	3,691,916	3,407,498
NET ASSETS	1,083,908	921,681
<u>EQUITY</u>		
Capital and reserves		
Share capital	2,162,068	2,100,524
Capital reserves	47,177	(38,238)
Foreign exchange translation reserve	(161,460)	(163,848)
Accumulated losses	(985,479)	(999,576)
Equity attributable to equity holders of the Company	1,062,306	898,862
Non-controlling interests	21,602	22,819
Total Equity	1,083,908	921,681

The accompanying notes form an integral part of these unaudited pro forma financial information.

Unaudited Pro Forma Profit or Loss Statements
For the financial years ended 31 December 2021, 2020 and 2019

	2021	2020	2019
	\$'000	\$'000	\$'000
Revenue	2,013,279	1,384,267	1,615,909
Raw materials and consumables used	(834,254)	(479,153)	(462,177)
Contract labour and subcontractors' costs	(673,520)	(435,887)	(402,631)
Staff costs	(443,375)	(503,629)	(531,602)
Depreciation and amortisation	(106,374)	(108,756)	(112,085)
Other operating expenses – net	(67,955)	(84,739)	(83,047)
Impairment on financial and contract assets	(18,233)	(17,587)	(9,108)
Dividend income	6,091	3,449	4,988
Interest income	22,068	34,096	41,006
Interest expense	(43,532)	(43,877)	(49,035)
Share of results of associated companies and joint ventures	8,135	(8,374)	(4,661)
(Loss)/profit before taxation	(137,670)	(260,190)	7,557
Taxation	29,005	92,769	30,771
(Loss)/profit for the financial year	(108,665)	(167,421)	38,328
<u>(Loss)/profit attributable to:</u>			
Equity holders of the Company	(107,530)	(162,717)	38,908
Non-controlling interests	(1,135)	(4,704)	(580)
(Loss)/profit for the financial year	(108,665)	(167,421)	38,328

The accompanying notes form an integral part of these unaudited pro forma financial information.

Unaudited Pro Forma Profit or Loss Statements
For the interim financial period ended 30 June 2022 and 2021

	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000
Revenue	1,159,044	789,644
Raw materials and consumables used	(381,960)	(232,731)
Contract labour and subcontractors' costs	(514,117)	(297,469)
Staff costs	(185,241)	(189,632)
Depreciation and amortisation	(49,031)	(52,969)
Other operating income/(expenses) – net	56,631	(4,797)
Impairment on financial and contract assets	(3,521)	(24,444)
Dividend income	26,844	2,550
Interest income	10,227	6,140
Interest expense	(26,988)	(20,593)
Share of results of associated companies and joint ventures	7,874	6,295
Profit/(loss) before taxation	99,762	(18,006)
Taxation	(5,009)	2,584
Profit/(loss) for the financial period	94,753	(15,422)
<u>Profit/(loss) attributable to:</u>		
Equity holders of the Company	95,584	(13,656)
Non-controlling interests	(831)	(1,766)
Profit/(loss) for the financial period	94,753	(15,422)

The accompanying notes form an integral part of these unaudited pro forma financial information.

Unaudited Pro Forma Statements of Cash Flows
For the financial period and year ended 30 June 2022 and 31 December 2021

	6 months ended 30 June 2022 \$'000	Year ended 31 December 2021 \$'000
Operating activities:		
Profit/(loss) before taxation	99,762	(151,993)
Adjustments for:		
Depreciation and amortisation	49,031	106,374
Dividend income	(26,844)	(6,091)
Interest expense	26,968	43,494
Interest income	10,227	22,068
Share of results of associated companies and joint ventures	(7,874)	(8,135)
Gain on disposal of property, plant and equipment	(1,244)	(8,784)
Gain on disposal of an associated company	(7)	20
Gain on disposal of asset held for sale	(81,107)	–
Property, plant and equipment written off	–	205
Recycling of reserves to profit and loss account	–	14,323
Cash flows from/(used in) operations before changes in working capital	48,458	(32,655)
Working capital changes, excluding changes relating to cash:		
Stocks	(11,388)	(140,598)
Contract assets and liabilities	(343,775)	(906,169)
Trade and other debtors, deposits and prepayments	(34,255)	773,977
Other assets	587	(283)
Trade creditors, provisions for warranty and accrued expenses	166,875	(27,730)
Assets held for sale	(11,358)	–
Amount due to/(from) associated companies and KCL related companies	40,377	(662)
Derivative instruments – net	(10,652)	26,152
Cash used in operations	(155,131)	(307,968)
Interest received	6,567	6,971
Dividend received	13,074	6,091
Income tax (including group tax relief) refunded	48,711	28,837
Net cash used in operating activities	(86,779)	(266,069)

The accompanying notes form an integral part of these unaudited pro forma financial information.

	6 months ended 30 June 2022 \$'000	Year ended 31 December 2021 \$'000
Investing activities:		
Purchase of property, plant and equipment	(10,198)	(24,403)
Proceeds from sale of property, plant and equipment	1,330	8,930
Proceeds from disposal of asset held for sale	20,581	8,934
Purchase of financial assets at FVOCI	(108)	(760)
Principal repayment of convertible bonds	2,322	1,279
Dividends and distribution received	1,385	9,090
Proceeds from disposal of associated companies	210	–
Proceeds from capital reduction of an associated company	1,246	–
Net cash from investing activities	16,768	3,070
Financing activities:		
Repayment of borrowings	(35,799)	(898,385)
Proceeds from borrowings	181,601	1,132,516
Principal payment of lease liabilities	(18,229)	(30,944)
Interest paid	(22,347)	(40,424)
Dividend payment to non-controlling interests	(210)	(220)
Acquisition of additional interest in a subsidiary	–	(705)
Net cash from financing activities	105,016	161,838
Net changes in cash and cash equivalents	35,005	(101,161)
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(958)	1,140
Cash and cash equivalents at beginning of financial period/year	394,282	494,303
Cash and cash equivalents at end of financial period/year	428,329	394,282

The accompanying notes form an integral part of these unaudited pro forma financial information.

**Statement of Adjustments for the Unaudited Pro forma
Statement of Financial Position
As at 30 June 2022**

	As at 30 June 2022 \$'000	Pro Forma Adjustments \$'000		As at 30 June 2022 \$'000
		<i>Note 3 (I)</i>	<i>Note 3(II)</i>	
ASSETS				
Current assets				
Cash and cash equivalents	500,802	–	–	500,802
Trade debtors	163,603	–	–	163,603
Other debtors, deposits and prepayments	288,896	–	–	288,896
Stocks	329,999	–	–	329,999
Contract assets	1,392,326	(10,308)	–	1,382,018
Amounts due from associated companies and KCL related companies	98,949	–	–	98,949
Financial assets, at FVOCI	2,735	–	–	2,735
Derivative assets	86,150	–	–	86,150
Tax recoverable	33,021	–	–	33,021
	<u>2,896,481</u>	<u>(10,308)</u>	<u>–</u>	<u>2,886,173</u>
Assets classified as held for sale	4,494,043	(4,400,630)	–	93,413
Total current assets	<u>7,390,524</u>	<u>(4,410,938)</u>	<u>–</u>	<u>2,979,586</u>
Non-current assets				
Other debtors, deposits and prepayments	414	–	–	414
Financial assets, at FVOCI	27,415	–	–	27,415
Financial assets, at FVPL	44,745	–	–	44,745
Other assets	17,306	–	–	17,306
Derivative assets	7,853	–	–	7,853
Property, plant and equipment	1,069,350	–	–	1,069,350
Right-of-use assets	249,017	–	–	249,017
Associated companies	177,647	–	–	177,647
Joint ventures	26,837	–	–	26,837
Intangible assets	42,938	–	–	42,938
Deferred taxation	132,716	–	–	132,716
Total non-current assets	<u>1,796,238</u>	<u>–</u>	<u>–</u>	<u>1,796,238</u>
Total assets	<u>9,186,762</u>	<u>(4,410,938)</u>	<u>–</u>	<u>4,775,824</u>

The accompanying notes form an integral part of these unaudited pro forma financial information.

	As at 30 June 2022 \$'000	Pro Forma Adjustments \$'000		As at 30 June 2022 \$'000
		Note 3 (I)	Note 3(II)	
LIABILITIES				
Current liabilities				
Trade and other creditors	2,066,537	–	–	2,066,537
Contract liabilities	216,851	–	–	216,851
Provision for warranty	11,236	–	–	11,236
Amounts due to associated companies and KCL related companies	4,024,089	–	(3,942,976)	81,113
Derivative liabilities	6,768	–	–	6,768
Borrowings	318,187	–	–	318,187
Lease liabilities	37,560	–	–	37,560
Provision for taxation	19,878	–	–	19,878
Liabilities directly associated with disposal group classified as held for sale	42,232	(36,976)	–	5,256
Total current liabilities	6,743,338	(36,976)	(3,942,976)	2,763,386
Non-current liabilities				
Borrowings	80,697	–	500,000	580,697
Lease liabilities	294,633	–	–	294,633
Amounts due to KCL related companies	389,063	–	(389,063)	–
Deferred taxation	45,910	–	–	45,910
Deferred liabilities	778	–	–	778
Accrued expenses	6,512	–	–	6,512
Total non-current liabilities	817,593	–	110,937	928,530
Total liabilities	7,560,931	(36,976)	(3,832,039)	3,691,916
NET ASSETS	1,625,831	(4,373,962)	3,832,039	1,083,908
EQUITY				
Capital and reserves				
Share capital	339,716	–	1,822,352	2,162,068
Capital reserves	73,661	(26,484)	–	47,177
Perpetual securities	2,364,874	–	(2,364,874)	–
Foreign exchange translation reserve	(182,410)	20,950	–	(161,460)
Accumulated losses	(991,013)	5,534	–	(985,479)
Equity attributable to equity holders of the Company	1,604,828	–	(542,522)	1,062,306
Non-controlling interests	21,003	599	–	21,602
Total Equity	1,625,831	599	(542,522)	1,083,908

The accompanying notes form an integral part of these unaudited pro forma financial information.

**Statement of Adjustments for the Unaudited Pro forma
Statement of Financial Position
As at 31 December 2021**

	As at 31 December 2021 \$'000	Pro Forma Adjustments \$'000		As at 31 December 2021 \$'000
		Note 3(I)	Note 3(II)	
ASSETS				
Current assets				
Cash and cash equivalents	468,075	(1,673)	–	466,402
Trade debtors	310,865	(193,408)	–	117,457
Other debtors, deposits and prepayments	130,429	(1,023)	–	129,406
Stocks	1,539,178	(1,220,567)	–	318,611
Contract assets	2,961,443	(1,850,412)	–	1,111,031
Amounts due from associated companies and KCL related companies	114,269	(10,789)	–	103,480
Financial assets, at FVOCI	25,623	(22,750)	–	2,873
Derivative assets	18,294	(9,005)	–	9,289
Tax recoverable	83,573	(18,993)	–	64,580
	5,651,749	(3,328,620)	–	2,323,129
Assets classified as held for sale	168,434	–	–	168,434
Total current assets	5,820,183	(3,328,620)	–	2,491,563
Non-current assets				
Trade debtors	791,952	(791,952)	–	–
Other debtors, deposits and prepayments	2,701	–	–	2,701
Amounts due from associated companies and KCL related companies	27,432	–	–	27,432
Financial assets, at FVOCI	28,120	–	–	28,120
Financial assets, at FVPL	48,098	–	–	48,098
Other assets	17,900	–	–	17,900
Derivative assets	3,193	–	–	3,193
Property, plant and equipment	1,093,588	–	–	1,093,588
Right-of-use assets	237,728	–	–	237,728
Associated companies	433,776	(262,146)	–	171,630
Joint ventures	28,901	–	–	28,901
Intangible assets	43,236	–	–	43,236
Deferred taxation	135,089	–	–	135,089
Total non-current assets	2,891,714	(1,054,098)	–	1,837,616
Total assets	8,711,897	(4,382,718)	–	4,329,179

The accompanying notes form an integral part of these unaudited pro forma financial information.

	As at 31 December 2021 \$'000	Pro Forma Adjustments \$'000		As at 31 December 2021 \$'000
		Note 3(I)	Note 3(II)	
LIABILITIES				
Current liabilities				
Trade and other creditors	1,903,445	(726)	–	1,902,719
Contract liabilities	293,731	(4,092)	–	289,639
Provision for warranty	16,942	–	–	16,942
Amounts due to associated companies and KCL related companies	3,968,480	(115)	(3,894,781)	73,584
Derivative liabilities	15,622	(9,954)	–	5,668
Borrowings	146,392	–	–	146,392
Lease liabilities	35,021	–	–	35,021
Provision for taxation	35,902	(18,982)	–	16,920
Total current liabilities	6,415,535	(33,869)	(3,894,781)	2,486,885
Non-current liabilities				
Borrowings	84,015	–	500,000	584,015
Lease liabilities	283,748	–	–	283,748
Amounts due to KCL related companies	384,931	–	(384,931)	–
Deferred taxation	44,190	–	–	44,190
Deferred liabilities	751	–	–	751
Derivative liabilities	1,397	–	–	1,397
Accrued expenses	6,512	–	–	6,512
Total non-current liabilities	805,544	–	115,069	920,613
Total liabilities	7,221,079	(33,869)	(3,779,712)	3,407,498
NET ASSETS	1,490,818	(4,348,849)	3,779,712	921,681
EQUITY				
Capital and reserves				
Share capital	339,716	–	1,760,808	2,100,524
Capital reserves	(43,398)	5,160	–	(38,238)
Perpetual securities	2,330,454	–	(2,330,454)	–
Foreign exchange translation reserve	(182,820)	18,972	–	(163,848)
Accumulated losses	(975,444)	(24,132)	–	(999,576)
Equity attributable to equity holders of the Company	1,468,508	–	(569,646)	898,862
Non-controlling interests	22,310	509	–	22,819
Total Equity	1,490,818	509	(569,646)	921,681

The accompanying notes form an integral part of these unaudited pro forma financial information.

**Statement of Adjustments for the Unaudited Pro forma
Profit or Loss Statement
For the financial year ended 31 December 2021**

	Audited 2021 \$'000	Pro Forma Adjustments \$'000		Unaudited 2021 \$'000
		Note 3(I)	Note 3(II)	
Revenue	2,013,279	–	–	2,013,279
Raw materials and consumables used	(847,790)	13,536	–	(834,254)
Contract labour and subcontractors' costs	(673,520)	–	–	(673,520)
Staff costs	(453,025)	9,650	–	(443,375)
Depreciation and amortisation	(116,062)	9,688	–	(106,374)
Other operating expenses – net	(104,734)	21,777	15,002	(67,955)
Impairment on financial and contract assets	(95,554)	77,321	–	(18,233)
Dividend income	6,091	–	–	6,091
Interest income	23,395	(1,327)	–	22,068
Interest expense	(82,209)	45,426	(6,749)	(43,532)
Share of results of associated companies and joint ventures	168,328	(160,193)	–	8,135
Loss before taxation	(161,801)	15,878	8,253	(137,670)
Taxation	50,204	(18,649)	(2,550)	29,005
Loss for the financial year	(111,597)	(2,771)	5,703	(108,665)
<u>(Loss)/profit attributable to:</u>				
Equity holders of the Company	(211,149)	(3,518)	107,137	(107,530)
Holders of perpetual securities	101,434	–	(101,434)	–
Non-controlling interests	(1,882)	747	–	(1,135)
Loss for the financial year	(111,597)	(2,771)	5,703	(108,665)

The accompanying notes form an integral part of these unaudited pro forma financial information.

**Statement of Adjustments for the Unaudited Pro forma
Profit or Loss Statement
For the financial year ended 31 December 2020**

	Audited	Pro Forma Adjustments		Unaudited
	2020 \$'000	\$'000		2020 \$'000
		Note 3(I)	Note 3(II)	
Revenue	1,574,088	(189,821)	–	1,384,267
Raw materials and consumables used	(612,377)	133,224	–	(479,153)
Contract labour and subcontractors' costs	(472,338)	36,451	–	(435,887)
Staff costs	(513,102)	9,473	–	(503,629)
Depreciation and amortisation	(119,653)	10,897	–	(108,756)
Other operating expenses – net	(165,425)	71,048	9,638	(84,739)
Impairment on financial and contract assets	(618,040)	600,453	–	(17,587)
Dividend income	3,449	–	–	3,449
Interest income	60,429	(26,333)	–	34,096
Interest expense	(104,237)	70,981	(10,621)	(43,877)
Share of results of associated companies and joint ventures	(330,421)	322,047	–	(8,374)
Loss before taxation	(1,297,627)	1,038,420	(983)	(260,190)
Taxation	94,421	(14)	(1,638)	92,769
Loss for the financial year	(1,203,206)	1,038,406	(2,621)	(167,421)
<u>(Loss)/profit attributable to:</u>				
Equity holders of the Company	(1,295,094)	1,037,721	94,656	(162,717)
Holders of perpetual securities	97,277	–	(97,277)	–
Non-controlling interests	(5,389)	685	–	(4,704)
Loss for the financial year	(1,203,206)	1,038,406	(2,621)	(167,421)

The accompanying notes form an integral part of these unaudited pro forma financial information.

**Statement of Adjustments for the Unaudited Pro forma
Profit or Loss Statement
For the financial year ended 31 December 2019**

	Audited	Pro Forma Adjustments		Unaudited
	2019	\$'000		2019
	\$'000	Note 3(I)	Note 3(II)	\$'000
Revenue	2,219,720	(603,811)	–	1,615,909
Raw materials and consumables used	(846,603)	384,426	–	(462,177)
Contract labour and subcontractors' costs	(534,632)	132,001	–	(402,631)
Staff costs	(566,324)	34,722	–	(531,602)
Depreciation and amortisation	(121,126)	9,041	–	(112,085)
Other operating expenses – net	(84,886)	(16,376)	18,215	(83,047)
Impairment on financial and contract assets	(9,108)	–	–	(9,108)
Dividend income	4,988	–	–	4,988
Interest income	74,444	(33,438)	–	41,006
Interest expense	(107,123)	71,216	(13,128)	(49,035)
Share of results of associated companies and joint ventures	(56,823)	52,162	–	(4,661)
(Loss)/profit before taxation	(27,473)	29,943	5,087	7,557
Taxation	33,182	686	(3,097)	30,771
Profit for the financial year	5,709	30,629	1,990	38,328
<u>(Loss)/profit attributable to:</u>				
Equity holders of the Company	(85,734)	29,868	94,774	38,908
Holders of perpetual securities	92,784	–	(92,784)	–
Non-controlling interests	(1,341)	761	–	(580)
Profit for the financial year	5,709	30,629	1,990	38,328

The accompanying notes form an integral part of these unaudited pro forma financial information.

**Statement of Adjustments for the Unaudited Pro forma
Profit or Loss Statement
For the interim financial period ended 30 June 2022**

	6 months ended 30 June 2022 \$'000	Pro Forma Adjustments \$'000		6 months ended 30 June 2022 \$'000
		Note 3(I)	Note 3(II)	
Revenue	1,159,044	–	–	1,159,044
Raw materials and consumables used	(387,021)	5,061	–	(381,960)
Contract labour and subcontractors' costs	(514,117)	–	–	(514,117)
Staff costs	(189,049)	3,808	–	(185,241)
Depreciation and amortisation	(53,525)	4,494	–	(49,031)
Other operating income – net	31,279	15,474	9,878	56,631
Impairment on financial and contract assets	(3,521)	–	–	(3,521)
Dividend income	26,844	–	–	26,844
Interest income	10,925	(698)	–	10,227
Interest expense	(51,640)	28,885	(4,233)	(26,988)
Share of results of associated companies and joint ventures	(7,864)	15,738	–	7,874
Profit before taxation	21,355	72,762	5,645	99,762
Taxation	(3,332)	2	(1,679)	(5,009)
Profit for the financial period	18,023	72,764	3,966	94,753
<u>(Loss)/profit attributable to:</u>				
Equity holders of the Company	(15,569)	72,767	38,386	95,584
Holder of perpetual securities	34,420	–	(34,420)	–
Non-controlling interests	(828)	(3)	–	(831)
Profit for the financial period	18,023	72,764	3,966	94,753

The accompanying notes form an integral part of these unaudited pro forma financial information.

**Statement of Adjustments for the Unaudited Pro forma
Profit or Loss Statement
For the interim financial period ended 30 June 2021**

	6 months ended 30 June 2021 \$'000	Pro Forma Adjustments \$'000		6 months ended 30 June 2021 \$'000
		Note 3(I)	Note 3(II)	
Revenue	789,644	–	–	789,644
Raw materials and consumables used	(238,445)	5,714	–	(232,731)
Contract labour and subcontractors' costs	(297,469)	–	–	(297,469)
Staff costs	(194,658)	5,026	–	(189,632)
Depreciation and amortisation	(57,606)	4,637	–	(52,969)
Other operating expenses – net	(24,033)	12,851	6,385	(4,797)
Impairment on financial and contract assets	(24,444)	–	–	(24,444)
Dividend income	2,550	–	–	2,550
Interest income	6,785	(645)	–	6,140
Interest expense	(45,851)	29,383	(4,125)	(20,593)
Share of results of associated companies and joint ventures	183,033	(176,738)	–	6,295
Profit/(loss) before taxation	99,506	(119,772)	2,260	(18,006)
Taxation	3,669	–	(1,085)	2,584
Profit/(loss) for the financial period	103,175	(119,772)	1,175	(15,422)
<u>Profit/(loss) attributable to:</u>				
Equity holders of the Company	55,516	(120,086)	50,914	(13,656)
Holder of perpetual securities	49,739	–	(49,739)	–
Non-controlling interests	(2,080)	314	–	(1,766)
Profit/(loss) for the financial period	103,175	(119,772)	1,175	(15,422)

The accompanying notes form an integral part of these unaudited pro forma financial information.

**Statement of Adjustments for the Unaudited Pro forma
Statement of Cash Flows
For the financial period ended 30 June 2022**

	6 months ended 30 June 2022 \$'000	Pro Forma Adjustments \$'000		6 months ended 30 June 2022 \$'000
		Note 3(I)	Note 3(II)	
Operating activities:				
Profit before taxation	21,355	72,762	5,645	99,762
Adjustments for:				
Depreciation and amortisation	53,525	(4,494)	–	49,031
Dividend income	(26,844)	–	–	(26,844)
Interest expense	51,640	(28,905)	4,233	26,968
Interest income	(10,925)	698	–	(10,227)
Share of results of associated companies and joint ventures	7,864	(15,738)	–	(7,874)
Gain on disposal of property, plant and equipment	(1,244)	–	–	(1,244)
Gain on disposal of an associated company	(7)	–	–	(7)
Gain on disposal of asset held for sale	(81,107)	–	–	(81,107)
Cash flows from operations before changes in working capital	14,257	24,323	9,878	48,458
Working capital changes, excluding changes relating to cash:				
Stocks	52,656	(64,044)	–	(11,388)
Contract assets and liabilities	(426,593)	82,818	–	(343,775)
Trade and other debtors, deposits and prepayments	(45,480)	11,225	–	(34,255)
Other assets	587	–	–	587
Trade creditors, provisions for warranty and accrued expenses	167,008	(133)	–	166,875
Assets held for sale	–	(11,358)	–	(11,358)
Amount due to/(from) associated companies and KCL related companies	47,975	2,280	(9,878)	40,377
Derivative instruments – net	(1,089)	(9,563)	–	(10,652)
Cash used in operations	(190,679)	35,548	–	(155,131)
Interest received	6,567	–	–	6,567
Dividend received	13,074	–	–	13,074
Income tax (including group tax relief) refunded	48,722	(11)	–	48,711
Net cash used in operating activities	(122,316)	35,537	–	(86,779)

The accompanying notes form an integral part of these unaudited pro forma financial information.

	6 months	Pro Forma Adjustments		6 months
	ended			ended
	30 June			30 June
	2022			2022
	\$'000			\$'000
		Note 3(I)	Note 3(II)	
Investing activities:				
Purchase of property, plant and equipment	(10,198)	–	–	(10,198)
Proceeds from sale of property, plant and equipment	1,330	–	–	1,330
Proceeds from disposal of asset held for sale	20,581	–	–	20,581
Purchase of financial assets at FVOCI	(108)	–	–	(108)
Principal repayment of convertible bonds	2,322	–	–	2,322
Dividends and distribution received	1,385	–	–	1,385
Proceeds from disposal of associated companies	210	–	–	210
Proceeds from capital reduction of an associated company	1,246	–	–	1,246
Net cash from investing activities	16,768	–	–	16,768
Financing activities:				
Repayment of borrowings	(16,127)	(19,672)	–	(35,799)
Proceeds from borrowings	181,601	–	–	181,601
Proceeds of loans from a related company – net	42,399	(42,399)	–	–
Principal payment of lease liabilities	(18,229)	–	–	(18,229)
Interest paid	(50,554)	28,207	–	(22,347)
Dividend payment to non-controlling interests	(210)	–	–	(210)
Net cash from financing activities	138,880	(33,864)	–	105,016
Net changes in cash and cash equivalents	33,332	1,673	–	35,005
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(958)	–	–	(958)
Cash and cash equivalents at beginning of financial period	395,955	(1,673)	–	394,282
Cash and cash equivalents at end of financial period	428,329	–	–	428,329

The accompanying notes form an integral part of these unaudited pro forma financial information.

**Statement of Adjustments for the Unaudited Pro forma
Statement of Cash Flows
For the financial year ended 31 December 2021**

	Audited	Pro Forma Adjustments		Unaudited
	2021	\$'000		2021
	\$'000	Note 3(I)	Note 3(II)	\$'000
Operating activities:				
Loss before taxation	(161,801)	1,555	8,253	(151,993)
Adjustments for:				
Depreciation and amortisation	116,062	(9,688)	–	106,374
Dividend income	(6,091)	–	–	(6,091)
Interest expense	82,209	(45,464)	6,749	43,494
Interest income	(23,395)	1,327	–	(22,068)
Share of results of associated companies and joint ventures	(168,328)	160,193	–	(8,135)
Gain on disposal of property, plant and equipment	(8,784)	–	–	(8,784)
Loss on liquidation of associated companies	20	–	–	20
Property, plant and equipment written off	205	–	–	205
Recycling of reserves to profit and loss account	–	14,323	–	14,323
Cash flows used in operations before changes in working capital	(169,903)	122,246	15,002	(32,655)
Working capital changes, excluding changes relating to cash:				
Stocks	(238,317)	97,719	–	(140,598)
Contract assets and liabilities	(1,021,156)	114,987	–	(906,169)
Trade and other debtors, deposits and prepayments	810,516	(36,539)	–	773,977
Other assets	(283)	–	–	(283)
Trade creditors, provisions for warranty and accrued expenses	(28,452)	722	–	(27,730)
Amount due to/(from) associated companies and KCL related companies	14,112	228	(15,002)	(662)
Derivative instruments – net	68,930	(42,778)	–	26,152
Cash used in operations	(564,553)	256,585	–	(307,968)
Interest received	6,971	–	–	6,971
Dividend received	6,091	–	–	6,091
Income tax (including group tax relief) refunded	28,593	244	–	28,837
Net cash used in operating activities	(522,898)	256,829	–	(266,069)

The accompanying notes form an integral part of these unaudited pro forma financial information.

	Audited	Pro Forma Adjustments		Unaudited
	2021	\$'000		2021
	\$'000	Note 3(I)	Note 3(II)	\$'000
Investing activities:				
Purchase of property, plant and equipment	(24,403)	–	–	(24,403)
Proceeds from sale of property, plant and equipment	8,930	–	–	8,930
Proceeds from disposal of asset held for sale	8,934	–	–	8,934
Purchase of financial assets at FVOCI	(760)	–	–	(760)
Principal repayment of convertible bonds	1,279	–	–	1,279
Dividends and distribution received	9,090	–	–	9,090
Net cash from investing activities	3,070	–	–	3,070
Financing activities:				
Repayment of borrowings	(398,385)	–	(500,000)	(898,385)
Proceeds from borrowings	308,914	323,602	500,000	1,132,516
Proceeds of loans from a related company – net	621,880	(621,880)	–	–
Principal payment of lease liabilities	(30,944)	–	–	(30,944)
Interest paid	(81,123)	40,699	–	(40,424)
Dividend payment to non-controlling interests	(220)	–	–	(220)
Acquisition of additional interest in a subsidiary	(705)	–	–	(705)
Net cash from financing activities	419,417	(257,579)	–	161,838
Net changes in cash and cash equivalents	(100,411)	(750)	–	(101,161)
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	1,140	–	–	1,140
Cash and cash equivalents at beginning of financial year	495,226	(923)	–	494,303
Cash and cash equivalents at end of financial year	395,955	(1,673)	–	394,282

The accompanying notes form an integral part of these unaudited pro forma financial information.

1. Introduction

Keppel Offshore & Marine Ltd (the "**Company**" or "**KOM**") is incorporated in Singapore with its principal place of business at 50 Gul Road, Singapore 629351 and registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding company.

The Company's immediate and ultimate holding company is Keppel Corporation Limited ("**KCL**"), incorporated in Singapore.

Further to the Relevant Announcements (as defined in the Circular), KCL announced the proposed combination (the "**Proposed Combination**") of KOM and Sembcorp Marine Ltd ("**SCM**"), such that KOM will be held as a wholly-owned subsidiary of SCM.

2. The Proposed Combination

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 (the "**Asset Co Intercompany Loans**") owing by the Asset Co Target Companies (as defined in the Circular) to KCL and its subsidiaries (collectively, the "**KCL Group**") from KOM, FELS Offshore Pte Ltd and Keppel FELS Limited (collectively, the "**KOM Vendors**") to a newly established asset-holding company, Rigco Holding Pte. Ltd. ("**Asset Co**" and such transfer, the "**Asset Co Transfer**"). In return, the KCL Group and the KOM Vendors will receive equity and debt securities issued by Asset Co amounting in aggregate to approximately S\$4,058.2 million (as may be adjusted) (the "**Asset Co Consideration**").

Subject to the terms of the Amended Asset Co Framework Agreement (as defined in the Circular), the Asset Co Consideration of approximately S\$4,058.2 million (subject to such adjustments as may be necessary), which is payable by Asset Co to the KOM Vendors and the KCL Group will be satisfied in the following manner:

- I. S\$499,000 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\$1.00 per Asset Co Consideration Share;
- II. 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 by Asset Co (the "**Asset Co Perpetual Securities**"). The Asset Co Perpetual Securities bear interest from and including their date of issue at the fixed rate of 10.0% per annum, payable semi-annually in arrears. Subject to the terms of the Asset Co Perpetual Securities, Asset Co may elect to pay interest due on any interest payment date (i) entirely in cash, (ii) entirely in additional Asset Co Perpetual Securities issued as payment of interest or (iii) a combination of (i) and (ii). The Asset Co Perpetual Securities have no fixed redemption date and may only be redeemed at the option of Asset Co on or after five (5) years from their date of issue; and

2. The Proposed Combination (cont'd)

III. approximately S\$3,937.7 million (subject to such adjustments as may be necessary) of the Asset Co Consideration shall be satisfied by way of the issuance of fixed rate notes in the same aggregate principal amount (the "**Vendor Notes**") by Asset Co. The Vendor Notes bear interest from and including their date of issue at the fixed rate of 4.0% per annum, payable annually in arrears. Subject to the terms of the Vendor Notes, Asset Co may elect to pay interest due on any interest payment date (i) entirely in cash, (ii) entirely in additional Vendor Notes issued as payment of interest or (iii) a combination of (i) and (ii). The Vendor Notes have a maturity date falling on the twelfth anniversary of their date of issue (with Asset Co having an option to extend such maturity date to any date falling on or before the fifteenth anniversary of their date of issue), and may be redeemed at the option of Asset Co at any time. The Vendor Notes may be redeemed at the outstanding principal amount together with unpaid accrued interest and a redemption premium equal to 5.0% of the outstanding principal amount of Vendor Notes being redeemed.

(b) secondly, an internal restructuring exercise to be conducted by KOM (the "**KOM Pre-Combination Restructuring**") to transfer certain identified assets from the KOM In-Scope Entities (as defined below) to the rest of the KCL Group, and in consideration of such transfer, certain liabilities owing by some KOM In-Scope Entities to the KCL Group will be set off and discharged. The KOM Pre-Combination Restructuring will be principally effected through the following steps:

- 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 (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 transfer consideration for the transfer of the KOM Asset Co Securities and the Out of Scope Assets 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 remaining outstanding principal amount of the Relevant Perpetual Securities that is not partially redeemed in the manner set out in sub-paragraphs (II) and (III) above to be fully capitalised into new ordinary shares in KOM and issued to KCL.

Following completion of the KOM Pre-Combination Restructuring, the KOM Intercompany Loans and the Relevant Perpetual Securities will be fully settled and discharged and the KOM In-Scope Entities will have no outstanding liability to the KCL Group other than those arising out of the ordinary course of business and under the transitional services agreement to be entered into by KOM and KCL whereby the KCL Group shall provide transitional support services to the KOM In-Scope Entities.

2. The Proposed Combination (cont'd)

- (c) thirdly, subject to the satisfaction (or, where applicable, the waiver) of the Conditions (as defined in the Circular), all the issued and paid-up ordinary shares (excluding treasury shares) in the share capital of KOM held by KCL will be transferred to SCM in consideration for the issuance by SCM of such number of new ordinary shares in the capital of SCM (the "**SCM Shares**") representing 54% of the total number of SCM Shares on a fully diluted basis immediately after Closing (as defined in the Circular).

The unaudited pro forma financial information of KOM and its subsidiaries (collectively, the "**KOM Group**"), excluding such entities to be transferred pursuant to the Asset Co Transfer and the KOM Pre-Combination Restructuring (the "**KOM In-Scope Entities**"), after the completion of the Proposed Combination (the "**Pro Forma KOM Group**"), comprising the unaudited pro forma financial position of the Pro Forma KOM Group as at 30 June 2022 and 31 December 2021, the unaudited pro forma profit or loss statements of the Pro Forma KOM Group for the six-month financial periods and financial years ended 30 June 2021 and 2022, 31 December 2021, 2020 and 2019 respectively, and the unaudited pro forma statements of cash flows of the Pro Forma KOM Group for the financial period and year ended 30 June 2022 and 31 December 2021 respectively, and the related notes to the "Unaudited Pro Forma Financial Information" has been prepared for inclusion in the circular to the shareholders of KCL (the "**Circular**").

3. Basis of Preparation of the Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and based on certain assumptions after making certain adjustments, to show what:

- (a) the unaudited pro forma financial position of the Pro Forma KOM Group as at 30 June 2022 and 31 December 2021 would have been if the Proposed Combination had occurred on 30 June 2022 and 31 December 2021 respectively;
- (b) the unaudited pro forma financial results of the Pro Forma KOM Group for the financial years ended 31 December 2021, 2020 and 2019 would have been if the Proposed Combination had occurred on 1 January 2019;
- (c) the unaudited pro forma financial results of the Pro Forma KOM Group for the six-month financial periods ended 30 June 2022 and 2021 would have been if the Proposed Combination had occurred on 1 January 2019; and
- (d) the unaudited pro forma cash flows of the Pro Forma KOM Group for the six-month financial period and financial year ended 30 June 2022 and 31 December 2021 would have been if the Proposed Combination had occurred on 1 January 2021.

3. Basis of Preparation of the Unaudited Pro Forma Financial Information (cont'd)

To derive the pro forma financial information, the adjustments applied to KOM Group's financial information includes the following:

- I. adjustments arising from the Proposed Combination as described in Note 2(a) and Note 2(b)(I) of this Pro Forma Financial Information to effect the transfer of:
 - A. KOM's legacy rig assets, associated receivables at net book value, revenue, raw materials and consumables used, contract labour and subcontractors' costs and impairment on financial and contract assets for certain projects and allocation of certain profit or loss items of these assets including staff costs, depreciation and amortisation, other operating expenses – net, and interest expenses;
 - B. Out of Scope Assets at net book value including the share of results of associated companies; and
 - C. related recycling of cash flows hedge reserve and foreign currency translation reserve arising from Note 3(I)(A) and Note 3(I)(B).
- II. adjustments of an annual management fee to KCL, the S\$500 million fund raising from external bank/third party to finance the Cash Component and the settlement of intercompany loans and perpetual securities as described in Note 2(a) and Note 2(b)(II) to Note 2(b)(IV) of this Pro Forma Financial Information.

To derive the adjustments above, the assumptions applied to KOM Group's financial information includes the following:

- III. loans from fellow subsidiaries of KOM are assumed extinguished and the extinguishment are an offset of intercompany balances with the remaining loan portion converted to equity;
- IV. any proceeds from intercompany loans are assumed as proceeds from external borrowings used for working capital purposes; and
- V. interest expense in relation to the Cash Component are assumed to be the average of intercompany borrowing rates of each pro forma period and applied consistently across all relevant pro forma periods.

The Unaudited Pro Forma Financial Information, because of their nature, may not give a true picture of the actual financial position, financial results and cash flows of the Pro Forma KOM Group.

The unaudited pro forma financial information of the Group is based on the following:

- (a) the unaudited pro forma financial information of the Pro Forma KOM Group for the financial years ended 31 December 2021, 2020 and 2019 have been compiled based on the audited consolidated financial statements of the KOM Group for the financial years ended 31 December 2021, 2020 and 2019, which have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") and International Financial Reporting Standards ("**IFRSs**").

3. Basis of Preparation of the Unaudited Pro Forma Financial Information (cont'd)

- (b) The audited consolidated financial statements for the financial years ended 31 December 2021, 2020 and 2019 of the KOM Group was audited by PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants, Singapore in accordance with Singapore Standards of Auditing ("**SSAs**"). The independent auditor's report relating to these audited financial statements was not subject to any qualification.
- (c) The unaudited pro forma financial information of the Pro Forma KOM Group for the six-month financial periods ended 30 June 2022 and 2021 have been compiled based on the interim unaudited consolidated management accounts of the KOM Group for the six-month financial periods ended 30 June 2022 and 2021 which have been prepared in accordance with the SFRS(I)s and the IFRSs.

The financial statements are expressed in Singapore dollars. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the Unaudited Pro Forma Financial Information.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. The financial statements of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the KOM Group.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets transferred, equity instruments issued, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised in the profit and loss account as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

4. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

Any excess of the cost of business combination over the KOM Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the KOM Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Changes in the KOM Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the KOM Group's interests and the non-controlling interests are adjusted and the difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the KOM Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognised in other comprehensive income in respect of that former subsidiary are reclassified to the profit and loss account or transferred directly to revenue reserves if required by a specific Standard. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in the profit and loss account.

On a transaction-by-transaction basis, the measurement of non-controlling interests is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in the profit and loss account.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. Total comprehensive income is attributed to the non-controlling interests in a subsidiary based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

4. Significant accounting policies (cont'd)

(b) Financial assets

Classification and measurement

The KOM Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through profit or loss ("FVPL"); and
- Fair value through other comprehensive income ("FVOCI").

The classification depends on the KOM Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The KOM Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the KOM Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

I. Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the KOM Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

4. Significant accounting policies (cont'd)

(b) Financial assets (cont'd)

At subsequent measurement (cont'd)

I. Debt instruments (cont'd)

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other operating expenses – net".
- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("**OCI**") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other operating expenses – net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

II. Equity investments

The KOM Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other operating expenses- net", except for those equity securities which are not held for trading. The KOM Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the KOM Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

Impairment

The KOM Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the KOM Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

4. Significant accounting policies (cont'd)

(b) Financial assets (cont'd)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the KOM Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the KOM Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the KOM Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions are recorded as borrowings.

(c) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities issued by the KOM Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the KOM Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other creditors are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

4. Significant accounting policies (cont'd)

(c) Financial liabilities and equity instruments (cont'd)

Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the KOM Group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The KOM Group derecognises financial liabilities when, and only when, the KOM Group's obligations are discharged, cancelled or expired.

(d) Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company or the KOM Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

(e) Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, and other fixed assets are stated in the statement of financial position at their costs, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Capital work-in-progress are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the KOM Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and capital work-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

	<u>Number of years</u>
Buildings on freehold land	– between 20 and 50
Buildings on leasehold land	– between 15 and 50
Plant, machinery and equipment	– between 5 and 30
Furniture, fittings and office equipment	– between 2 and 10
Cranes	– between 5 and 30
Vessels and floating docks	– between 10 and 30

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

4. Significant accounting policies (cont'd)

(e) Property, plant and equipment (cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

(f) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the KOM Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the KOM Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Subsidiaries

A subsidiary is an entity (including structured entities) over which the KOM Group has control. The KOM Group controls an entity when the KOM Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company

4. Significant accounting policies (cont'd)

(g) Subsidiaries (cont'd)

reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are stated in the financial statements of the Company at cost less accumulated impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and carrying amount of the investment is taken to profit or loss.

(h) Associated companies and joint ventures

Associated companies are entities over which the KOM Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the KOM Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the KOM Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

4. Significant accounting policies (cont'd)

(h) Associated companies and joint ventures (cont'd)

Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income.

Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the KOM Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the KOM Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture.

If the associated company or joint venture subsequently reports profits, the KOM Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the KOM Group and its associated companies or joint ventures are eliminated to the extent of the KOM Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Disposals

Investments in associated companies or joint ventures are derecognised when the KOM Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value.

The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

4. Significant accounting policies (cont'd)

(i) Intangible assets

Goodwill on acquisitions

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the KOM Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the KOM Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Patents and trademarks, Research and development, and Customer relationships

Patents and trademarks, research and development and customer relationships are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 3 to 20 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

4. Significant accounting policies (cont'd)

(j) Leases

When the KOM Group is the lessee:

At the inception of the contract, the KOM Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The KOM Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the KOM Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the KOM Group exercising that option.

For contract that contain both lease and non-lease components, the KOM Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

4. Significant accounting policies (cont'd)

(j) Leases (cont'd)

Lease liabilities (cont'd)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the KOM Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The KOM Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The KOM Group recognises those lease payments in profit or loss in the periods that triggered those lease payments.

Rent concessions

The KOM Group has elected to apply the optional practical expedient under Amendments to SFRS(I) 16 *Leases* (Covid-19-Related Rent Concessions).

Under the practical expedient, the KOM Group, as a lessee, has elected not to assess whether a rent concession is a lease modification, if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease.

4. Significant accounting policies (cont'd)

(j) Leases (cont'd)

Rent concessions (cont'd)

When the KOM Group is the lessor:

The KOM Group leases vessels, buildings and equipment under operating leases to non-related parties.

Leases-Finance leases

Leases where the KOM Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable is recognised on the balance sheet. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the KOM Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

(k) Provisions

Provisions are recognised when the KOM Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the KOM Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. These provisions include a provision for warranty which is set up, upon completion of a contract, to cover the estimated liability which may arise during the warranty period. Any provision no longer required at the end of the warranty period will be written back while additional provision will be made when required.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. Significant accounting policies (cont'd)

(l) Revenue

The KOM Group enters into rigbuilding, shipbuilding and repairs contracts with customers. These contracts are fixed in prices. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the KOM Group assesses whether the KOM Group transfers control of the contract work over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the KOM Group; and (b) the KOM Group has an enforceable right to payment for performance completed to date.

The contract work has no alternative use for the KOM Group due to contractual restriction, and the KOM Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the KOM Group's progress towards completing the construction of the contract work.

The measure of progress for rigbuilding contracts and shipbuilding contracts is determined by engineers' estimates.

For contract where the customer is invoiced on a milestone payment schedule, a contract asset is recognised if the value of the contract work transferred by the KOM Group exceed the receipts from the customer and a contract liability is recognised if the receipts from the customer exceed the value of the contract work transferred by the KOM Group.

An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Revenue from sale of goods is recognised when the KOM Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Revenue from the rendering of services is recognised when the services have been rendered.

Dividend income from investments is recognised when such dividend income is declared to be payable.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short-term highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

4. Significant accounting policies (cont'd)

(n) Assets classified as held for sale

Non-current assets are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale.

Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

APPENDIX E

EXPLANATORY NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF RESTRUCTURED KOM

1. Disclaimer

This Appendix E discusses the Unaudited Pro Forma Financial Information of Restructured KOM, as if completion of the Asset Co Transfer and the KOM Pre-Combination Restructuring had taken place prior to the relevant financial periods. The Asset Co Transfer and the KOM Pre-Combination Restructuring involves among others, the transfer of KOM's legacy rig assets, associated receivables and associated intercompany loans to Asset Co, and an internal restructuring exercise to be conducted by KOM to principally effect the assignment and transfer of the KOM Asset Co Securities and certain identified assets of the KOM In-Scope Entities, as well as the payment of the Cash Component to the KCL Group. Further details on the Asset Co Transfer and the KOM Pre-Combination Restructuring can be found at paragraphs 3 and 4 respectively of this Circular.

This Appendix E has been prepared by the management of KOM and should be read in conjunction with the Unaudited Pro Forma Financial Information of Restructured KOM for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 and the six-month periods ended 30 June 2021 and 30 June 2022, as set out in Appendix D to this Circular.

Except as otherwise indicated, the following discussion is based on the Unaudited Pro Forma Financial Information of Restructured KOM proposed to be transferred to SCM pursuant to the KOM Combination.

2. Basis of preparation

Please refer to Appendix D to this Circular for the Unaudited Pro Forma Financial Information of Restructured KOM for the Financial Years Ended 31 December 2019, 31 December 2020 and 31 December 2021 and the Six-Month Period Ended 30 June 2021 and 30 June 2022, including the basis for which such financial statements were prepared.

3. Overview

KOM is a company incorporated in Singapore. KOM is wholly owned by KCL, which is a public company incorporated in Singapore, listed on the Mainboard of the SGX-ST. KOM and its subsidiaries provide total solutions to the offshore, marine and energy industry through its global network of yards and offices. KOM and its subsidiaries have know-how across a wide range of capabilities – design & engineering, new builds, conversions & repairs, and support services. KOM and its subsidiaries operates shipyards and facilities in Brazil, China, Japan, the Philippines, Singapore, and the US.

During the relevant period relating to the Unaudited Pro Forma Financial Information of Restructured KOM ("**Period Under Review**"), Restructured KOM's revenue was derived from projects in the following segments: (a) New Build; (b) Conversions & Repairs; (c) KOM Brazil; (d) KOM USA; and (e) Others.

The following discussion will be based on the Unaudited Pro Forma Financial Information of Restructured KOM for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 and the six-month period ended 30 June 2021 and 30 June 2022, as set out in Appendix D to this Circular.

3.1. Revenue

KOM In-Scope Entities enter into rigbuilding, shipbuilding and repairs contracts with customers. Revenue is recognised when the control over the contract work is transferred to the customer. For contracts where the work has no alternative use for Restructured KOM due to contractual restriction, and Restructured KOM has enforceable rights to payment arising from the contractual terms, these revenues are recognised over time by reference to Restructured KOM's progress towards completing the construction of the contract work. For contracts where the customer is invoiced on a milestone payment schedule, a contract asset is recognised if the value of the contract work transferred by Restructured KOM exceeds the receipts from the customer and a contract liability is recognised if the receipts from the customer exceed the value of the contract work transferred by Restructured KOM.

The summary of Restructured KOM's pro forma revenue for the Period Under Review is as follows:

	FY2019	FY2020	FY2021	1H21	1H22
	S\$m	S\$m	S\$m	S\$m	S\$m
Pro Forma Revenue	1,616	1,384	2,013	790	1,159

The factors affecting the pro forma revenue recognised during the Period Under Review include the following:

- i. market demand for ship repair and conversion, and specialised ships;
- ii. the stage of a project and/or percentage of works carried out for a project during a particular financial year/period;
- iii. Restructured KOM's ability to compete effectively and secure new contracts;
- iv. Restructured KOM's ability to ensure works and services performed are carried out satisfactorily and within contractual timelines; and
- v. Restructured KOM's ability to secure and maintain the relevant licenses, registrations, permits or approvals necessary for business operations.

3.2. Impairment on financial and contract assets

S\$m	FY2019	FY2020	FY2021	1H2021	1H2022
Impairment on financial and contract assets	9	18	18	24	4

Arising from periodic reviews of expected credit losses, the above represents impairment against receivables from customers and contract assets in the oil and gas industry. The increase in impairment from FY2019 to subsequent years is in line with the market condition due primarily to the impact from the COVID-19 pandemic.

3.3. Share of results of associated companies and joint ventures ("JVs")

S\$'m	FY2019	FY2020	FY2021	1H2021	1H2022
Shares of results of associated companies and JVs	(5)	(8)	8	6	8

The associated companies and JVs mainly include Asian Lift Pte Ltd, Blue Tern Holding AS, PV Keez Pte Ltd and Keppel Smit Towage Pte Ltd and Maju Maritime Pte Ltd. Keppel Smit Towage Pte Ltd and Maju Maritime Pte Ltd were divested in 1H2022.

3.4. Income tax expense

Restructured KOM is liable to pay corporate income tax in accordance with the tax regulations in the respective tax jurisdiction.

Restructured KOM recorded income tax expense of approximately S\$5 million in 1H22. Tax credit was S\$31 million, S\$93 million, S\$29 million and S\$3 million in FY2019, FY2020, FY2021 and 1H21 respectively. Tax credit mainly arose from the impairment of financial and contract assets relating to legacy rigs and receivables which do not form part of Restructured KOM. The tax credit will remain with the legal entity within Restructured KOM. See paragraph 4 for further explanation.

4. Review of Pro Forma Results of Operations

FY2019 vs FY2020

Revenue

Restructured KOM's revenue decreased by approximately S\$232 million or 14.4%, from S\$1,616 million in FY2019 to S\$1,384 million in FY2020. The decrease in revenue was mainly due to significantly slower progress of existing projects as a result of disruption from the COVID-19 pandemic which also led to a sharp decline in demand and market confidence.

Due to the circuit breaker measures imposed by the Government of Singapore, which involved the lock-down of foreign worker dormitories, this resulted in temporary suspension of works in Singapore which had a negative impact on revenues.

In addition, in FY2020, Restructured KOM had successfully secured approximately S\$1 billion of new orders to net order book.

Profit/(loss) before taxation

Profit before taxation decreased by S\$268 million from S\$8 million in FY2019 to a loss of S\$260 million in FY2020 primarily due to the above as well as unforeseen cost arising from disruptions from the COVID-19 pandemic. Despite the difficult market environment and interruptions from the COVID-19 pandemic, Restructured KOM received significant government grants which partly cushioned the impact of the negative results. Restructured KOM recognised the effect of Asset Co's capital reserve and foreign exchange translation reserve for FY2018 amounting to approximately S\$39 million in FY2019.

Income tax expense

Restructured KOM's income tax credit of S\$31 million in FY2019 was mainly contributed by the tax credits recorded at the various subsidiaries.

Restructured KOM's income tax credit of S\$93 million in FY2020 mainly relates to impairment taken on legacy rigs and receivables.

This was partially offset by write down of deferred tax assets at one of Restructured KOM's overseas subsidiaries.

FY2020 vs FY2021

Revenue

Restructured KOM's revenue increased by approximately S\$629 million or 45.4% from S\$1,384 million in FY2020 to S\$2,013 million in FY2021. The increase in revenue was primarily due to higher percentage-of-completion ("**POC**") for various jobs with the lifting of COVID-19 restrictions as well as contributions from new projects secured in FY2020. During FY2021, Restructured KOM had successfully secured approximately S\$3.5 billion of new orders.

Profit/(loss) before taxation

Loss before taxation decreased by S\$122 million or 46.9% lower from loss of S\$260 million in FY2020 to loss of S\$138 million in FY2021. The decrease in loss before taxation was mainly due to the above as well as strict cost control measures and gain on disposal of certain assets. These impacts were partially offset by foreign exchange losses as well as lingering impact from COVID-19 pandemic.

Income tax expense

The tax credit in FY2021 was S\$29 million and was mainly due to the lower deferred tax assets recognised for the impairment loss on assets in FY2021. It was partially offset by the recognition of deferred tax asset at KOM's subsidiary level due to recognition of unutilised tax losses.

1H21 vs 1H22

Revenue

Restructured KOM's revenue increased by approximately S\$369 million or 46.8%, from S\$790 million in 1H21 to S\$1,159 million in 1H22. The increase in revenue was mainly due to the strong progress on execution of projects secured in prior years.

Profit/(loss) before taxation

Profit before taxation increased by S\$118 million or 655.6% from a loss of S\$18 million in 1H21 to a profit of S\$100 million in 1H22. Profit for the period was higher mainly due to the above, gain from divestment of certain JVs and higher dividend income. These were partially offset by higher interest expense.

Income tax expense

Restructured KOM's income tax credit was S\$3 million in 1H21 and tax expense of S\$5 million in 1H22. The income tax expense in 1H22 was mainly due to better performance as a result of contributions from projects and continuous control on overhead expenses.

5. Review of Pro Forma Financial position

Current assets

Current assets of Restructured KOM primarily comprise (i) contract assets, (ii) stocks, (iii) trade debtors, (iv) other debtors, deposits and prepayments and (v) cash and cash equivalent. Current assets amounted to approximately S\$2,492 million and S\$2,980 million, representing 57.6% and 62.4% of Restructured KOM's total assets as at 31 December 2021 and 30 June 2022 respectively.

Contract assets

Contract assets primarily relate to Restructured KOM's right to consideration for work completed but not billed at the reporting date on construction contracts net of impairment losses recognised for the projects. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when Restructured KOM invoices the customers. Contract assets amounted to approximately S\$1,111 million and S\$1,382 million (net of allowance of S\$nil and S\$nil), representing 44.6% and 46.4% of Restructured KOM's current assets as at 31 December 2021 and 30 June 2022. The increase in contract assets was due to additional work performed but not billed as at period end.

Stocks

Stocks comprise of work in progress, consumable materials, finished goods and goods for sale. Stocks amounted to approximately S\$319 million and S\$330 million (net of allowance of S\$80 million and S\$80 million), representing 12.8% and 11.1% of Restructured KOM's current assets as at 31 December 2021 and 30 June 2022 respectively. The increase in stocks was due to purchase of inventories during the period. Stocks mainly comprises of work in progress and consumable materials amounting to S\$269 million and S\$281 million as at 31 December 2021 and 30 June 2022 respectively.

Trade debtors

Trade debtors amounted to approximately S\$117 million and S\$164 million (net of allowance of S\$31 million and S\$33 million), representing 4.7% and 5.5% of Restructured KOM's current assets as at 31 December 2021 and 30 June 2022 respectively. The increase in trade debtors was due to additional billings made in 1H2022 for certain projects such as offshore HVDC substation and repair projects.

Other debtors, deposits and prepayments

Other debtors, deposits and prepayments amounted to approximately S\$129 million and S\$289 million, representing 5.2% and 9.7% of Restructured KOM's current assets as at 31 December 2021 and 30 June 2022 respectively. The higher balance of other debtors, deposits and prepayments for 1H22 was primarily due to timing of receivables from proceeds of divestment of JVs in 1H22.

Cash and cash equivalent

Cash and cash equivalents comprise cash at bank and fixed deposits pledged for banking facilities. Cash and cash equivalents amounted to approximately S\$466 million and S\$501 million, representing 18.7% and 16.8% of Restructured KOM's current assets as at 31 December 2021 and 30 June 2022 respectively. Refer to Note 6 below for variance analysis.

Amount due from associated companies and KCL related companies

Amount due from associated companies and KCL related companies relate to intercompany balances with Restructured KOM's associates and KCL group of entities. Amount due from associated companies and KCL related companies amounted to approximately S\$103 million and S\$99 million, representing 4.1% and 3.3% of Restructured KOM's current assets as at 31 December 2021 and 30 June 2022 respectively.

Amount due from associated companies and KCL related companies are primarily non-trade in nature, interest-free and receivable on demand, except for:

- (i) amount due from associated companies amounted to approximately S\$30 million and \$24 million as at 31 December 2021 and 30 June 2022 respectively, which are trade in nature; and
- (ii) amount due from associated companies amounted to approximately S\$57 million and S\$47 million as at 31 December 2021 and 30 June 2022 respectively, which are interest bearing.

Assets classified as held for sale

Assets classified as held for sale comprise yards and certain JVs. Assets classified as held for sale amounted to approximately S\$168 million and S\$93 million, representing 6.7% and 3.1% of Restructured KOM's current assets as at 31 December 2021 and 30 June 2022 respectively. The decrease is mainly due to the disposal of certain JVs and yard in 1H22.

Non-current assets

Non-current assets of Restructured KOM primarily comprise (i) property, plant & equipment, (ii) right-of-use assets, (iii) associated companies and JVs and (iv) deferred tax assets. Non-current assets amounted to approximately S\$1,838 million and S\$1,796 million, representing 42.4% and 37.6% of Restructured KOM's total assets as at 31 December 2021 and 30 June 2022 respectively.

Property, plant and equipment

Property, plant and equipment comprise of freehold land and buildings, buildings on leasehold land, plant, machinery and equipment, vessels and floating dock, and capital work in progress. Property, plant and equipment amounted to approximately S\$1,094 million and S\$1,069 million, representing 59.5% and 59.5% of Restructured KOM's non-current assets as at 31 December 2021 and 30 June 2022 respectively. The decrease in property, plant and equipment was mainly due to depreciation and disposal of certain fixed assets.

Right-of-use assets

Right-of-use assets refer to leases in respect of land (shipyards, warehouses and offices) and equipment and barges. Right-of-use assets amounted to approximately S\$238 million and S\$249 million, representing 12.9% and 13.9% of Restructured KOM's non-current assets as at 31 December 2021 and 30 June 2022 respectively. The marginal increase in right-of-use assets was due to the remeasurement of certain ROU leases.

Associated companies and JVs

Associated companies and JVs amounted to approximately S\$201 million and S\$204 million, representing 10.9% and 11.4% of Restructured KOM's non-current assets as at 31 December 2021 and 30 June 2022 respectively. Keppel Smit Towage Pte Ltd and Maju Maritime Pte Ltd have been reclassified as assets held for sale since FY2021.

Deferred tax assets

Deferred tax assets mainly arose from unrecognised tax losses and research and development tax credit. Recognised deferred tax assets amounted to approximately S\$135 million and S\$133 million, representing 7.3% and 7.4% of Restructured KOM's non-current assets as at 31 December 2021 and 30 June 2022 respectively.

Amount due from associated companies and KCL related companies

Amount due from associated companies and KCL related companies relate to intercompany balances with Restructured KOM's associates and KCL group of entities. Amount due from associated companies and KCL related companies amounted to approximately S\$27 million, representing 1.5% of Restructured KOM's non-current assets as at 31 December 2021.

Amount due from associated companies and KCL related companies are primarily non-trade in nature, interest bearing and not expected to be received within 12 months from 31 December 2021.

Current liabilities

Current liabilities of Restructured KOM primarily comprise (i) trade and other creditors, (ii) contract liabilities, (iii) borrowings, (iv) lease liabilities and (v) provision for tax. Current liabilities amounted to approximately S\$2,487 million and S\$2,763 million, representing 73.0% and 74.8% of Restructured KOM's total liabilities as at 31 December 2021 and 30 June 2022 respectively.

Trade and other creditors

Trade and other creditors mainly comprise of trade creditors, accrual for cost to complete for projects, overheads and payroll costs. Trade and other creditors amounted to approximately S\$1,903 million and S\$2,067 million, representing 76.5% and 74.8% of Restructured KOM's current liabilities as at 31 December 2021 and 30 June 2022 respectively. The increase in trade and other creditors was due to increase in project activities in 1H22 as compared to FY2021.

Contract liabilities

Contract liabilities primarily relate to advances received from customer but work has yet to be performed. Contract liabilities amounted to approximately S\$290 million and S\$217 million, representing 11.7% and 7.8% of Restructured KOM's current liabilities as at 31 December 2021 and 30 June 2022 respectively. The decrease in contract liabilities is mainly due to timing of revenue recognition and billing on projects.

Borrowings

Borrowings amounted to approximately S\$146 million and S\$318 million, representing 5.9% and 11.5% of Restructured KOM's current liabilities as at 31 December 2021 and 30 June 2022 respectively. The increase in borrowings was due to additional working capital requirements on certain projects.

Lease liabilities

Lease liabilities primarily relate to the current portion of Restructured KOM's lease in respect of land (shipyards, warehouses and offices) and equipment and barges. Lease liabilities amounted to approximately S\$35 million and S\$38 million, representing 1.4% and 1.4% of Restructured KOM's current liabilities as at 31 December 2021 and 30 June 2022 respectively.

Provision for tax

Provision for tax refers to the liability to pay corporate income tax in accordance with the tax regulations of the respective tax jurisdictions. Provision for tax amounted to approximately S\$17 million and S\$20 million, representing 0.7% and 0.7% of Restructured KOM's current liabilities as at 31 December 2021 and 30 June 2022 respectively.

Amount due to associated companies and KCL related companies

Amount due to associated companies and KCL related companies relate to intercompany balances with Restructured KOM's associates and KCL group of entities. Amount due to related companies amounted to approximately S\$74 million and S\$81 million, representing 3.0% and 2.9% of Restructured KOM's current liabilities as at 31 December 2021 and 30 June 2022 respectively.

Amount due to associated companies and KCL related companies are primarily non-trade in nature, interest-free and payable on demand.

Non-current liabilities

Non-current liabilities of Restructured KOM primarily comprise (i) borrowings, (ii) lease liabilities and (iii) deferred taxation. Non-current liabilities amounted to approximately S\$921 million and S\$929 million, representing 27.0% and 25.2% of Restructured KOM's total liabilities as at 31 December 2021 and 30 June 2022 respectively.

Borrowings

Borrowings amounted to approximately S\$584 million and S\$581 million, representing 63.4% and 62.5% of Restructured KOM's non-current liabilities as at 31 December 2021 and 30 June 2022 respectively.

Lease liabilities

Lease liabilities relate to the non-current portion of Restructured KOM's lease in respect of land (shipyards, warehouses and offices) and equipment and barges. Lease liabilities amounted to approximately S\$284 million and S\$295 million, representing 30.8% and 31.7% of Restructured KOM's non-current liabilities as at 31 December 2021 and 30 June 2022 respectively. The increase in lease liabilities was in line with the increase in right-of-use assets.

Deferred taxation

Deferred taxation arises mainly from excess of tax over book depreciation. Deferred taxation amounted to approximately S\$44 million and S\$46 million, representing 4.8% and 4.9% of Restructured KOM's non-current liabilities as at 31 December 2021 and 30 June 2022 respectively.

6. Liquidity and capital resources

During the Period Under Review, Restructured KOM financed its operations mainly through a combination of shareholders' equity (including retained earnings), shareholders' loans and borrowings from banks.

As at 30 June 2022, Restructured KOM had cash and cash equivalents of S\$500.8 million and net working capital of approximately S\$216.2 million. As at 30 June 2022, Restructured KOM recorded shareholders' equity of S\$1,062 million.

Below is a summary of the Restructured KOM's combined statements of cash flows for the Period Under Review. The following net cash flow summary should be read in conjunction with the full text of this Circular including the "Unaudited Pro Forma Financial Information of Restructured KOM", as set out in Appendix D to this Circular.

	FY2021	1H22
	S\$'m	S\$'m
Net cash used in operating activities	(266)	(87)
Net cash from investing activities	3	17
Net cash from financing activities	162	105
Net increase/(decrease) in cash and cash equivalents	(101)	35
Cash and cash equivalents at the beginning of the financial period/year	494	394
Cash and cash equivalents at the end of the financial period/year	394	428

Overview of yearly cash flows from operating activities, investing activities and financing activities for:

FY2021

In FY2021, Restructured KOM recorded net cash used in operating activities of (S\$266) million. Operating cash flows before working capital changes is approximately (S\$33) million. Net cash used in working capital amounted to approximately (S\$275) million, which was mainly due to (i) change in contract assets and liabilities of (S\$906) million as a result of timing of billing to/advances received in advance from customers for projects; (ii) an increase in stocks of approximately (S\$141) million due to purchases of inventories; and (iii) partially offset by the decrease in trade and other debtors, deposits and prepayments of approximately S\$774 million mainly due to derecognition of trade debtors from termination of contracts. Restructured KOM also received income tax credit of approximately S\$29 million.

Net cash generated from investing activities of approximately S\$3 million mainly relate to (i) proceeds of S\$9 million from sale of property, plant and equipment; (ii) proceeds of approximately S\$9 million from disposal of financial assets; (iii) dividends of approximately S\$9 million received from associate companies and JVs; and (iv) partially offset by purchase of plant and equipment of approximately (S\$24) million.

Net cash flows from financing activities of approximately S\$162 million was mainly due to (i) proceeds from borrowings of S\$1,133 million; (ii) partially offset by borrowings repayment of approximately (S\$898) million; (iii) interest payment of (S\$40) million; and (iv) lease payment of (S\$31) million.

As a result of the above, there was a net decrease of approximately (S\$101) million in cash and cash equivalents, from S\$494 million as at the start of the year to S\$394 million as at the 31 December 2021.

1H2022

In 1H22, Restructured KOM recorded net cash used in operating activities of (S\$87) million. Operating cash flows before working capital changes is approximately S\$48 million. Net cash used in working capital amounted to approximately (S\$204) million, which was mainly due to (i) change in contract assets and liabilities of (S\$344) million as a result of timing of billing to/advances received in advance from customers for projects; (ii) an increase in stocks of approximately (S\$11) million; (iii) increase in trade and other debtors, deposits and prepayments of approximately (S\$34) million mainly due to additional billing made; and (iv) partially offset by increase in trade creditors, provisions of warranty and accrued expenses of approximately S\$167 million. Restructured KOM also received income tax credit of approximately S\$49 million.

Net cash generated from investing activities of approximately S\$17 million mainly relate to (i) proceeds of S\$21 million from sale of asset; and (ii) partially offset by purchase of plant and equipment of approximately (S\$10) million.

Net cash flows from financing activities of approximately S\$105 million was mainly due to (i) proceeds from borrowings of S\$182 million; (ii) borrowings repayment of approximately (S\$36) million; (iii) interest payment of (S\$22) million; and (iv) lease payment of (S\$18) million.

As a result of the above, there was a net increase of approximately S\$35 million in cash and cash equivalents, from S\$394 million as at the start of the year to S\$428 million as at 30 June 2022.

7. Capital expenditures, divestment, commitments and contingent liabilities

7.1. Capex and divestment

7.1.1. Yearly capex and divestment into various assets

Capex spent for 1H2022 was approximately S\$10m, mainly consisting of plant, machinery and equipment, and capital WIP. Capex spent for FY2021 was approximately S\$24m, mainly consisting of plant, machinery and equipment, and capital WIP.

7.1.2. Brief overview of capex

As above.

7.2. Commitments

7.2.1. Capital commitments

Capital commitments for 1H2022 and FY2021 were approximately S\$51m and S\$38m respectively. These are mainly for acquisition of fixed assets and yard improvements.

7.3. Contingent liabilities

Contingent liabilities for 1H2022 and FY2021 were approximately S\$177m and S\$137m respectively and these include performance guarantees issued for contracts awarded to customers and third parties, and guarantees in respect of banks and other loans granted to related companies.

In addition, in FY2021, Restructured KOM received a request for arbitration from a customer ("**Claimant**") to two engineering, procurement and construction contracts relating to Floating Production Storage and Offloading units ("**EPC Contracts**"). The Claimant has withheld a total of approximately US\$11.3 million due to Restructured KOM and has claimed a further amount of approximately US\$38.2 million on the basis that the Claimant is allegedly entitled to a price reduction and remediation costs associated with defective equipment supplied under the EPC Contracts (the "**Claim**").

In FY2021, Restructured KOM, in consultation with its legal advisors, denied the Claimant's alleged right to such price reductions and the defective equipment, and challenged the Claimant's alleged right to withhold payments due to Restructured KOM and its alleged right to claim such price reductions. Restructured KOM intends to defend the claim and in addition, seek remedies, including counterclaims for the sums withheld by the Claimant.

The audited financial statements of KOM for the financial year ended 31 December 2021, which is publicly available, contains details of other contingent liabilities of Restructured KOM previously disclosed, including, in respect of certain civil action by EIG funds, termination of Two Mid-Water Semisubmersible Drilling Rig Contracts, contracts with Sete Brasil (only disclosure relating to the four uncompleted rigs is relevant to Restructured KOM) and global resolution with criminal authorities relating to corrupt payments. In addition, KOM In-Scope Entities entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability

and validity of any claim, litigation or review may be highly uncertain. In making its judgment as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, the management of KOM relies on past experience and the opinion of legal and technical expertise.

8. Foreign exchange management

The financial statements of Restructured KOM are presented in Singapore dollars, which is the functional currency of Restructured KOM, and the presentation currency for the financial statements. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when their fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items are carried at fair value and are included in the profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognized in other comprehensive income.

APPENDIX F



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of Keppel Corporation Limited (the “Company”) will be convened and held by way of electronic means on 8 December 2022 at 3.00 p.m. (Singapore time), for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions. All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the Company’s circular to Shareholders dated 23 November 2022 in relation to the Proposed Transaction and the Proposed Distribution (the “Circular”).

ORDINARY RESOLUTION 1: PROPOSED TRANSACTION INVOLVING THE ASSET CO TRANSFER AND THE PROPOSED COMBINATION OF KEPPEL OFFSHORE & MARINE LTD AND SEMBCORP MARINE LTD WHICH CONSTITUTES A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 2 relating to the Proposed Distribution becoming effective in accordance with its terms:

- (a) approval be and is hereby given for the Asset Co Transfer and the KOM Combination (collectively, the “Proposed Transaction”) on the terms and conditions set out in the Transaction Documents (each as may be supplemented or amended from time to time), as described in the Circular, and the entry into the Transaction Documents be and is hereby approved and ratified;
- (b) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Transaction; and
- (c) the Directors or any one of them be authorised and directed to do all things necessary or expedient or in the interests of the Company and the Shareholders (including executing any document) as the Directors or any one of them may deem fit, to give effect to the Proposed Transaction as contemplated in this resolution.

ORDINARY RESOLUTION 2: PROPOSED DISTRIBUTION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Transaction becoming effective in accordance with its terms and Closing:

- (a) approval be and is hereby given to the Company to make a distribution (“Proposed Distribution”) of the DIS Shares held by the Company to the Shareholders by way of a dividend *in specie* on a *pro rata* basis to all Shareholders as at a time and date to be determined by the Directors for the purposes of determining the entitlement of Shareholders to the Proposed Distribution (the “Record Date”), fractional entitlements to be disregarded, free of Encumbrances and together with all rights attaching thereto on and from the date the Proposed Distribution is completed (“Completion Date”), on and subject to the terms of the Circular, except that for practical reasons and in order to avoid violating applicable securities laws outside Singapore, or where the Directors

are of the view that such distribution may infringe any foreign law or may necessitate compliance with conditions or requirements which the Directors, in their absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the Directors reserve the discretion not to distribute the DIS Shares to any Shareholder whose registered address as at the Record Date (as appearing in the Register of Members or in the Depository Register maintained by CDP) is outside Singapore (the “**Overseas Shareholder**”) and to deal with such DIS Shares in the manner set out in paragraph (b) below;

- (b) where the Directors decide not to distribute the DIS Shares to any Overseas Shareholders, arrangements be made for the distribution of the DIS Shares which would otherwise be distributed to such Overseas Shareholders pursuant to the Proposed Distribution to such person(s) as the Directors may appoint to sell such DIS Shares and thereafter the net proceeds of such sale, after deducting for all dealings and other expenses in connection therewith, shall be distributed proportionately among such Overseas Shareholders according to their respective entitlements to the DIS Shares as at the Record Date in full satisfaction of their rights to the DIS Shares which they would otherwise have become entitled to under the Proposed Distribution;
- (c) the Directors and/or any of them be and are hereby authorised to determine the amount to be appropriated out of the retained earnings and/or distributable reserves of the Company to meet the value of the DIS Shares to be distributed to the Shareholders based on the value of the DIS Shares on the Completion Date;
- (d) any resultant fractional DIS Shares be aggregated and held by the Company for future disposal, and the Directors and/or any of them be and are hereby authorised to deal with the DIS Shares remaining with the Company after the Proposed Distribution in such manner as they deem fit; and
- (e) the Directors or any one of them be authorised and directed to do all things necessary or expedient or in the interests of the Company and the Shareholders (including executing any document) as the Directors or any one of them may deem fit, to give effect to the Proposed Distribution as contemplated in this resolution.

By Order of the Board

Caroline Chang/Leon Ng
Company Secretaries
23 November 2022

Notes:

- (1) This EGM is being convened and will be held by electronic means in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice of EGM will be sent to Shareholders by electronic means via publication on the Company's website at <https://www.kepcorp.com/en/investors/aggm-egm/> and SGXNet.
- (2) Shareholders should take note of the following alternative arrangements that have been put in place to allow Shareholders to participate in the EGM:
 - (a) **Live Audio-visual Webcast/Live Audio-only Stream:** The EGM will be conducted by way of electronic means and there will be no personal attendance at the EGM. The proceedings of the EGM will be broadcast via a live audio-visual webcast or live audio-only stream.
 - (b) **Pre-registration:** Shareholders as well as investors who hold KCL Shares through the Central Provident Fund ("CPF") or the Supplementary Retirement Scheme ("SRS" and such investors, "CPF/SRS Investors") who wish to follow the proceedings of the EGM through the live audio-visual webcast or live audio-only stream **must pre-register online at <https://www.kepcorp.com/en/egm-dec2022/> (the "Pre-registration Page") from now until 3.00 p.m. on 5 December 2022** (being 72 hours before the time appointed for the holding of the EGM) to enable the Company to verify their status as Shareholders.

A corporate Shareholder which has authorised an individual to act as its corporate representative to attend, speak and vote at the EGM must similarly pre-register such individual via the Pre-registration Page and submit the requisite certificate of appointment (or other documentation required by the Company).

Following successful verification, an email containing instructions on how to join the live broadcast of the EGM proceedings, including user ID and password details, as well as the link to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings will be sent to authenticated persons before the EGM (the "Confirmation Email"). **Shareholders who do not receive the Confirmation Email by 5.00 p.m. on 7 December 2022 but have pre-registered for the EGM proceedings by the deadline of 3.00 p.m. on 5 December 2022, should contact the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. (the "Share Registrar"), at +65 6536 5355 (Mondays to Fridays, excluding public holidays, from 8.30 a.m. to 5.00 p.m.) or at keppel@boardroomlimited.com immediately.**

Investors holding KCL Shares through relevant intermediaries (as defined in Section 181 of the Companies Act and such investors, "Investors") (other than CPF/SRS Investors) will not be able to pre-register at the Pre-registration Page for the live broadcast of the EGM. Investors (other than CPF/SRS Investors) who wish to participate in the live broadcast of the EGM should instead contact their relevant intermediary as soon as possible in order to make the necessary arrangements to participate. The relevant intermediary is required to submit a proxy form annexing the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of KCL Shares, class of KCL Shares and percentage) in relation to which the proxy has been appointed to the Share Registrar, via email to keppel@boardroomlimited.com no later than **3.00 p.m. on 5 December 2022**.

- (c) **Submission of Questions:** All Shareholders (including CPF/SRS Investors) may submit questions relating to the business of the EGM in advance of, or live at, the EGM.

Submission of Questions in Advance

All Shareholders (including CPF/SRS Investors) can submit questions relating to the business of the EGM up till **3.00 p.m. on 30 November 2022** (being 7 calendar days after the despatch of the Notice of EGM) ("**Q&A Submission Deadline**") in the following manner:

- (i) via the Pre-registration Page;
- (ii) via email to investor.relations@kepcorp.com; or
- (iii) by post addressed to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 HarbourFront Avenue, Keppel Bay Tower #14-07, Singapore 098632.

When sending in questions, the following details should be provided for verification purposes: the Shareholder's full name, address, telephone number and email address, and the manner in which such Shareholder holds KCL Shares (e.g. if you hold KCL Shares directly, please provide your CDP account number; otherwise, please state if you hold KCL Shares through CPF or SRS).

Shareholders (including CPF/SRS Investors) are strongly encouraged to submit questions electronically by the Pre-registration Page or email.

Submission of Questions live at the EGM

All Shareholders (including CPF/SRS Investors) who have pre-registered for the EGM may also ask questions relating to the business of the EGM live at the EGM, by typing in and submitting their questions through the live chat function via the audio-visual webcast platform. Shareholders (including CPF/SRS Investors) will not be able to ask questions live at the EGM via the audio-only stream of the EGM proceedings.

The Company will endeavour to address all substantial and relevant questions relating to the business of the EGM received from Shareholders (i) prior to the Q&A Submission Deadline, through publication on SGXNet and the Company's website at <https://www.kepcorp.com/en/investors/agm-egm/> by **3.00 p.m. on 3 December 2022**, and (ii) after the Q&A Submission Deadline or live at the EGM, during the EGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently, not all questions may be individually addressed.

- (d) **Voting at EGM:** Shareholders (excluding Investors) who wish to vote at the EGM may:
- (i) (where such Shareholders are individuals) vote live at the EGM; or
 - (ii) (where such Shareholders are individuals or corporates):
 - (A) appoint a proxy(ies) (other than the Chairman) to attend, speak and vote at the EGM on their behalf; or
 - (B) appoint the Chairman as proxy to attend, speak and vote at the EGM on their behalf.

Shareholders (excluding Investors) who wish to vote live at the EGM by themselves or through their proxies must first pre-register themselves or their proxy(ies) online at the Pre-registration Page. For the avoidance of doubt, pre-registration is not required if a Shareholder only intends to appoint the Chairman as proxy and does not intend to attend the EGM.

In addition, a corporate Shareholder which has authorised an individual to act as its corporate representative to attend, speak and vote at the EGM must similarly pre-register such individual via the Pre-registration Page and submit the requisite certificate of appointment (or other documentation required by the Company).

Specific voting instructions to be given

Where a Shareholder (whether an individual or corporate) appoints a proxy(ies) (including the Chairman) to attend, speak and vote at the EGM on his/her/its behalf, he/she/it should give specific instructions as to voting, or abstentions from voting, in respect of the resolutions in the Proxy Form. Where a Shareholder appoints the Chairman as proxy and no specific instructions as to voting, or abstentions from voting, are given, the appointment of the Chairman as proxy for such resolution will be treated as invalid.

Submission of Proxy Forms

Shareholders who wish to appoint a proxy(ies) or the Chairman as proxy to attend, speak and vote at the EGM on their behalf must submit a Proxy Form for the appointment of such proxy(ies). A proxy need not be a member of the Company. The Proxy Form must be submitted to the Company in the following manner:

- (i) via post to the office of the Share Registrar at 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632; or
- (ii) via email to keppel@boardroomlimited.com (e.g. enclosing a clear scanned completed and signed Proxy Form in PDF),

in either case to be received no later than **3.00 p.m. on 5 December 2022** (being 72 hours before the time appointed for the holding of the EGM).

A Shareholder who wishes to submit a Proxy Form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Proxy Forms can be downloaded from the Company's website at <https://www.kepcorp.com/en/investors/agm-egm/> or SGXNet.

In the case of Shareholders whose KCL Shares are entered against their names in the Depository Register, the Company may reject any Proxy Form submitted if such Shareholders are not shown to have KCL Shares entered against their names in the Depository Register (as defined in Part 3AA of the Securities and Futures Act 2001) as at 72 hours before the time appointed for holding the EGM, as certified by the CDP to the Company.

Shareholders are strongly encouraged to submit completed Proxy Forms electronically by email.

Voting by Investors (including CPF/SRS Investors)

The Proxy Form is not valid for use by Investors (including CPF/SRS Investors) and shall be ineffective for all intents and purposes if used or purported to be used by them.

CPF/SRS Investors who wish to vote live at the EGM must pre-register themselves online at the Pre-registration Page from now until **3.00 p.m. on 5 December 2022** (being 72 hours before the time appointed for the holding of the EGM) to enable the Company to verify their status. CPF/SRS Investors may vote live at the EGM only if they have been duly appointed as proxies by their respective CPF Agent Banks or SRS Operators. Alternatively, they may approach their respective CPF Agent Banks or SRS Operators to appoint the Chairman as proxy to attend, speak and vote on their behalf at the EGM. CPF/SRS Investors must approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by **5.00 p.m. on 29 November 2022**.

Investors (other than a CPF/SRS Investor) who wish to vote at the EGM should approach their respective relevant intermediaries as soon as possible to specify their voting instructions or make the necessary arrangement to be appointed as proxy.

Shareholders should note that the manner of conduct of the EGM may be subject to further changes at short notice. Shareholders are advised to check the Company's website at <https://www.kepcorp.com/en/investors/agm-egm/> and SGXNet regularly for updates.

- (3) All documents (including this Notice of EGM, the Circular and the Proxy Form) or information relating to the business of this EGM have been, or will be, published on SGXNet and/or the Company's website at <https://www.kepcorp.com/en/investors/agm-egm/>. Shareholders and Investors are advised to check SGXNet and/or the Company's website regularly for updates.
- (4) Any reference to a time of day in this Notice of EGM is made by reference to Singapore time.
- (5) **Personal Data Privacy:**

By submitting an instrument appointing proxy(ies), and/or representative(s) to attend, speak and vote at the EGM or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof), his/her/its participation in the broadcast and proceedings of the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines ("Purposes") and (ii) represents and warrants that he/she/it has obtained the prior consent of the individuals appointed as proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such individuals by the Company (or its agents or service providers) for the Purposes.

In the case of a Shareholder who is a relevant intermediary, by submitting the proxy form annexing the list of proxies set out in Note (2)(b) of this Notice of EGM, such Shareholder represents and warrants that it has obtained the prior consent of the individuals for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such individuals by the Company (or its agents or service providers) for the Purposes.

PROXY FORM



Keppel Corporation Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 196800351N)

EXTRAORDINARY GENERAL MEETING

IMPORTANT:

- This EGM (as defined below) will be held by way of electronic means in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of EGM and this proxy form will be sent to shareholders ("Shareholders") of the Company (as defined below) by electronic means via publication on the Company's website at <https://www.keppelcorp.com/en/investors/agm-egm/> and the Singapore Exchange Network ("SGXNet").
- Alternative arrangements relating to attendance at the EGM by way of electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman (as defined below) in advance of or live at the EGM, addressing of substantial and relevant questions at the EGM and voting at the EGM, are set out in the Notice of EGM and the announcement by the Company dated 23 November 2022.
- There will be no personal attendance at the EGM. Shareholders (excluding Investors (as defined below)) who wish to vote at the EGM may:
 - (where such Shareholders are individuals) vote live at the EGM; or
 - (where such Shareholders are individuals or corporates): (i) appoint a proxy(ies) (other than the Chairman) to attend, speak and vote at the EGM on their behalf; or (ii) appoint the Chairman as proxy to attend, speak and vote at the EGM on their behalf. A proxy need not be a member of the Company.
- This proxy form is not valid for use by investors holding shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 and such investors, "Investors") (including investors holding through the Central Provident Fund ("CPF") and the Supplementary Retirement Scheme ("SRS" and such investors, "CPF/SRS Investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (including a CPF/SRS Investor) who wishes to vote should refer to the instructions set out in Notice of EGM and the announcement by the Company dated 23 November 2022.
- Personal Data Privacy:** By submitting this proxy form, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 23 November 2022.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of proxy to attend, speak and vote at the EGM.**

I/We, _____ (Name(s)) _____ (NRIC/Passport Number/Co Reg Number)

of _____ (Address)

being a member or members of KEPPEL CORPORATION LIMITED (the "Company") hereby appoint

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

or failing him/her, or if no persons are named above, the Chairman of the Extraordinary General Meeting ("Chairman") as my/our proxy or proxies to attend, speak and vote on my/our behalf at the Extraordinary General Meeting of the Company ("EGM") to be held by way of electronic means on **8 December 2022 at 3.00 p.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the meeting as indicated hereunder. **If no specific direction as to voting is given, the proxy/proxies (except where the Chairman is appointed as my/our proxy) will vote or abstain from voting at his/her/their discretion on any matter arising at the meeting and at any adjournment thereof. In the absence of specific directions in respect of a resolution, the appointment of the Chairman as my/our proxy for that resolution will be treated as invalid.**

Ordinary Resolutions	For*	Against*	Abstain*
Ordinary Resolution 1: Proposed Transaction involving the Asset Co Transfer and the proposed combination of Keppel Offshore & Marine Ltd and Sembcorp Marine Ltd which constitutes a major transaction and an interested person transaction			
Ordinary Resolution 2: Proposed Distribution			

* You may tick (✓) within the relevant box to vote for or against, or abstain from voting, in respect of all your Shares for the resolution. Alternatively, you may indicate the number of Shares that you wish to vote for or against, and/or abstain from voting, for the resolution in the relevant box.

Dated this _____ day of _____ 2022

Total Number of Shares held

Signature(s) or Common Seal of Member(s)

Important: Please read the notes overleaf before completing this proxy form.

Notes:

1. A Shareholder should insert the total number of Shares held in the proxy form. If a Shareholder only has Shares entered against his/her/its name in the Depository Register (as defined in Part 3AA of the Securities and Futures Act 2001), he/she/it should insert that number of Shares. If he/she/it only has Shares registered in his/her/its name in the Register of Members, he/she/it should insert that number of Shares. However, if he/she/it has Shares entered against his/her/its name in the Depository Register and Shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of Shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the Shares held by the Shareholder (in both the Register of Members and the Depository Register).
2. (a) A Shareholder entitled to attend, speak and vote at a meeting of the Company, and who is not a relevant intermediary, is entitled to appoint one or two proxies to attend, speak and vote instead of him/her/it. Where a Shareholder appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.
(b) A Shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where more than one proxy is appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a relevant intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of Shares, class of Shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.
3. There will be no personal attendance at the EGM. Shareholders (excluding Investors) who wish to vote at the EGM may:
 - (a) (where such Shareholders are individuals) vote live at the EGM; or
 - (b) (where such Shareholders are individuals or corporates):
 - (i) appoint a proxy(ies) (other than the Chairman) to attend, speak and vote at the EGM on their behalf; or
 - (ii) appoint the Chairman as proxy to attend, speak and vote at the EGM on their behalf.

Where a Shareholder (whether an individual or corporate) appoints a proxy(ies) (including the Chairman) to attend, speak and vote at the EGM on his/her/its behalf, he/she/it should give specific instructions as to voting, or abstentions from voting, in respect of the resolutions in the Proxy Form. A proxy need not be a member of the Company. For more information, please refer to the Notice of EGM and the announcement by the Company dated 23 November 2022.

fold along this line (1)

Affix
Postage
Stamp

Keppel Corporation Limited
c/o Boardroom Corporate & Advisory Services Pte Ltd
1 HarbourFront Avenue
Keppel Bay Tower #14-07
Singapore 098632

fold along this line (2)

4. The proxy form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 HarbourFront Avenue Keppel Bay Tower #14-07 Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to keppel@boardroomlimited.com,in either case, by **3.00 p.m. on 5 December 2022**, being 72 hours before the time appointed for the holding of the EGM.
A Shareholder who wishes to submit the proxy form must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
Shareholders are strongly encouraged to submit completed proxy forms electronically by email.
A Shareholder who wishes to appoint a proxy(ies) (other than the Chairman) must, in addition to submitting the proxy form, pre-register his/her/its proxy(ies) online at <https://www.kepcorp.com/en/egm-dec2022/> by **3.00 p.m. on 5 December 2022**.
5. The proxy form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.
6. The Company shall be entitled to reject the proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of Shareholders whose Shares are entered against their names in the Depository Register, the Company shall be entitled to reject any proxy form lodged if such Shareholders are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.
7. Any reference to a time of day is made by reference to Singapore time.