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## POSSIBLE ACQUISITION BY ASSOCIATED COMPANY

*Unless otherwise specified herein, all capitalised terms have the same meaning as specified in our announcement dated 14 August 2011 in relation to the same matter (the “**Announcement**”).*

Further to the Announcement, Keppel Corporation Limited (“**KCL**” or the “**Company**”) wishes to inform that its associated company Aqua Pellentesque Ltd (“**Aqua**”) has entered into an amalgamation agreement (“**Amalgamation Agreement**”) with Floatel International Ltd (“**Floatel**”) on 21 August 2011 to effect an amalgamation between Aqua and Floatel (the “**Amalgamation**”) to form a Bermuda exempted company (“**Amalgamated Company**”).

As at 22 August 2011, the shareholders of Aqua are Wideluck Enterprises Limited (“**Wideluck**”) which is a wholly-owned subsidiary of the Company, and Jonathan Fairbanks, in the shareholding proportion of 50% and 50% respectively. Wideluck holds approximately 31.7% shareholding interest in Floatel.

Pursuant to the terms of the Amalgamation Agreement, all the Floatel shares held by the shareholders or proposed shareholders of Aqua who will hold the entire issued share capital of Aqua (the “**Shareholder Consortium**”) shall be converted into shares of the Amalgamated Company, whereas the Floatel shares of the shareholders not forming part of the Shareholder Consortium will receive a cash consideration of NOK19.50 per share (“**Cash Consideration**”) in the capital of Floatel, issued and outstanding immediately prior to the effective time of the Amalgamation.

## RATIONALE

The Amalgamation is entered into in view of the long term attractiveness of Floatel’s business which generates a recurring and stable cash flow secured through term contracts with reputable customers. The Amalgamation will allow Floatel to be privatised via an efficient and cost-effective mechanism and to put in place a more efficient capital structure for the Amalgamated Company after the privatisation.

## CASH CONSIDERATION

The Cash Consideration was arrived at taking into account the weighted average share price of Floatel on the Oslo Børs for the last six months, the control premium, Floatel’s new fleet and the potential synergies between Floatel’s business and KCL’s Offshore and Marine business. Based on 48.99% of the issued share capital of Floatel to be acquired (“**Maximum Acquired Shares**”), the book value and net tangible asset value of the Maximum Acquired Shares would be approximately USD2.35 per Floatel share. Arctic Securities ASA and First Securities AS, both of which were commissioned by Floatel, have on 8 August 2011 issued fairness opinions to confirm that the Cash Consideration represents a fair price for Floatel shares. The last traded

price of Floatel shares on Oslo Børs for the full market day prior to the execution of the Amalgamation Agreement was NOK18.10.

Upon approval of the Amalgamation Agreement by the shareholders of Floatel, the Floatel shares held by the shareholders of Floatel (other than the shareholders forming the Shareholder Consortium) shall be cancelled in exchange for payment of the Cash Consideration. Based on the Maximum Acquired Shares which would be acquired, the aggregate Cash Consideration will be approximately NOK 923.5 million which will be funded by the Shareholder Consortium.

The Amalgamation is conditional upon shareholders' approval of Floatel for the Amalgamation at a shareholders' meeting to be convened.

Under the Floatel Bye-Laws, a simple majority of votes cast by the shareholders of Floatel at the shareholders' meeting will be required for final approval and adoption of the Amalgamation Agreement.

In the event that the condition is not satisfied by 30 September 2011, the parties may terminate the Amalgamation Agreement.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transaction.

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

### **About Floatel International Ltd**

Floatel International Ltd. was established in 2006 to satisfy a market demand for a new generation of offshore floatels. The vision of the Company is to own and operate the most modern, safe and reliable floatel fleet in the world to meet the increased market demand. The first vessel, Floatel Superior, was delivered in March 2010 and is specifically designed for hostile environment meeting the latest North Sea regulations for year around operations. Floatel Superior is presently operating for Statoil in the North Sea. The second vessel, Floatel Reliance, is designed for medium harsh environment delivered October 2010 and commenced a 5 year charter for Petrobras January 2011. In June 2011 Floatel International placed an order with Keppel FELS for construction of a third semi submersible accommodation vessel, due for delivery early 2014. Floatel International Ltd. is listed on the Oslo Stock Exchange under the ticker FLOAT.

For further information about Floatel International, please visit [www.floatel.bm](http://www.floatel.bm)