



KrisEnergy signs cooperation agreement with Keppel

Singapore, 9 April 2018 – KrisEnergy Ltd. (“KrisEnergy” or the “Company”, and together with its subsidiaries, the “Group”), an independent upstream oil and gas company, wishes to announce that it has today entered into a cooperation agreement (“Cooperation Agreement”) with Keppel FELS Limited and Keppel Shipyard Ltd, each a subsidiary of Keppel Corporation Limited (“Keppel Corporation”).

In connection, an extraordinary general meeting (“EGM”) has been convened to seek shareholders’ approval for the proposed adoption of a general mandate for interested person transactions in respect of the Cooperation Agreement and each contract awarded pursuant to the Cooperation Agreement (“IPT Mandate”).

The EGM is scheduled to take place on 26 April 2018 at 9.30 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and at the same place) at Paprika Room, Level 5, Novotel Clarke Quay Singapore, 177A River Valley Road, Singapore 179031. The circular to shareholders dated 9 April 2018 (“Circular to Shareholders”) is available for download from the Company’s website: www.krisenergy.com/investors/investor-information/circulars/, and contains the *Notice of the EGM* which has been despatched to shareholders.

Details on the Cooperation Agreement and the IPT Mandate can be found in the Circular to Shareholders. Capitalised terms used but not defined herein shall have the same meanings as ascribed to them in the Circular to Shareholders.

1. COOPERATION AGREEMENT

1.1 Introduction

Pursuant to the Cooperation Agreement, the Company shall appoint Keppel Corporation and/or its affiliates (which comprises Keppel Corporation and/or its subsidiaries (“Keppel”) as at the date of this announcement) as its preferred contractor for any work (“Work”) related to products and/or services in relation to the following:

- (a) newbuilding, repair, conversion and upgrading of a range of marine assets and/or vessels and the use of Keppel’s yard and associated yard services for the construction and refurbishment of facilities, including but not limited to mobile offshore production units (“MOPU”), mobile offshore drilling units (“MODU”), production barges, floating production and storage units (“FPSO”) and floating storage offloading (“FSO”); and
- (b) lease, chartering and the use of, or the provision of services by, Keppel’s marine assets and/or vessels, including but not limited to MOPU, MODU, FPSO, FSO, floating cranes, barges and tugs.

1.2 Principal Terms of the Cooperation Agreement

- (a) **Duration:** A period of 12 calendar months, and will (subject to the terms of the Cooperation Agreement) be automatically renewed after every 12 calendar months;
- (b) **Right to Bid:** For any Work that is subject to a competitive bid, the Company will give Keppel the right to bid for such Work, provided that Keppel has met all the applicable pre-qualification criteria;



- (c) **Right to Quote:** For any Work that is not subject to a competitive bid, the Company will give Keppel the right to quote for such Work, provided that Keppel has met all the applicable pre-qualification criteria, with all quotes to be on the basis of acceptance of the Company's usual terms and conditions for similar work or such other terms and conditions as may be mutually negotiated and agreed by the parties;
- (d) **Right to Match:** If a third-party bid/quote for any Work is the best bid/quote (taking into account the Evaluation Factors), Keppel will have the right to perform such Work at a discounted price equal to 99.0% of the price of such lower bid/quote (including on all line items of costs) and on the same or substantially the same conditions (including the Evaluation Factors) as the lower bid/quote. If Keppel does not exercise its right to match the third-party bid/quote, then the Company will be free to utilise the third-party service provider for such Work;
- (e) **Bid/Quote Evaluation:** The bid/quote from Keppel will be assessed on the same basis as all other bids/quotes, taking into account certain Evaluation Factors, depending on the Work to be provided. The weightage of each of such Evaluation Factors will be determined on a project-by-project basis.

Where the bid/quote from Keppel for any Work is the overall best bid/quote based on the Evaluation Factors and after taking into account bid normalisation, to ensure that there is no value leakage, the Company may award such Work to Keppel only if the price of the bid/quote from Keppel is no more than 5.0% higher than the lowest qualifying bidder and further if it is in the best interests of the Company to do so. The Company may evaluate all bidders according to the Evaluation Factors and is not obliged to award any Work to Keppel solely based on pricing; and

- (f) **Master Contractors:** For any master turn-key arrangement that the Company subjects to a competitive bid, the Company will require the potential master contractors to give Keppel the right to bid/quote for the Work or any part of the Work, provided that Keppel has met all the potential master contractor's relevant pre-qualification criteria.

A potential master contractor will be required to submit to the Company either (i) its bid with Keppel as subcontractor or as one of the subcontractors, or (ii) two bids, one with Keppel as subcontractor or as one of the subcontractors and the other with any other third party or parties as subcontractor or subcontractors, all other aspects of the bid being equal. The Company will evaluate the bid (including Keppel's portion of the bid) and award the contract as per sub-paragraph (e) above and in accordance with the Cooperation Agreement. If a bid is awarded, which does not include Keppel as a subcontractor, the Company will notify the potential master contractor, who will then be requested, subject to the Cooperation Agreement, to give Keppel the right to match in accordance with sub-paragraph (d) above and the price as bid by the potential master contractor will accordingly be reduced.

1.3 Rationale for the Cooperation Agreement

The Cooperation Agreement sets out a framework for the cooperation arrangement between the Group and Keppel, under which contracts for any Work may be awarded to Keppel on normal or better overall commercial terms (based on pricing and other evaluation factors) and so long as this is in the best interests of the Group. The entry into the Cooperation Agreement, and recurrent contracts for any Work between the Group and Keppel, will benefit the Group as the Group will gain access to Keppel's experience, facilities and equipment at a competitive price. This will in turn give the Group a competitive edge in specialised areas where Keppel is able to provide services to the Group.



1.4 Interested Person

Keppel Corporation is a controlling shareholder of the Company, and is therefore regarded as an “interested person” *vis-à-vis* the Company for the purposes of Chapter 9 of the Listing Manual. Accordingly, the Cooperation Agreement, and each contract awarded to Keppel pursuant to the Cooperation Agreement, would constitute “interested person transactions” under Chapter 9 of the Listing Manual.

1.5 Proposed IPT Mandate

As each contract awarded under the Cooperation Agreement to Keppel would constitute “interested person transactions”, it is a condition precedent to the Cooperation Agreement that independent shareholders’ approval be obtained pursuant to the requirements of Chapter 9 of the Listing Manual.

For these purposes, as the Cooperation Agreement sets out the framework for the cooperation arrangement between the Company and Keppel rather than the terms of any specific contract, and as any contracts awarded to Keppel for any Work pursuant to the Cooperation Agreement would be considered to be recurrent transactions of a revenue or trading nature, or otherwise necessary for the day-to-day operations of the Group, the Company is proposing to seek independent shareholders’ approval for the proposed adoption of the IPT Mandate to enable the Company and its subsidiaries which are considered to be “entities at risk” to enter into contracts with Keppel for any Work pursuant to the Cooperation Agreement, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions.

It is also a condition subsequent to the continuing binding effect of the Cooperation Agreement that the IPT Mandate be subsequently renewed annually pursuant to the requirements of Chapter 9 of the Listing Manual.

The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will in any event facilitate and enhance the ability of the Group to enter into transactions with Keppel pursuant to the Cooperation Agreement which are time-sensitive in nature, as it will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek shareholders’ prior approval for the entry by the relevant company into such transactions. This will substantially reduce expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy, and allow manpower resources to be channelled towards attaining corporate objectives.

1.6 Review Procedures in relation to the Proposed IPT Mandate

Appendix 1 of the *Circular to Shareholders* sets out the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual.

1.7 Independent Financial Adviser

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser (“IFA”) in relation to the proposed adoption of the IPT Mandate. The opinion of the IFA is contained in *Appendix 2* of the *Circular to Shareholders* (“IFA Letter”).

Having regard to the considerations as set out in the IFA Letter, and the information available to them as at the latest practicable date, the IFA is of the opinion that the review procedures set up by the Company for determining the transaction prices of the interested person transactions carried out under the IPT Mandate are sufficient to ensure that the interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.



1.8 Audit and Risk Management Committee's Statement

The Audit and Risk Management Committee (save for Mr Tan Ek Kia and Mr Chris Ong Leng Yeow, who will abstain from making any recommendation on the proposed adoption of the IPT Mandate (as detailed below)), having considered the opinion of the IFA, is of the view that the review procedures for interested person transactions, as well as the reviews to be made periodically by the Audit Committee (with internal audit assistance) in relation thereto, are sufficient to ensure that interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

1.9 Current Total of Interested Person Transactions

As at the date of this Announcement, (i) there are no other interested person transactions entered into with Keppel Corporation; and (ii) there are no other interested person transactions entered into for the current financial year ending 31 December 2018.

2. INTERESTS OF DIRECTORS

Each of the following Directors will abstain (and will ensure that his respective associates abstain) from voting and from making any recommendation to shareholders in relation to the proposed adoption of the IPT Mandate:

- (a) Mr Tan Ek Kia and Mr Chan Hon Chew, respectively the independent non-executive director and the chief financial officer of Keppel Corporation, a controlling shareholder of KrisEnergy and an interested person in relation to the IPT Mandate; and
- (b) Mr Chris Ong Leng Yeow, managing director of Keppel FELS Limited and chief executive officer of Keppel Offshore & Marine Limited, which are wholly-owned subsidiaries of Keppel Corporation, a controlling shareholder of KrisEnergy and an interested person in relation to the IPT Mandate.

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About KrisEnergy:

KrisEnergy Ltd. is an independent upstream company focused on the exploration for and the development and production of oil and gas in Southeast Asia. The Company holds working interests in four producing oil and/or gas fields, three in the Gulf of Thailand and one onshore Bangladesh. It also participates in 13 blocks in various stages of development, appraisal and exploration in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. KrisEnergy operates 10 of the contract areas.

KrisEnergy's shares are listed on the mainboard of Singapore Exchange Trading Limited under the ticker SK3. For further information, visit www.krisenergy.com.