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SEMBCORP MARINE LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 196300098Z)

PROPOSED COMBINATION OF SEMBCORP MARINE LTD AND KEPPEL OFFSHORE & MARINE LTD – REVISION OF TRANSACTION STRUCTURE AND TERMS

1. BACKGROUND

We refer to the announcement by Sembcorp Marine Ltd (“**Sembcorp Marine**” or the “**Company**” and together with its subsidiaries, the “**Sembcorp Marine Group**”) on 27 April 2022 (the “**27 April 2022 SCM Announcement**”) in relation to, *inter alia*, the proposed combination (the “**Proposed Combination**”) of the businesses of Sembcorp Marine and Keppel Offshore & Marine Ltd (“**Keppel O&M**”), a wholly-owned subsidiary of Keppel Corporation Limited (“**Keppel**”).

*Unless otherwise defined, all capitalised terms in this announcement (this “**Announcement**”) shall bear the same meaning as set out in the 27 April 2022 SCM Announcement.*

2. ORIGINAL TRANSACTION STRUCTURE AND TERMS UNDER THE COMBINATION FRAMEWORK AGREEMENT

2.1 Original Transaction Structure. On 27 April 2022, Sembcorp Marine had entered into the Combination Framework Agreement with the Combined Entity (as defined below) and Keppel, pursuant to which Sembcorp Marine, Keppel and the Combined Entity had agreed to take certain steps to effect the Proposed Combination and to record their respective obligations relating to, *inter alia*, the implementation of the Proposed Combination. Sembcorp Marine, Keppel and the Combined Entity had intended to achieve a combination of the businesses of Sembcorp Marine and Keppel O&M, such that Sembcorp Marine and Keppel O&M will be held as wholly-owned subsidiaries of the Combined Entity. To achieve this, the original transaction structure for the Proposed Combination envisaged the creation of a new combined entity (the “**Combined Entity**”) through:

2.1.1 Internal Restructuring of Sembcorp Marine. An internal restructuring of Sembcorp Marine through a scheme of arrangement involving a one-for-one exchange of Sembcorp Marine shares for Combined Entity shares and the transfer of Sembcorp Marine's listing status to the Combined Entity (the “**Sembcorp Marine Scheme**”); and

- 2.1.2 Acquisition of Keppel O&M by the Combined Entity.** An acquisition of Keppel O&M by the Combined Entity to be paid for via issuance of new shares of the Combined Entity (the “**Keppel O&M Scheme**”).
- 2.2 Combined Entity.** Bayberry Limited, a company incorporated on 11 February 2022 with a share capital of S\$2.00 had been established as the Combined Entity. As at the date of the 27 April 2022 SCM Announcement, the sole shareholder of the Combined Entity is Mr Yap Chee Keong, an authorised representative of Sembcorp Marine, and the directors of the Combined Entity are Mr Yap Chee Keong and Mrs Gina Lee-Wan.
- 2.3 Consideration.** As stated in the 27 April 2022 SCM Announcement, the Proposed Combination is based on a 50:50 enterprise value ratio between Keppel O&M and Sembcorp Marine. After taking into account the respective capital structures of the two companies, the S\$500 million cash that Keppel O&M will pay to Keppel immediately prior to the closing of the Proposed Combination, and other adjustments, the agreed equity value exchange ratio will result in Keppel and its shareholders owning such number of Combined Entity Shares (the “**Combined Entity Consideration Shares**”) representing 56 per cent. of the total issued share capital of the Combined Entity immediately following the completion of the Proposed Combination (the “**Combined Entity Issued Share Capital**”) and Sembcorp Marine Shareholders owning such number of Combined Entity Shares representing 44 per cent. of the Combined Entity Issued Share Capital¹.
- 2.4 Retained Stake.** As stated in the 27 April 2022 SCM Announcement, Keppel will retain such number of Combined Entity Consideration Shares which is equal to 10 per cent. of the Combined Entity Shares on a fully diluted basis post-completion of the Proposed Combination (the “**Original Retained Stake**”). The Original Retained Stake will be placed in a segregated account to fund claims by the Combined Entity, if any, relating to certain identified contingent liabilities for a period of up to 48 months from the completion of the Proposed Combination. This segregated account will be managed by an independent third party who will have authority to monetise the Original Retained Stake based on pre-defined parameters.

3. REVISED TRANSACTION STRUCTURE AND TERMS UNDER THE AMENDED AND RESTATED COMBINATION FRAMEWORK AGREEMENT

- 3.1 Revised Transaction Structure.** Sembcorp Marine, Keppel and the Combined Entity have on the date of this Announcement entered into an amendment and restatement agreement amending and restating the Combination Framework Agreement (the “**Amended and Restated Combination Framework Agreement**”) and setting out the revised terms on which the Proposed Combination will be effected. Pursuant to the terms of the Amended and Restated Combination Framework Agreement, Sembcorp Marine and Keppel (each, a “**Party**”, and collectively, the “**Parties**”) intend to achieve the Proposed Combination in a manner such that Keppel O&M becomes a wholly-owned subsidiary of Sembcorp Marine. To effect this, the key revisions to the transaction structure and terms of the Proposed Combination are as follows (the “**Revised Terms**”):

¹ Upon completion of the Sembcorp Marine Scheme, Sembcorp Marine Shareholders will become Combined Entity Shareholders and they will hold the same proportion of Combined Entity Shares as they held in Sembcorp Marine Shares immediately prior to the completion of the Sembcorp Marine Scheme.

- 3.1.1 No Internal Restructuring of Sembcorp Marine.** Sembcorp Marine will no longer undertake an internal restructuring exercise involving the insertion of the Combined Entity as a new holding company of Sembcorp Marine. Accordingly, there will no longer be the Sembcorp Marine Scheme where Sembcorp Marine Shareholders exchange their Sembcorp Marine Shares for Combined Entity Shares. Sembcorp Marine will remain as the entity listed on the Mainboard of the SGX-ST and Sembcorp Marine Shareholders will remain as shareholders of Sembcorp Marine;
- 3.1.2 Transfer of Keppel O&M Shares to Sembcorp Marine.** The Proposed Combination will no longer occur via the Keppel O&M Scheme where the Combined Entity combines with Keppel O&M by way of a transfer of the entire issued share capital of Keppel O&M from Keppel (the sole shareholder of Keppel O&M) in exchange for the issuance of Combined Entity Shares to Keppel (and/or directly to shareholders of Keppel). Instead, the Proposed Combination will take place via the transfer of all the issued shares of Keppel O&M by Keppel to Sembcorp Marine (the “**Keppel O&M Acquisition**”). Following the completion of the Keppel O&M Acquisition, Keppel O&M will be a wholly-owned subsidiary of Sembcorp Marine;
- 3.1.3 Change in agreed equity value exchange ratio.** In the 27 April 2022 SCM Announcement and as described in paragraph 2.3 above, the agreed equity value exchange ratio would result in Keppel and its shareholders owning such number of Combined Entity Shares representing 56 per cent. of the total issued share capital of the Combined Entity immediately following completion of the Proposed Combination, and Sembcorp Marine Shareholders owning such number of Combined Entity Shares representing 44 per cent. of the total issued share capital of the Combined Entity immediately following completion of the Proposed Combination. That agreed equity value exchange ratio is no longer applicable. Under the Revised Terms, the agreed equity value exchange ratio will result in Keppel and its shareholders owning such number of Sembcorp Marine Shares representing 54 per cent. of the total issued share capital of Sembcorp Marine immediately following the completion of the Proposed Combination (the “**Sembcorp Marine Issued Share Capital**”) and Sembcorp Marine Shareholders owning such number of Sembcorp Marine Shares representing 46 per cent. of the Sembcorp Marine Issued Share Capital; and
- 3.1.4 Change in Retained Stake:** Keppel will retain 5 per cent. of the Sembcorp Marine Shares on a fully diluted basis post-completion of the Proposed Combination as the Retained Stake (as defined in paragraph 7.4 below), instead of the 10 per cent. of the Combined Entity Shares on a fully diluted basis post-completion of the Proposed Combination as described in the 27 April 2022 SCM Announcement and paragraph 2.4 above.

3.2 Summary of Revised Terms: A summary of the Revised Terms is set out in the table below:

Item	Previous structure and terms as described in the 27 April 2022 SCM Announcement	Current structure and terms as described in this Announcement
	Sembcorp Marine will undertake an internal restructuring exercise via the Sembcorp Marine Scheme.	Sembcorp Marine Scheme will not take place.

Item	Previous structure and terms as described in the 27 April 2022 SCM Announcement	Current structure and terms as described in this Announcement
Transaction structure	Sembcorp Marine will be delisted from SGX-ST and the Combined Entity will be listed on the Mainboard of the SGX-ST.	Sembcorp Marine will remain as the entity listed on the SGX-ST.
	Proposed Combination will take place via the Keppel O&M Scheme where the Combined Entity will combine with Keppel O&M.	Proposed Combination will take place via the Keppel O&M Acquisition where all the issued shares of Keppel O&M will be transferred to Sembcorp Marine.
Agreed equity value exchange ratio	<p>Immediately following completion of Proposed Combination:</p> <ul style="list-style-type: none"> • Keppel and its shareholders: 56 per cent. of the total issued share capital of the Combined Entity • Sembcorp Marine Shareholders: 44 per cent. of the total issued share capital of the Combined Entity 	<p>Immediately following completion of Proposed Combination:</p> <ul style="list-style-type: none"> • Keppel and its shareholders: 54 per cent. of the total issued share capital of Sembcorp Marine • Sembcorp Marine Shareholders: 46 per cent. of the total issued share capital of Sembcorp Marine
Retained Stake	Keppel to retain 10 per cent. of the Combined Entity Shares on a fully diluted basis post-completion of the Proposed Combination, to fund claims by the Combined Entity, if any, relating to certain identified contingent liabilities.	Keppel to retain 5 per cent. of the Sembcorp Marine Shares on a fully diluted basis post-completion of the Proposed Combination, to fund claims by Sembcorp Marine, if any, relating to certain identified contingent liabilities.

3.3 Termination of Implementation Agreements. As described in paragraph 3.1 above, there will no longer be a Sembcorp Marine Scheme and Keppel O&M Scheme. Accordingly, each of (a) Sembcorp Marine and the Combined Entity; and (b) Keppel O&M and the Combined Entity, have on the date of this Announcement, entered into a deed of termination in relation to the Sembcorp Marine Implementation Agreement and a deed of termination in relation to the Keppel O&M Implementation Agreement respectively.

3.4 Other terms remain the same. Other than the Revised Terms described above and consequential amendments made in relation thereto, all the other terms of the Proposed Combination remain the same. Please refer to paragraphs 5 and 7 of this Announcement for further details on the terms of the Proposed Combination.

4. REASONS FOR THE REVISED STRUCTURE TERMS

Uncertain Macroeconomic Environment

Since announcing the Proposed Combination on 27 April 2022, conditions in the O&M sector have improved, as evidenced by the recent orders won by both Sembcorp Marine and Keppel O&M. However, macroeconomic conditions have deteriorated at the same time amidst elevated levels of inflation and continued interest rate increases by major Central Banks.

Amidst these volatile and uncertain times, the parties believe that it is critical for the Proposed Combination to be completed as soon as possible so that the benefits of an enlarged global entity can be realised sooner. Besides the expected synergies, an enlarged Sembcorp Marine will be in a better position to deal with the above challenges and compete against the global competition.

Simplified Transaction Structure and Process

The simplified transaction structure substantially lessens transaction complexity and minimises certain third-party consent requirements, including from lenders. This could reduce the time to completion by up to two months.

Significant Improvement in Value for Sembcorp Marine Shareholders

The revised equity value exchange ratio delivers significant improved value upfront to existing Sembcorp Marine Shareholders as fewer Sembcorp Marine Shares will be issued for the acquisition of Keppel O&M. Besides delivering S\$378 million in value improvement for Sembcorp Marine Shareholders (which translates to about 10% of Sembcorp Marine's market capitalisation), existing Sembcorp Marine Shareholders will also retain a larger stake in the enlarged Sembcorp Marine on completion.

Following completion of the transaction and post Keppel's distribution-in-specie, Temasek will still remain the largest shareholder in Sembcorp Marine, holding a 35.5% stake on completion, compared to 54.6% currently.²

Greater Value for all Stakeholders

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

5. CONSIDERATION

- 5.1 The revised agreed equity value exchange ratio will result in Sembcorp Marine issuing such number of new Sembcorp Marine Shares (the "**Keppel O&M Consideration Shares**") to Keppel and its shareholders representing 54 per cent. of the Sembcorp Marine Issued Share

² Based on 17,131,025,958 SembCorp Marine Shares held by Startree, an indirect wholly-owned subsidiary of Temasek, and 371,408,292 Keppel shares held directly by Temasek as at the date of this Announcement. This figure excludes interests held by Temasek's independently-managed portfolio companies.

Capital. Sembcorp Marine Shareholders will then own such number of Sembcorp Marine Shares representing 46 per cent. of the Sembcorp Marine Issued Share Capital. Based on 31,389,099,152 Sembcorp Marine Shares in issue (excluding 6,223 treasury shares) as at the date of this Announcement, 36,848,072,918 Keppel O&M Consideration Shares will be issued³.

- 5.2** The Keppel O&M Consideration Shares are to be issued at S\$0.122 per share (the “**Issue Price**”). The Issue Price is based on the volume-weighted average price (“**VWAP**”) of the Sembcorp Marine Shares for the last 10 trading days up to and including 26 April 2022, being the last trading day immediately prior to the signing of the Combination Framework Agreement. There is no change to the Issue Price from the 27 April 2022 SCM Announcement. Based on the 36,848,072,918 Keppel O&M Consideration Shares and the Issue Price, the aggregate consideration for the Keppel O&M Acquisition is approximately S\$4.495 billion.
- 5.3** As stated in the 27 April 2022 SCM Announcement, the enterprise value ratio and the initial equity value exchange ratio were determined after taking into account an assessment conducted by DBS Bank Ltd., which acted as the Joint Financial Advisor to Sembcorp Marine and Keppel O&M with respect to the relative ratios assessment of Sembcorp Marine and Keppel O&M. The relative ratios were based on a discounted cash flow methodology approach conducted by DBS Bank Ltd., as well as the extensive negotiations and due diligence by the parties.
- 5.4** In addition, the independent directors of Sembcorp Marine (the “**Sembcorp Marine Independent Directors**”) have separately engaged an independent valuer and an independent financial advisor in relation to the Proposed Combination (collectively, the “**Sembcorp Marine Independent Advisors**”). The reports of the Sembcorp Marine Independent Advisors will be presented to the Sembcorp Marine Shareholders when approvals are sought for the Proposed Combination.

6. RATIONALE FOR THE PROPOSED COMBINATION

The rationale for the Proposed Combination, as stated in the 27 April 2022 SCM Announcement, remains the same.

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 long-term outlook for the O&M sector is shifting amid the energy transition. Growing commitments by governments and companies around the world seeking to achieve net zero carbon emissions are driving increasing demand for renewable and clean energy solutions. These include areas such as offshore wind, hydrogen and ammonia, in which both Keppel O&M

³ The number of Keppel O&M Consideration Shares to be issued on the Closing Date will depend on the number of issued Sembcorp Marine Shares (excluding treasury shares) as at the Closing Date but such number of Keppel O&M Consideration Shares will in any case represent 54 per cent. of the issued share capital of Sembcorp Marine on a fully diluted basis post-completion of the Proposed Combination.

and Sembcorp Marine have built their respective capabilities and track records in the past few years.

Creation of a Premier Global Player for the Green Energy and Renewables Solutions Markets

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

- **Offshore Renewables:** Building on the existing wins to date to scale up the enlarged Sembcorp Marine group's (the "**Enlarged Sembcorp Marine Group**") footprint in offshore wind energy, a sector that is expected to see global expenditures of S\$260 billion between 2021 and 2030⁴, with participation across the value chain, including substations and wind turbine installation vessels;
- **New Energy:** Making select early investments in new energy sources, such as hydrogen and ammonia, and in carbon capture technologies, with a view to building successful franchises in these areas for the decades ahead; and
- **Cleaner O&M solutions:** Contributing to energy production and resiliency by continuing to serve the demand for floating production systems, such as floating production storage and offloading (FPSO) units, and other offshore oil & gas solutions, estimated to amount to a S\$290 billion opportunity in terms of market size⁴ above, through focusing on innovating and applying new technologies to reduce the carbon footprint of such structures.

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

The Enlarged Sembcorp Marine Group is envisaged to unlock synergies from the integration of two established industry players by:

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

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

7. THE AMENDED AND RESTATED COMBINATION FRAMEWORK AGREEMENT⁵

⁴ According to market research for 2021 to 2030 by a leading global management consultancy.

⁵ For the purposes of this section, all capitalised terms used and not defined in this section or in this Announcement shall have the same meanings ascribed to them in the Amended and Restated Combination Framework Agreement and all references to Clauses and Schedules refer to the clauses and schedules of the Amended and Restated Combination Framework Agreement.

7.1 Summary of Key Steps for the Proposed Combination. Pursuant to the terms and conditions of the Amended and Restated Combination Framework Agreement, the Proposed Combination is proposed to be effected as follows:

- 7.1.1 Asset Co Transaction and Keppel O&M Restructuring.** Prior to the completion of the Proposed Combination, Keppel will undertake the Asset Co Transaction whereby Keppel will sell Keppel O&M's legacy rigs and associated receivables to Asset Co. In addition, certain out-of-scope assets comprising mainly Keppel O&M's interests in Floatel International Ltd and Dyna-Mac Holdings Ltd will be retained by Keppel pursuant to a restructuring of Keppel O&M (the "**Keppel O&M Restructuring**") prior to the completion of the Proposed Combination. Immediately prior to the completion of the Proposed Combination, Keppel O&M will pay S\$500 million in cash to settle outstanding interest and make a partial redemption of certain perpetual securities previously issued to Keppel. Further details of the Asset Co Transaction and the Keppel O&M Restructuring are set out in the announcement issued on 27 April 2022 by Keppel (the "**27 April 2022 Keppel Announcement**") and the announcement issued by Keppel on the date of this Announcement (the "**Keppel Revision Announcement**"), each in relation to the Proposed Combination.
- 7.1.2 Keppel O&M Acquisition.** Sembcorp Marine and Keppel have today entered into the Amended and Restated Combination Framework Agreement pursuant to which Keppel will transfer the entire issued share capital of Keppel O&M in exchange for the Keppel O&M Consideration Shares issued to Keppel (and/or directly to shareholders of Keppel (the "**Keppel Shareholders**") pursuant to the Keppel Distribution (as defined below)).
- 7.1.3 Distribution in Specie by Keppel.** Prior to completion of the Keppel O&M Acquisition, Keppel will seek approval from the Keppel Shareholders for Keppel to distribute in-specie the Keppel O&M Consideration Shares (less the Retained Stake (as defined below)) to Keppel Shareholders (the "**Keppel Distribution**"). Subject to approval by the Keppel Shareholders of the Keppel Distribution, the Keppel O&M Consideration Shares (less the Retained Stake) are envisaged to be distributed by Sembcorp Marine on issuance to Keppel Shareholders. Details of the Keppel Distribution are set out in the 27 April 2022 Keppel Announcement and the Keppel Revision Announcement.

Upon completion of the above steps, Keppel O&M will be a wholly-owned subsidiary of Sembcorp Marine and Keppel and Keppel Shareholders will be shareholders of Sembcorp Marine. Following the Keppel Distribution, Temasek will hold 35.5 per cent. and be the largest shareholder of Sembcorp Marine.⁶

7.2 Conditions to Proposed Combination.

- 7.2.1 Conditions.** The completion of the Proposed Combination is conditional upon the satisfaction (or, where applicable, the waiver) of the conditions precedent set out in Appendix B to this Announcement (the "**Proposed Combination Conditions**").

⁶ Based on 17,131,025,958 SembCorp Marine Shares held by Startree, an indirect wholly-owned subsidiary of Temasek, and 371,408,292 Keppel shares held directly by Temasek as at the date of this Announcement. This figure excludes interests held by Temasek's independently-managed portfolio companies.

7.2.2 Benefit of Proposed Combination Conditions.

- (i) **Sembcorp Marine's Benefit:** The Conditions in paragraph 7 (in relation to the KCL Warranties) and paragraph 9 (in relation to there being no KOM Material Adverse Change) of Appendix B are for the benefit of Sembcorp Marine only and may only be waived by Sembcorp Marine alone. The non-fulfilment of any of these Conditions may be relied upon only by Sembcorp Marine. Sembcorp Marine may at any time and from time to time at its sole and absolute discretion waive any such non-fulfilment.
- (ii) **Keppel's Benefit:** The Conditions in paragraph 6 (in relation to the SCM Warranties) and paragraph 8 (in relation to there being no SCM Material Adverse Change) of Appendix B are for the benefit of Keppel only and may only be waived by Keppel alone. The non-fulfilment of any of these Conditions may be relied upon only by Keppel. Keppel may at any time and from time to time at its sole and absolute discretion waive any such non-fulfilment.
- (iii) **Mutual Benefit:** The Conditions in paragraphs 1 to 5 of Appendix B are for the benefit of both Parties and the non-fulfilment of any of these Conditions is not capable of being waived by either Party or both Parties.

7.3 Termination.

7.3.1 **Right to Terminate.** The Amended and Restated Combination Framework Agreement may be terminated in the following circumstances:

- (i) **Regulatory Action:** by either Party at any time on or prior to the Closing Date, if any court of competent jurisdiction or Governmental Authority has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Proposed Combination or any part thereof or the satisfaction of any of the Proposed Combination Conditions, or has refused to do anything necessary to permit the Proposed Combination or any part thereof or the satisfaction of any of the Proposed Combination Conditions and such order, decree, ruling, other action or refusal has become final and non-appealable;
- (ii) **Breach or Prescribed Occurrence:** either:
 - (a) by Sembcorp Marine any time on or prior to the Closing Date if (a) Keppel is in breach of any of the KCL Warranties (other than the KCL Warranty in paragraph 3.2 of Schedule 4 of the Amended and Restated Combination Framework Agreement) which, whether singly or collectively with other breaches of any other KCL Warranty (other than the KCL Warranty in paragraph 3.2 of Schedule 4 of the Amended and Restated Combination Framework Agreement) or a KOM Prescribed Occurrence, has a Material Adverse Effect on the Restructured KOM or (b) a KOM Prescribed Occurrence has occurred which, whether singly or collectively with other KOM Prescribed Occurrences or a breach of any KCL Warranty (other than the KCL Warranty in paragraph 3.2 of Schedule 4 of the Amended and

Restated Combination Framework Agreement), has a Material Adverse Effect on the Restructured KOM, and Keppel fails to remedy such breach (if capable of remedy) within 30 days after being given notice by Sembcorp Marine to do so;

- (b) by Keppel any time on or prior to the Closing Date, if (a) Sembcorp Marine is in breach of any of the SCM Warranties (other than the SCM Warranty in paragraph 3.2 of Schedule 3 of the Amended and Restated Combination Framework Agreement) which, whether singly or collectively with other breaches of any other SCM Warranty (other than the SCM Warranty in paragraph 3.2 of Schedule 3 of the Amended and Restated Combination Framework Agreement) or a SCM Prescribed Occurrence, has a Material Adverse Effect on Sembcorp Marine or (b) an SCM Prescribed Occurrence has occurred which, whether singly or collectively with other SCM Prescribed Occurrences or a breach of any SCM Warranty (other than the SCM Warranty in paragraph 3.2 of Schedule 3 of the Amended and Restated Combination Framework Agreement), has a Material Adverse Effect on Sembcorp Marine, and Sembcorp Marine fails to remedy such breach (if capable of remedy) within 30 days after being given notice by Keppel to do so;
- (iii) **SCM Material Adverse Change:** by Keppel prior to the date of the despatch of the Sembcorp Marine Circular (as defined below) to Sembcorp Marine Shareholders or the date of despatch of the Keppel circular to Keppel shareholders (whichever is later), if there has been an SCM Material Adverse Change as set out in paragraph 8 of Appendix B or if there is a breach of the SCM Warranty in paragraph 3.2 of Schedule 3 of the Amended and Restated Combination Framework Agreement which (whether singly or collectively with other breaches of any other SCM Warranty or a SCM Prescribed Occurrence) has a Material Adverse Effect on Sembcorp Marine;
- (iv) **KOM Material Adverse Change:** by Sembcorp Marine prior to the date of the despatch of the Sembcorp Marine Circular to Sembcorp Marine Shareholders or the date of despatch of the Keppel circular to Keppel Shareholders (whichever is later), if there has been a KOM Material Adverse Change as set out in paragraph 9 of Appendix B or if there is a breach of the KCL Warranty in paragraph 3.2 of Schedule 4 of the Amended and Restated Combination Framework Agreement which (whether singly or collectively with other breaches of any other KCL Warranty or a KOM Prescribed Occurrence) has a Material Adverse Effect on the Restructured KOM;
- (v) **Shareholders' Approval:** by either Party at any time on or prior to the Closing Date, if:
 - (a) the resolution in respect of the Keppel O&M Acquisition by Sembcorp Marine is not approved (without amendment) by the requisite majority of the Sembcorp Marine Shareholders at the Sembcorp Marine EGM; or

- (b) the resolutions in respect of the Proposed Combination, the Asset Co Transaction or the Keppel Distribution are not approved (without amendment) by the requisite majority of the Keppel Shareholders at a general meeting of Keppel;

7.3.2 Non-fulfilment of Conditions. Notwithstanding anything contained in the Amended and Restated Combination Framework Agreement, the Amended and Restated Combination Framework Agreement shall terminate if any of the Proposed Combination Conditions has not been satisfied (or, where applicable, has not been waived) by, the Long-Stop Date, provided that:

- (i) the non-fulfilment of the Proposed Combination Condition in paragraph 6 of Appendix B (in relation to the SCM Warranties) shall not terminate the Amended and Restated Combination Framework Agreement unless non-fulfilment has or would reasonably be expected to have a Material Adverse Effect on SCM; and
- (ii) the non-fulfilment of the Proposed Combination Condition in paragraph 7 of Appendix B (in relation to the KCL Warranties) shall not terminate the Amended and Restated Combination Framework Agreement unless non-fulfilment results in or would reasonably be expected to have a Material Adverse Effect on the Restructured KOM.

7.3.3 Effect of Termination: In the event of termination of the Amended and Restated Combination Framework Agreement pursuant to Clause 7 of the Amended and Restated Combination Framework Agreement:

- (i) the Amended and Restated Combination Framework Agreement (other than the Surviving Provisions which shall survive termination of the Amended and Restated Combination Framework Agreement) shall cease to have any further force or effect as between the Parties;
- (ii) the Parties shall be released and discharged from their respective obligations under the Amended and Restated Combination Framework Agreement; and
- (iii) no Party shall have any claim against the other Parties under the Amended and Restated Combination Framework Agreement, save in respect of the Surviving Provisions.

7.4 Retained Keppel O&M Consideration Shares

Keppel will retain such number of Keppel O&M Consideration Shares which is equal to 5 per cent. of the Sembcorp Marine Shares on a fully diluted basis post-completion of the Proposed Combination (the “**Retained Stake**”). The Retained Stake will be placed in a segregated account to fund claims by Sembcorp Marine, if any, relating to certain identified contingent liabilities for a period of up to 48 months from the completion of the Proposed Combination. This segregated account will be managed by an independent third party who will have authority to monetise the Retained Stake based on pre-defined parameters.

Sembcorp Marine has agreed to indemnify Keppel for claims, if any, in respect of certain identified contingent liabilities for a period of up to 24 months from the completion of the Proposed Combination.

7.5 Restrictions on Conduct of Business

Subject to the completion of the Proposed Combination occurring, Keppel has undertaken to Sembcorp Marine that it shall not for three years following the completion of the Proposed Combination, directly or indirectly carry on any of the following businesses:

- 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;
- repair, upgrades, conversion of all vessel types, rigs, platforms, or units and structures for use nearshore or offshore;
- shipyard operations and the provision of ancillary services to shipyards generally,

provided that Keppel is not prohibited from 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.

In addition, under the terms of the Proposed Combination, Keppel has also agreed to non-solicit undertakings relating to certain identified customers, suppliers and employees.

8. CHAPTER 10 OF THE LISTING MANUAL

8.1 Background on Chapter 10.

8.1.1 Chapter 10 of the listing manual of the SGX-ST (the "**Listing Manual**") governs the continuing listing obligations of issuers in respect of acquisitions and disposals. Such transactions are classified into the following categories:

- (i) non-disclosable transactions;
- (ii) disclosable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse takeovers.

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

- (i) the net asset value ("**NAV**") of the assets to be disposed of, compared with the group's NAV. This basis is not applicable to an acquisition of assets;

- (ii) the net profits attributable to the assets acquired or disposed of, compared with the group's net profits;
- (iii) the aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares;
- (iv) the number of equity securities issued by the issuer as consideration for the 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 group's proved and probable reserves.

8.1.3 Where any of the relative figures computed on the bases set out above exceeds 100 per cent., the transaction is classified as a "very substantial acquisition" or "reverse takeover" respectively under Rule 1015 of the Listing Manual.

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

Rule 1006	Bases	FY2021			1H22		
		Keppel O&M pro forma (\$ million)	Sembcorp Marine Group (\$ million)	Relative Figures (%)	Keppel O&M pro forma (\$ million)	Sembcorp Marine Group (\$ million)	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with Sembcorp Marine Group's NAV	Not applicable as the Proposed Combination does not relate to a disposal of assets.			Not applicable as the Proposed Combination does not relate to a disposal of assets.		
(b)	Net profits/loss attributable to the assets to be acquired, compared with Sembcorp Marine Group's net profits/loss	(156) ⁽¹⁾	(1,255) ⁽¹⁾	n.m.	77 ⁽³⁾	(134) ⁽³⁾	n.m.
(c)	Aggregate value of the consideration, compared with Sembcorp Marine Group's market capitalisation	4,495	3,829 ⁽²⁾	117%	4,495	3,829 ⁽⁶⁾	117%

Rule 1006	Bases	FY2021			1H22		
		Keppel O&M pro forma (S\$ million)	Sembcorp Marine Group (S\$ million)	Relative Figures (%)	Keppel O&M pro forma (S\$ million)	Sembcorp Marine Group (S\$ million)	Relative Figures (%)
(d)	Number of equity securities to be issued as consideration compared with the number of equity securities previously in issue	36,848 ⁽⁴⁾	31,389 ⁽⁵⁾	117%	36,848 ⁽⁷⁾	31,389 ⁽⁵⁾⁽⁷⁾	117%

Notes:

- (1) "Net Profits" refers to profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Figures are as of the financial year ended 31 December 2021 ("FY2021").
- (2) The market capitalisation of Sembcorp Marine was computed on the basis of 31,389,099,152 Sembcorp Marine Shares, being the number of Sembcorp Marine Shares in issue (excluding treasury shares) as at the date of the 27 April 2022 SCM Announcement, and the Issue Price. If the market capitalisation was computed based on the weighted average price of S\$0.127 per Sembcorp Marine Share on the market day preceding the date of the Combination Framework Agreement, the relative figure would still exceed 100 per cent.
- (3) "Net Profits" refers to profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Figures are as of the six months ended 30 June 2022 ("1H22").
- (4) Based on 31,389,099,152 Shares in issue (excluding 6,223 treasury shares) as at the date of the 27 April 2022 SCM Announcement.
- (5) Excluding 6,223 treasury shares.
- (6) There is no change in the market capitalisation of Sembcorp Marine computed for 1H22, because the relevant number of Sembcorp Marine Shares is the number of Sembcorp Marine Shares as at the date the Combination Framework Agreement was entered into, and the Issue Price is fixed.
- (7) There is no change in the manner the base in Rule 1006(d) is calculated for 1H22, because the number of Keppel O&M Consideration Shares does not change, and the relevant number of Sembcorp Marine Shares is the number of Sembcorp Marine Shares as at the date the Combination Framework Agreement was entered into.

8.3 Relative Figures. Based on the above, the Proposed Combination is a "very substantial acquisition" under Chapter 10 of the Listing Manual and is therefore subject to the approval of the Sembcorp Marine Shareholders and approval from the SGX-ST.

The Proposed Combination is not expected to be treated as a reverse takeover as there will be no change in shareholding control of Sembcorp Marine. Following the completion of the Proposed Combination and based on the shareholding of Sembcorp Marine and Keppel as at the date of this Announcement, Temasek will remain the single largest shareholder of Sembcorp Marine holding 35.5 per cent. of Sembcorp Marine⁷ and it is expected that no other single shareholder will hold more than 15 per cent. of the issued share capital of Sembcorp Marine. Further details of the resultant shareholding of the Sembcorp Marine will be set out in

⁷ Based on 17,131,025,958 Sembcorp Marine Shares held by Startree, an indirect wholly-owned subsidiary of Temasek, and 371,408,292 Keppel shares held directly by Temasek as at the date of this Announcement. This figure excludes interests held by Temasek's independently-managed portfolio companies.

the circular to Sembcorp Marine Shareholders in connection with the Proposed Combination (the “**Sembcorp Marine Circular**”).

9. ILLUSTRATIVE FINANCIAL EFFECTS

9.1 For illustrative purposes only, the financial effects of the Proposed Combination on the (a) net tangible asset (“**NTA**”) per share of Sembcorp Marine and (b) earnings per share (“**EPS**”) of Sembcorp Marine, based on:

- 9.1.1** the audited consolidated financial statements of Sembcorp Marine for the financial year ended 31 December 2021, being the most recently completed financial year for which audited financial statements of Sembcorp Marine are available as at the date of this Announcement;
- 9.1.2** the pro forma consolidated financial statements of Keppel O&M⁸ for the financial year ended 31 December 2021, being the most recently completed financial year for which pro forma financial statements of Keppel O&M are available as at the date of this Announcement;
- 9.1.3** information obtained during the course of due diligence;
- 9.1.4** the S\$500 million financing reflected in the balance sheet of Keppel O&M for which the proceeds will be used to settle outstanding interest and make partial redemption of certain perpetual securities previously issued; and
- 9.1.5** the issuance of 36,848,072,918 Keppel O&M Consideration Shares⁹.

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

- 9.2.1** the number of Sembcorp Marine Shares before the Proposed Combination was based on the total number of Sembcorp Marine Shares outstanding (excluding treasury shares) as of 31 December 2021;
- 9.2.2** in the calculation of the consolidated NTA after the Proposed Combination, subject to determining the fair value of Keppel O&M post-completion, the pro forma net tangible asset value of Keppel O&M as of 31 December 2021 is used; and
- 9.2.3** Sembcorp Marine is the accounting acquiror solely for the purposes of illustrating the financial effects after the Proposed Combination.

9.3 NTA per share (Full Year 2021). The pro forma financial effects of the consolidated NTA per share of Sembcorp Marine as at 31 December 2021, assuming the Proposed Combination had been effected on 31 December 2021, are as follows:

⁸ Assuming the Asset Co Transaction and the KOM Restructuring is completed.

⁹ The number of Keppel O&M Consideration Shares to be issued on the Closing Date will depend on the number of issued Sembcorp Marine Shares (excluding treasury shares) as at the Closing Date but such number of Keppel O&M Consideration Shares will in any case represent 54 per cent. of the issued share capital of Sembcorp Marine on a fully diluted basis post-completion of the Proposed Combination.

	Before the Proposed Combination	After the Proposed Combination
NTA (S\$ million)	3,803	4,662
Number of issued Sembcorp Marine Shares (excluding treasury shares) ('000)	31,389,099	68,237,172
NTA per share (S\$)	0.12	0.07

Notes:

- (1) NTA is calculated as Total Assets - Intangible Assets - Total Liabilities - Non-Controlling Interest.
- (2) Number of issued shares before the Proposed Combination is based on Sembcorp Marine Shares outstanding as of 31 December 2021. The number of shares to be issued as part of the Proposed Combination, resulting in the number of issued shares after the Proposed Combination, is based on the exchange ratio.
- (3) As of date of this Announcement, the number of Keppel O&M Consideration Shares to be issued is 36,848,072,918. The number of Keppel O&M Consideration Shares to be issued will depend on the number of Sembcorp Marine Shares in issue (excluding treasury shares) as at the Closing Date but such number of Keppel O&M Consideration Shares will in any case represent 54 per cent. of the issued share capital of Sembcorp Marine on a fully diluted basis post-completion of the Proposed Combination.

9.4 EPS (Full Year 2021). The pro forma financial effects on the consolidated EPS of Sembcorp Marine as at 31 December 2021, assuming the Proposed Combination had been effected on 1 January 2021, are as follows:

	Before the Proposed Combination	After the Proposed Combination
Net loss attributable to Sembcorp Marine Shareholders (S\$ million)	(1,171)	(1,277)
Weighted average number of issued Sembcorp Marine Shares (excluding treasury shares) ('000)	18,033,907	54,881,980
Loss per share (Singapore cents)	(6.49)	(2.33)

Notes:

- (1) Net loss from Keppel O&M includes both net loss attributable to equity holders of the company and holders of perpetual securities.
- (2) Weighted average number of issued shares before the Proposed Combination is based on Sembcorp Marine's weighted average number of issued shares for the year ended 31 December 2021. The number of shares to be issued as part of the Proposed Combination, resulting in the weighted average issued shares after the Proposed Combination, is based on the exchange ratio.
- (3) As of date of this Announcement, the number of Keppel O&M Consideration Shares to be issued is 36,848,072,918. The number of Keppel O&M Consideration Shares to be issued will depend on the number of issued Sembcorp Marine Shares (excluding treasury shares) as at the Closing Date but such number of Keppel O&M Consideration Shares will in any case represent 54 per cent. of the issued share capital of Sembcorp Marine on a fully diluted basis post-completion of the Proposed Combination.
- (4) The number of issued Sembcorp Marine Shares increased in 2021 due to the issue of 18,833,459,491 new Sembcorp Marine Shares in September 2021 pursuant to the rights issue undertaken by Sembcorp Marine.

9.5 For illustrative purposes only, certain pro forma financial information of the Enlarged Sembcorp Marine Group as of 31 December 2021 assuming the Proposed Combination had been effected on 1 January 2021 for revenue, and on 31 December 2021 for net order book and gearing, is set out below:

	Sembcorp Marine	Keppel O&M pro forma	Enlarged Sembcorp Marine Group ⁽¹⁾
Net Order Book (S\$ billion) ⁽²⁾	1.3	5.1	6.4
Revenue (S\$ million) ⁽³⁾⁽⁴⁾	1,862	2,013	3,875
Gearing ⁽⁵⁾	33%	17%	22%

Notes:

- (1) Information on the Enlarged Sembcorp Marine Group has been computed as the aggregate of the information on Sembcorp Marine and Keppel O&M pro forma.
- (2) Net order book of Sembcorp Marine and Keppel O&M are as of 31 December 2021, based on public disclosures. The Enlarged Sembcorp Marine Group will have more than 50 projects as part of the net order book as of 31 December 2021.
- (3) Information on the revenue is based on the audited financial information of Sembcorp Marine for the financial year ended 31 December 2021.
- (4) Information on the revenue of Keppel O&M is based on the pro forma financial information of Keppel O&M for the financial year ended 31 December 2021.
- (5) Assumes the Proposed Combination had been effected on 31 December 2021. Gearing is calculated as Total Debt (excluding Lease Liabilities) / Total Assets as at 31 December 2021.

10. EXTRAORDINARY GENERAL MEETING AND SEMBCORP MARINE CIRCULAR

10.1 Sembcorp Marine EGM. An extraordinary general meeting (the “**Sembcorp Marine EGM**”) will be convened to seek the approval of the Sembcorp Marine Shareholders for, *inter alia*:

10.1.1 the Proposed Combination via the Keppel O&M Acquisition; and

10.1.2 the issuance of the Keppel O&M Consideration Shares in connection with the Keppel O&M Acquisition.

10.2 Sembcorp Marine Circular. The Sembcorp Marine Circular will contain, *inter alia*, details of the Proposed Combination and the notice of the Sembcorp Marine EGM in connection therewith will be despatched to the Sembcorp Marine Shareholders in due course.

11. ABSTENTION FROM VOTING BY TEMASEK

11.1 Temasek’s shareholding. As at the date of this Announcement, Temasek has:

11.1.1 a direct interest in approximately 21.20 per cent. of the issued share capital of Keppel¹⁰; and

11.1.2 through its indirect wholly-owned subsidiary, Startree Investments Pte. Ltd. (“**Startree**”), an interest in approximately 54.58 per cent. of the issued share capital of Sembcorp Marine.

11.2 Abstention from voting. Startree, being the relevant Temasek entity holding Sembcorp Marine Shares will abstain from voting on all resolutions relating to the Proposed Combination at the Sembcorp Marine EGM, including the resolutions relating to the matters set out in paragraph 10.1 above.

12. DISCLOSURE OF INTERESTS

As of the date of this Announcement, the interests in Sembcorp Marine Shares held by directors of Sembcorp Marine are set out in Appendix C.

13. FINANCIAL ADVISORS

¹⁰ As at the date of this Announcement, Temasek holds a direct interest in 371,408,292 ordinary shares in the issued and paid-up capital of Keppel. This excludes interests held by Temasek’s independently-managed portfolio companies.

- 13.1 Financial Advisor to Sembcorp Marine.** Credit Suisse (Singapore) Limited is the financial adviser to Sembcorp Marine in respect of the Proposed Combination.
- 13.2 Joint Financial Advisor to Sembcorp Marine and Keppel O&M.** DBS Bank Ltd. has been appointed as the Joint Financial Advisor to Sembcorp Marine and Keppel O&M with respect to the enterprise value ratio and the initial equity value exchange ratio assessment of Sembcorp Marine and Keppel O&M.
- 13.3 IFA to Sembcorp Marine Independent Directors.** Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser (the “**IFA**”) to advise the Sembcorp Marine Independent Directors for the purposes of making a recommendation to the Sembcorp Marine Shareholders in connection with the Proposed Combination.
- 13.4 Independent Valuer to Sembcorp Marine Independent Directors.** Deloitte & Touche Financial Advisory Services Pte. Ltd. has been appointed as the independent valuer (the “**IV**”) to advise the Sembcorp Marine Independent Directors for the purposes of making a recommendation to the Sembcorp Marine Shareholders in connection with the Proposed Combination.

14. ACTION BY SHAREHOLDERS

- 14.1** Sembcorp Marine Shareholders are advised to refrain from taking any action in relation to their Sembcorp Marine Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the Sembcorp Marine Independent Directors on the Proposed Combination as well as the views of the IFA and the IV to be set out in the Sembcorp Marine Circular.
- 14.2** Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

15. OVERSEAS SHAREHOLDERS

Where there are potential restrictions on sending the Sembcorp Marine Circular to any overseas jurisdiction, Sembcorp Marine reserves the right not to send such document to Sembcorp Marine Shareholders whose addresses are outside Singapore, as shown on the Register of Members of Sembcorp Marine in the records of The Central Depository (Pte) Limited.

16. DOCUMENTS FOR INSPECTION

- 16.1** A copy of the following documents will be made available for inspection during normal business hours at the office of Sembcorp Marine at 80 Tuas South Boulevard, Singapore 637051, from the date of this Announcement until the date falling three months thereafter:
- 16.1.1** the Combination Framework Agreement; and
- 16.1.2** the Amended and Restated Combination Framework Agreement.

17. FURTHER ANNOUNCEMENTS

Sembcorp Marine will make further announcements, in compliance with the requirements of the Listing Manual, as and when there are material developments in respect of the Proposed Combination, the Keppel O&M Acquisition and/or other matters contemplated by this Announcement.

18. RESPONSIBILITY STATEMENT

The directors of Sembcorp Marine (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading. The directors of Sembcorp Marine jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, for the avoidance of doubt, the 27 April 2022 Keppel Announcement and/or the Keppel Revision Announcement), the sole responsibility of the directors of Sembcorp Marine has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

27 October 2022

Appendix A

KEPPEL O&M PRO FORMA FINANCIAL INFORMATION

Profit or Loss for the year ended 31 December (S\$'000)	FY19	FY20	FY21
Revenue	1,673,843	1,384,267	2,013,279
Raw materials and consumables used	(485,534)	(479,153)	(834,254)
Contract labour and subcontractors' costs	(410,593)	(435,887)	(673,520)
Staff costs	(533,581)	(503,629)	(443,375)
Depreciation and amortisation	(112,085)	(108,756)	(106,374)
Other operating income/(expenses) - net	(54,992)	(84,739)	(92,594)
Impairment on financial assets and contract assets	(9,108)	(17,587)	(18,233)
Dividend income	4,988	3,449	6,091
Interest income	41,006	34,096	22,068
Interest expense	(33,096)	(33,256)	(36,783)
Share of results of associated companies and joint ventu	(4,661)	(8,374)	8,135
Profit/(Loss) before taxation	76,187	(249,569)	(155,561)
Taxation	30,085	92,783	47,654
Profit/(Loss) for the year	106,272	(156,786)	(107,907)
Profit/(Loss) attributable to:			
Equity holders of the Company	14,068	(249,359)	(208,206)
Holders of perpetual securities	92,784	97,277	101,434
Non-controlling interests	(580)	(4,704)	(1,135)
Profit/(Loss) for the year	106,272	(156,786)	(107,907)

Balance Sheet as at 31 December (\$'000)	2019	2020	2021
ASSETS			
Current assets			
Cash and cash equivalents	499,646	564,866	466,402
Trade debtors	803,337	799,546	117,457
Other debtors, deposits and prepayments	190,052	191,337	129,406
Stocks	169,840	178,013	318,611
Contract assets	632,113	738,146	1,111,031
Amounts due from related companies	50,340	94,111	103,473
Financial assets, at FVOCI	27,821	10,802	2,873
Derivative assets	16,241	21,547	9,289
Tax recoverable	16,084	51,980	64,580
Assets classified as held for sale	-	-	168,434
Total current assets	2,405,474	2,650,348	2,491,556
Non-current assets			
Trade debtors	-	-	-
Other debtors, deposits and prepayments	8,020	6,007	2,701
Amounts due from related companies	23,224	39,719	27,432
Financial assets, at FVOCI	28,857	24,305	28,120
Financial assets, at FVPL	56,558	49,194	48,098
Other assets	17,753	18,039	17,900
Derivative assets	9,500	4,260	3,193
Property, plant and equipment	1,288,908	1,218,358	1,093,588
Right-of-use assets	351,910	325,318	237,728
Associated companies	206,769	180,461	171,630
Joint ventures	87,808	84,077	28,901
Intangible assets	68,754	43,675	43,236
Deferred taxation	74,115	119,109	135,089
Total non-current assets	2,222,176	2,112,522	1,837,616
Total assets	4,627,650	4,762,870	4,329,172
LIABILITIES			
Current liabilities			
Trade and other creditors	2,079,681	1,870,416	1,899,140
Contract liabilities	663,590	822,923	289,639
Provision for warranty	29,475	24,609	16,942
Amounts due to Kephinace	-	-	-
Amounts due to related companies	89,634	46,737	73,602
Derivative liabilities	3,160	3,537	5,668
Borrowings	206,888	243,715	146,392
Lease Liabilities	39,286	37,865	35,021
Provision for taxation	22,790	8,584	16,920
Total current liabilities	3,134,504	3,058,386	2,483,324
Non-current liabilities			
Borrowings	145,769	87,305	584,015
Lease Liabilities	365,086	337,112	283,748
Amounts due to Kephinace	-	-	-
Amount due to related companies	-	-	-
Deferred taxation	49,814	45,940	44,190
Deferred liabilities	1,027	919	751
Derivative liabilities	2,147	399	1,397
Accrued expenses	77,766	6,503	6,512
Total non-current liabilities	641,609	478,178	920,613
Total liabilities	3,776,113	3,536,564	3,403,937
Net Assets	851,537	1,226,306	925,235
Capital and reserves			
Share capital	2,471,459	2,568,736	2,104,085
Capital reserves	2,230	(47,127)	(38,238)
Perpetual securities	-	-	-
Foreign exchange translation reserve	(136,618)	(156,562)	(163,848)
Retained profits	524,506	(766,356)	(974,944)
Equity attributable to equity holders of the Company	2,861,577	1,598,691	927,055
Non-controlling interests	37,671	22,873	22,819
Total Equity	2,899,248	1,621,564	949,874
Merge Co impact to equity	2,047,711	395,258	24,639

Appendix B

PROPOSED COMBINATION CONDITIONS

All capitalised terms used and not defined in this Appendix B or this Announcement shall have the same meanings given to them in the Amended and Restated Combination Framework Agreement, a copy of which is available for inspection during normal business hours at the registered office of Sembcorp Marine from the date of this Announcement until the date falling three months thereafter.

Pursuant to Clause 3.1 of the Amended and Restated Combination Framework Agreement, the Proposed Combination is conditional upon the satisfaction (or, where applicable, the waiver) of the following conditions precedent:

1. **Sembcorp Marine Shareholders' Approval:** the approval of the KOM Combination by the SCM Shareholders at the SCM EGM;
2. **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;
3. **Completion of Asset Co Transaction:** the completion of the Asset Co Transaction taking place immediately prior to the KOM Restructuring and the KOM Combination;
4. **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;
5. **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:
 - 5.1 **SIC Confirmations.** confirmation from the SIC 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;
 - 5.2 **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;
 - 5.3 **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;

- 5.4 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:
- 5.4.1 approval from the Administrative Council for Economic Defense (Brazil); and
 - 5.4.2 approval from the Competition and Consumer Commission of Singapore;
- 5.5** 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;
- 5.6** in relation to the SCM Group:
- 5.6.1 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
 - 5.6.2 notification to the MPA in relation to the change in ownership of SCM Marine Integrated Yard Pte. Ltd. (“**SMIY**”) under the letter dated 6 January 2021 from the MPA to SMIY specifying certain facilities as shipyards and/or specified offshore marine location for the purposes of port duties, as a result of the Proposed Combination; and
- 5.7 Others.** such other Regulatory Approvals as may be identified and mutually agreed by the Parties within 30 days from the Agreement Date;

6. SCM Warranties:

- 6.1** the SCM Warranties set out in the Amended and Restated Combination Framework Agreement:
- 6.1.1 which are qualified as to materiality being true and correct; and
 - 6.1.2 which are not qualified as to materiality being true and correct in all material respects,
- 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
- 6.2** 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;

7. KCL Warranties:

7.1 the KCL Warranties set out in the Amended and Restated Combination Framework Agreement:

7.1.1 which are qualified as to materiality being true and correct; and

7.1.2 which are not qualified as to materiality being true and correct in all material respects,

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

7.2 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;

8. 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) (such diminution, an “**SCM Material Adverse Change**”); and

9. 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) (such diminution, a “**KOM Material Adverse Change**”). 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.

Appendix C

DISCLOSURE OF INTERESTS

As at the date of this Announcement, the interests in Sembcorp Marine Shares held by the directors of Sembcorp Marine are set out below:

Director	Sembcorp Marine Shares						Awards ⁽²⁾
	Direct Interest		Deemed Interest		Total Interest		No. of Shares comprised in outstanding Awards
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	
Tan Sri Mohd Hassan Marican	9,694,126	0.031	-	-	9,694,126	0.031	-
Yap Chee Keong	897,485	0.003	-	-	897,485	0.003	-
Wong Weng Sun	25,425,714	0.081	-	-	25,425,714	0.081	-
Bob Tan Beng Hai	3,933,000	0.013	-	-	3,933,000	0.013	-
Gina Lee-Wan	2,791,800	0.009	-	-	2,791,800	0.009	-
William Tan Seng Koon	1,652,800	0.005	-	-	1,652,800	0.005	-
Patrick Daniel	1,613,800	0.005	-	-	1,613,800	0.005	-
Tan Wah Yeow	1,304,200	0.004	-	-	1,304,200	0.004	-
Koh Chiap Khiong	7,110,474	0.023	-	-	7,110,474	0.023	-

Notes:

- (1) Based on 31,389,105,375 Sembcorp Marine Shares in issue (including 6,223 treasury shares) as at the date of this Announcement.
- (2) At the Annual General Meeting of Sembcorp Marine held on 23 April 2021, the Sembcorp Marine Shareholders approved the payment of an aggregate amount of S\$1,800,000 as directors' fees for the non-executive directors of the Company for the year ending 31 December 2021. It was intended that the directors' fees for the non-executive directors for year 2021 comprise a cash component and a share component, with up to 30 per cent. being delivered in the form of restricted share awards under the Sembcorp Marine Restricted Share Plan 2020. The share component of the directors' fees for year 2021 is intended to be delivered after the 2022 AGM, which was held on 20 April 2022. The actual number of shares to be awarded to each non-executive director holding office at the time of the payment is intended to be determined by reference to the VWAP of a share on the SGX-ST over the 14 trading days immediately following the date of the 2022 AGM. The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash.