



SEMBCORP INDUSTRIES LTD
(Incorporated in the Republic of Singapore)
Company Registration No. 199802418D

CIRCULAR TO SHAREHOLDERS
in relation to the
PROPOSED DISTRIBUTION IN SPECIE
OF ORDINARY SHARES
IN THE CAPITAL OF
SEMBCORP MARINE LTD ("SCM")



Sole Financial Adviser to the Company in respect of the Proposed Distribution *in Specie*



DBS BANK LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 196800306E

If you are in any doubt 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 of your ordinary shares ("**SCI Shares**") in the capital of Sembcorp Industries Ltd ("**SCI**" or the "**Company**"), you should immediately forward this Circular together with the Notice and the accompanying Proxy Form (each as defined herein) to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

This Circular shall not constitute an offer to sell or a solicitation of an offer to buy shares or other securities, including the SCM Rights and the SCM Rights Shares or the SCI Distribution Shares (each as defined herein). This Circular is issued to SCI Shareholders (as defined herein) solely for the purpose of providing SCI Shareholders with the information pertaining to the SCI EGM (as defined herein), convening the SCI EGM and seeking SCI Shareholders' approval for the resolutions to be proposed at the SCI EGM. SCI Shareholders are authorised to use this Circular solely for the purpose of considering the approvals sought. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The distribution of this Circular and/or the sale or transfer of the SCM Rights, the SCM Rights Shares and/or the SCI Distribution Shares into jurisdictions other than Singapore may be prohibited or restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Circular has been made available on SGXNET and the Company's website and may be accessed at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>. A printed copy of this Circular will also be despatched to SCI Shareholders.

YOUR VOTE COUNTS

Please vote by submitting your Proxy Form

IMPORTANT DATES AND TIMES FOR SCI SHAREHOLDERS

Due to the current COVID-19 situation in Singapore, SCI Shareholders will not be allowed to attend the SCI EGM in person.

The SCI EGM is being convened, and will be held, by electronic means.

Last date and time for lodgement of Proxy Form	8 August 2020 at 11.30 a.m.
Date and time of SCI EGM	11 August 2020 at 11.30 a.m.
Place of SCI EGM	To be convened and held by electronic means

The SCI EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

Alternative arrangements relating to attendance at the SCI EGM via 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 of the SCI EGM in advance of the SCI EGM, addressing of substantial and relevant questions before or at the SCI EGM and voting by appointing the Chairman of the SCI EGM as proxy at the SCI EGM, are set out in paragraph 12 of this Circular, and in the accompanying Company's announcement dated 22 July 2020. This announcement may be accessed at the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>, and will also be made available on the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements>.

Due to the current COVID-19 situation in Singapore, SCI Shareholders **will not be allowed to attend** the SCI EGM in person. Instead, alternative arrangements have been put in place to allow SCI Shareholders to participate at the SCI EGM by (i) watching the SCI EGM proceedings via "live" webcast or listening to the SCI EGM proceedings via "live" audio feed, (ii) submitting questions in advance of the SCI EGM and/or (iii) voting by proxy at the SCI EGM.

The Chinese version of this gatefold has been translated from the English version of this gatefold. In the event of any inconsistency between the English and Chinese versions of this gatefold, the English version shall prevail.

1

WHAT DO I NEED TO KNOW ABOUT THE TRANSACTION?

- SCI and SCM have jointly proposed a Transaction comprising two steps:

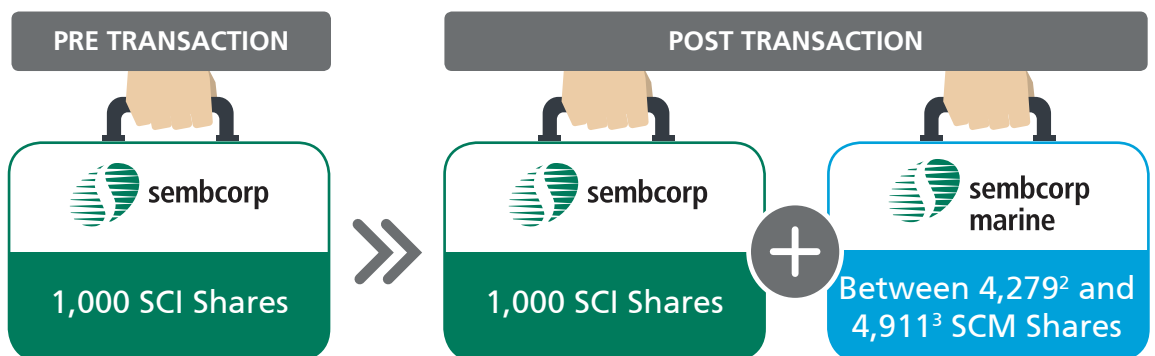


- SCI has undertaken to subscribe for up to S\$1.5 billion of SCM Rights Shares by setting off the outstanding principal of S\$1.5 billion under the Subordinated Loan extended to SCM.
- Temasek¹ has entered into the Sub-Underwriting Agreement with DBS Bank Ltd. for the remaining S\$0.6 billion of SCM Rights Shares.
- Depending on the level of subscription for the Proposed SCM Rights Issue by SCM Shareholders other than SCI, SCI will hold between 60.9%² and 69.9%³ of SCM Shares post the Proposed SCM Rights Issue.
- As a result of the Proposed Distribution, Temasek⁴ (which is currently the single largest shareholder of SCI) will become a direct shareholder of SCM, and the Temasek Concert Party Group will hold more than 30% of SCM.
- In addition to approvals for the Proposed SCM Rights Issue and Proposed Distribution by the SCM Shareholders and SCI Shareholders, respectively, an approval by the Independent SCM Shareholders of the Whitewash Resolution is being sought to waive their rights to receive a mandatory take-over offer from the Temasek Concert Party Group.
- By voting in favour of the Proposed Distribution and if the Independent SCM Shareholders approve the Whitewash Resolution, SCI Shareholders will also be waiving their rights to receive a mandatory take-over offer from the Temasek Concert Party Group in respect of the SCM Shares that they will hold after the Proposed Distribution.

2

WHAT WILL I GET AS AN SCI SHAREHOLDER?

- Pursuant to the Proposed Distribution⁵, you will receive between 4,279² and 4,911³ SCM Shares for each SCI Share you own as at the SCI Record Date. **No payment is required from you.**
- The number of SCM Shares to be distributed to you by SCI will depend on the number of SCM Shares held by SCI following completion of the Proposed SCM Rights Issue.
- For illustrative purposes only:

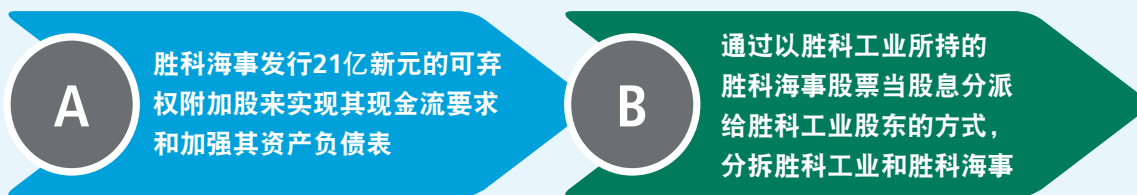


1 The Sub-Underwriting Agreement is entered into by Startree, a wholly-owned subsidiary of Temasek, on 8 June 2020. No sub-underwriting fees will be paid to Temasek or Startree.
2 Based on the Minimum SCI Distribution Shares where SCI is required to subscribe only for its SCI Pro-Rata SCM Rights Shares (6,371,353,820 SCM Rights Shares) and the remaining SCM Rights Shares are subscribed by other SCM Shareholders; fractional entitlements to be disregarded.
3 Based on the Maximum SCI Distribution Shares where SCI is required to subscribe for all of the Undertaking SCM Rights Shares (7,500,000,000 SCM Rights Shares); fractional entitlements to be disregarded.
4 Including holdings of Temasek and its wholly-owned subsidiaries.
5 Subject to the satisfaction of the conditions to the Transaction.

1

我需要知道有关交易的哪些事项？

- 胜科工业(SCI)和胜科海事(SCM)共同提出一项双步交易，分别为：

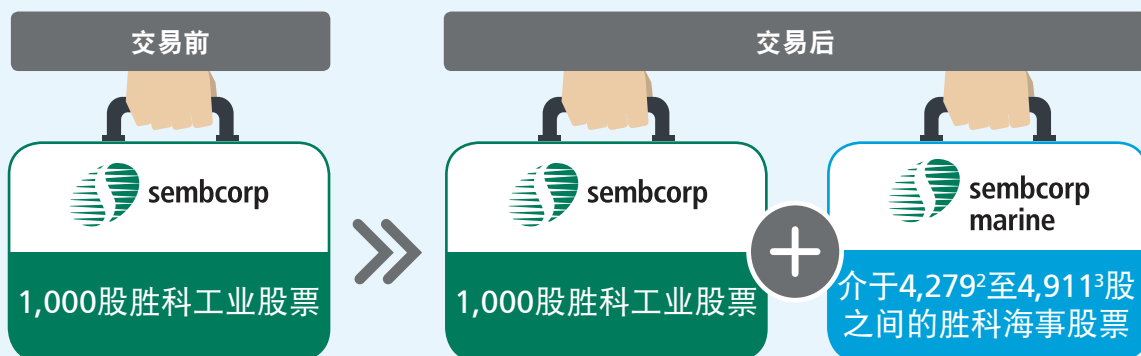


- 胜科工业已承诺通过抵消之前给予胜科海事的15亿新元未归还的附属贷款本金来认购高达15亿新元的胜科海事附加股。
- 淡马锡控股¹已与星展银行有限公司签署有关其余6亿新元胜科海事附加股的分包销协议。
- 视胜科海事股东(除胜科工业外)对于附加股发行提案的认购程度而定，胜科工业将在胜科海事附加股发行提案后持有介于60.9%²至69.9%³的胜科海事股票。
- 有鉴于此，派息提案将导致淡马锡⁴(胜科工业目前的单一最大股东)成为胜科海事的直接股东，而淡马锡及其一致行动人最终将持有超过30%的胜科海事股权。
- 除了胜科海事股东和胜科工业股东分别就胜科海事附加股发行提案和胜科工业派息提案的批准外，胜科海事也将向其独立股东征询粉饰动议批准，同意放弃要求淡马锡及其一致行动人进行强制收购的权利。
- 通过投票批准派息提案，并且如果胜科海事独立股东批准粉饰动议，胜科工业股东也将放弃要求淡马锡及其一致行动人强制收购其在派息提案完成后收到的胜科海事股票的权利。

2

作为胜科工业的股东，我能得到什么？

- 根据派息提案⁵，您于胜科工业股权登记日之际每持有1股胜科工业股票，将可获得介于4,279²至4,911³股之间的胜科海事股票。您无需支付任何款项。
- 胜科工业所派发的胜科海事股票数量将根据胜科工业于完成胜科海事附加股发行提案后所持的最终胜科海事股票数量而定。
- 仅作说明用途：



1 分包销协议是由淡马锡全资附属公司Startree于2020年6月8日所签署。淡马锡或Startree将不会征收任何分包销费。

2 根据胜科工业仅须认购其按比例应得的胜科海事附加股(6,371,353,820胜科海事附加股)，而剩余的胜科海事附加股将由其他胜科海事股东所认购的最少胜科工业发行股情况来计算；零股权益不予承认。

3 根据胜科工业必须认购所有承诺的胜科海事附加股(7,500,000,000胜科海事附加股)的最多胜科工业发行股情况来计算；零股权益不予承认。

4 包括淡马锡及其全资子公司的持股。

5 受限于交易条款的实现。

3

WHY IS THIS BEING PROPOSED TO SCI SHAREHOLDERS?

ENHANCE SHAREHOLDER VALUE

Transforms SCI into a Focused Energy and Urban business

- Enables SCI to capture growth opportunities to provide solutions that support the energy transition and sustainable development
- Demerger delivers a clearer investment proposition to you and makes SCI more comparable to industry peers
- Potential positive re-rating of SCI's equity value

Improves Returns and Strengthens the Balance Sheet⁶

- Increase in pro forma ROE⁷ (3.5% to 7.9%) and ROA⁸ (3.5% to 5.6%)
- Significant reduction in debt levels⁹ by \$2.9 billion on a pro forma basis
- Improvement of pro forma net debt-to-EBITDA¹⁰ ratio from 6.4x to 5.0x

IMPROVE INVESTMENT FLEXIBILITY

Your Investments, Your Flexibility

- You will have direct shareholdings in two focused companies, with Temasek alongside as a direct and significant shareholder
- No payment required to receive shares in a recapitalised SCM
- You gain the flexibility to calibrate your holdings in the two companies

6 The pro forma figures above represent selected FY2019 pro forma financial effects assuming SCI subscribes for all of the Undertaking SCM Rights Shares (7,500,000,000 SCM Rights Shares). For further details on the FY2019 and 1H 2020 pro forma financial effects of the Transaction on the SCI Group, please refer to Appendix A of this Circular.

7 Return on Equity computed as FY2019 Profit attributable to owners of SCI (excluding non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution) divided by equity attributable to owners of SCI as at 31 December 2019.

8 Return on Assets computed as the sum of (i) FY2019 Net Profit (excluding non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution) and (ii) FY2019 finance costs, divided by total assets as at 31 December 2019.

9 Includes the perpetual securities, but excludes lease liabilities.

10 Computed as total borrowings (including the perpetual securities) less total cash balance as at 31 December 2019 divided by FY2019 EBITDA. Total borrowings exclude lease liabilities.

All capitalised terms shall have the meanings ascribed to them in this Circular.



3

为何要向胜科工业股东提出此提案?

提高股东价值

将胜科工业转型为一个专注于能源和城镇发展业务的企业

- 让胜科工业为能源转型和可持续发展领域提供解决方案，以捕捉增长机会
- 分拆提案为您呈献更清晰的投资定位，使其较同行更具竞争力
- 胜科工业的股权价值可获潜在的正面重估

改善回报和加强其资产负债表⁶

- 增加股本回报率⁷ (从3.5%至7.9%) 和资产回报率⁸ (从3.5%至5.6%)
- 根据备考财务报表，显著减少29亿新元⁹的债务
- 备考净债务对息税折旧摊销前利润¹⁰比率由6.4倍改善至5.0倍

提升投资灵活性

您的投资，您的灵活选择

- 您将与直接和主要股东淡马锡并肩在两家业务集中型公司中直接持股
- 无需支付任何款项即可接收资本重组后的胜科海事股票
- 您可灵活调整在两家公司的股权

6 上述备考财务数字代表了选取的2019财年备考财务影响，假设胜科工业认购所有承诺的胜科海事附加股(7,500,000,000股胜科海事附加股)。有关该交易对胜科工业集团的2019财年和2020年上半年备考财务影响的更多详细信息，请参阅本通函附录A。

7 股本回报率计算为2019财政年度的胜科工业股权持有人应占利润(不包括于派息提案完成之际所实现的非经常性潜在公允价值收益或亏损)，除以截至2019年12月31日的胜科工业股权持有人应占股本。

8 资产回报率计算为(i)2019财政年度的净利润(不包括于派息提案完成之际所实现的非经常性潜在公允价值收益或亏损)以及(ii)2019财政年度的融资成本的总和，除以截至2019年12月31日的总资产。

9 包括永久证券，但不包括租赁负债。

10 计算为截至2019年12月31日的总借贷(包括永久证券)扣除总现金余额，除以2019财政年度的息税折旧摊销前利润("EBITDA")。总借贷不包括租赁负债。

所有词汇均具有本通函所赋予的含义。

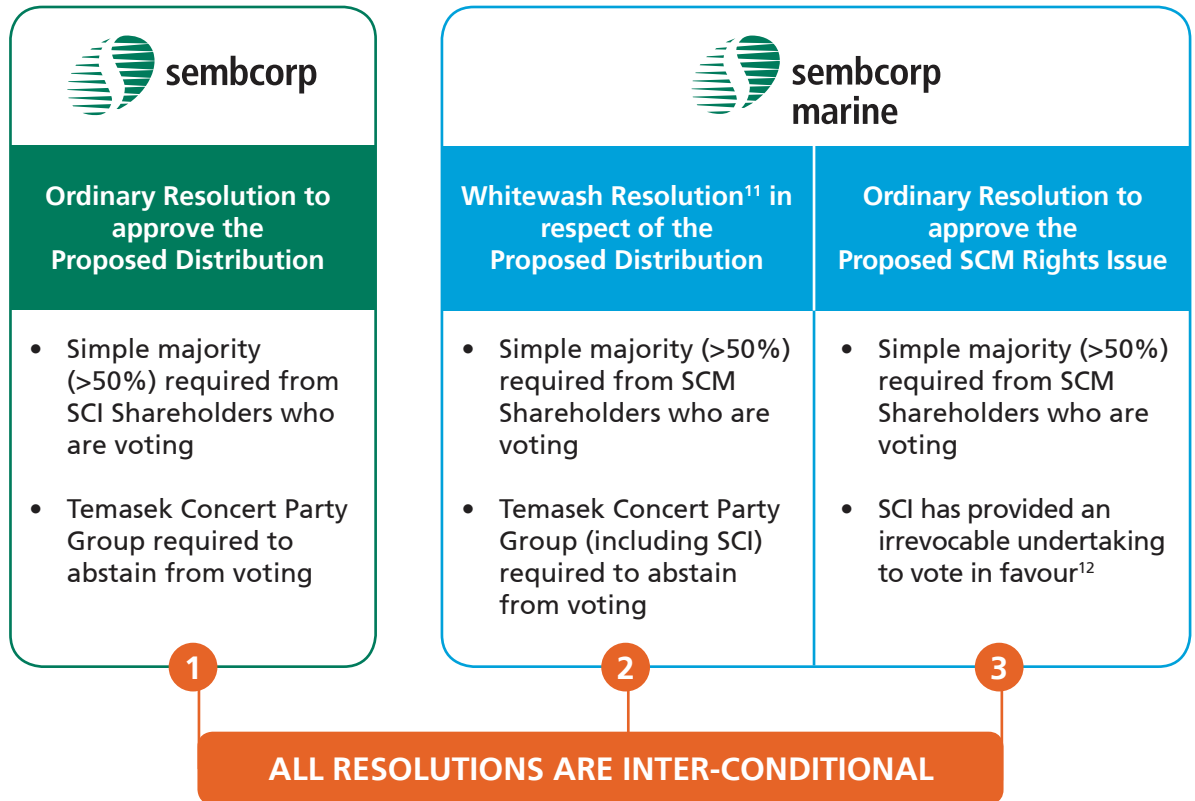
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4

WHAT NEEDS TO HAPPEN FOR THE TRANSACTION TO BE SUCCESSFUL?

ALL of the following resolutions must be approved at the EGMs of both SCI and SCM for the Proposed Distribution to proceed.



If any one of the Resolutions is **not approved**, the Proposed SCM Rights Issue and the Proposed Distribution **will not proceed**.

SCM and SCI will not proceed with the demerger, and the companies will continue as they are today. The critical need to address SCM's liquidity requirements will fail.

11 The Proposed Distribution will result in the Temasek Concert Party Group holding more than 30% of SCM Shares. As such, SCM Shareholders will need to approve the Whitewash Resolution to waive their rights to receive a mandatory take-over offer from the Temasek Concert Party Group.
 12 To the extent not prohibited under applicable laws and regulations (including the Listing Manual).

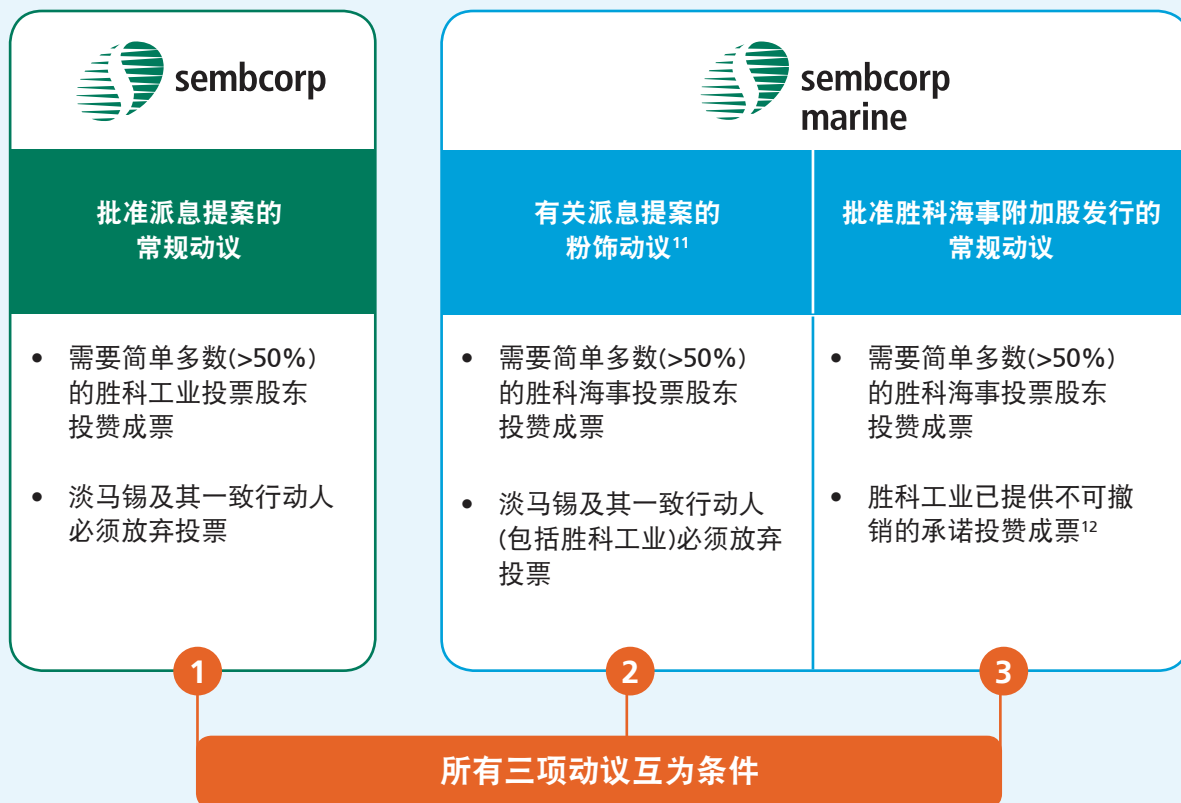
All capitalised terms shall have the meanings ascribed to them in this Circular.



4

需要通过哪些事项，交易才能成功进行？

以下**所有**的动议都必须在胜科工业和胜科海事的特别股东大会中获批准通过，派息提案才能进行。



若有任何一项动议**不获批准**，胜科海事的附加股发行提案和胜科工业的派息提案就**不会进行**。

胜科海事和胜科工业将不会进行分拆，而且两家公司将照现行状态继续营运。胜科海事将不能解决其现金流需要这一关键需求。

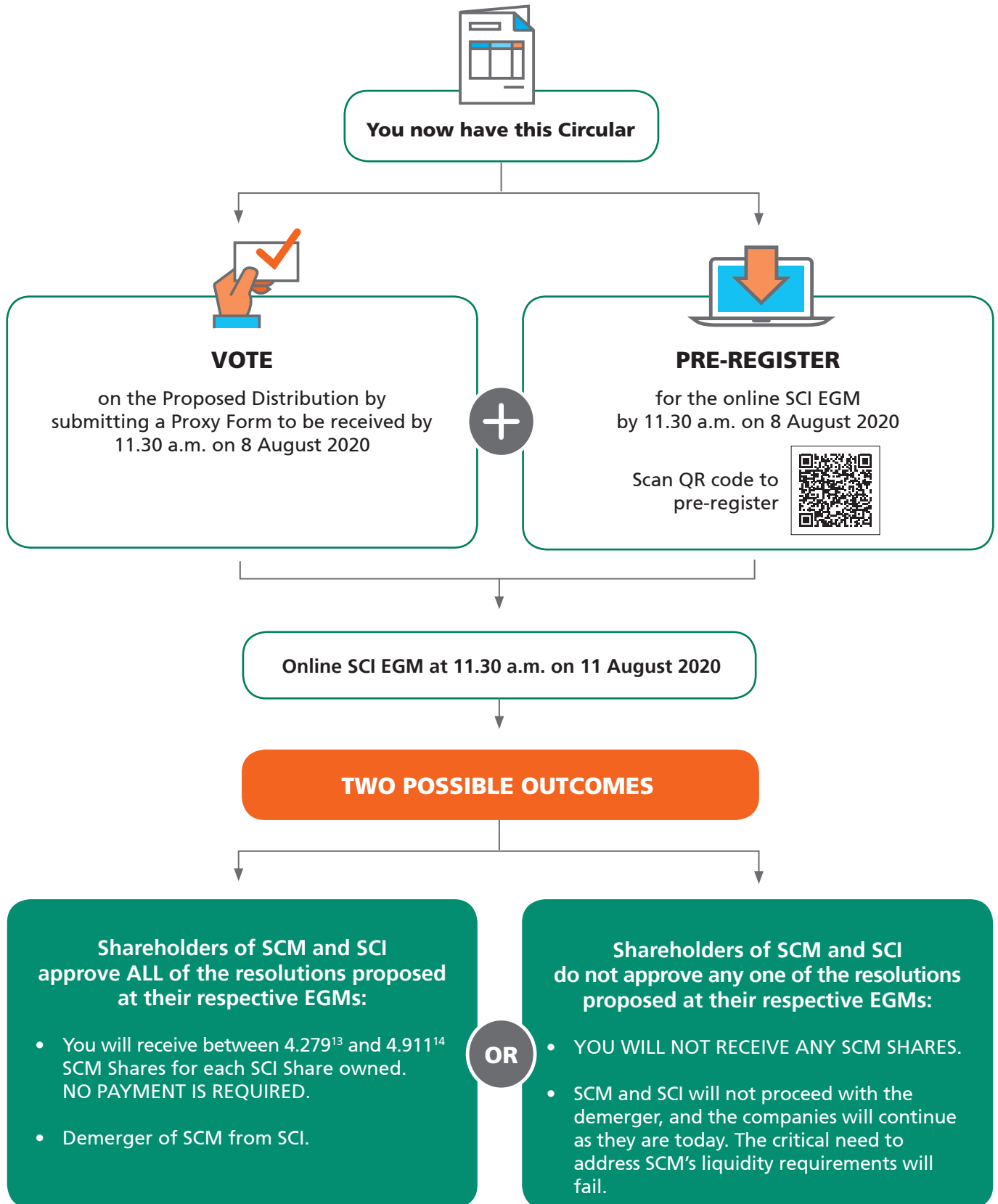
11 派息提案将导致淡马锡及其一致行动人在胜科海事持股超过30%。因此，胜科海事股东须批准一项粉饰动议，放弃要求淡马锡及其一致行动人进行强制收购的权利。
12 在适用法律和条规未禁止的范围内(包括上市手册)。

所有词汇均具有本通函所赋予的含义。
这份折叠文件的中文版是由英文版翻译。若折叠文件的中、英文版文件之间出现任何具争论性的差异，一切将以英文版为准。



5

WHAT DO I NEED TO DO?

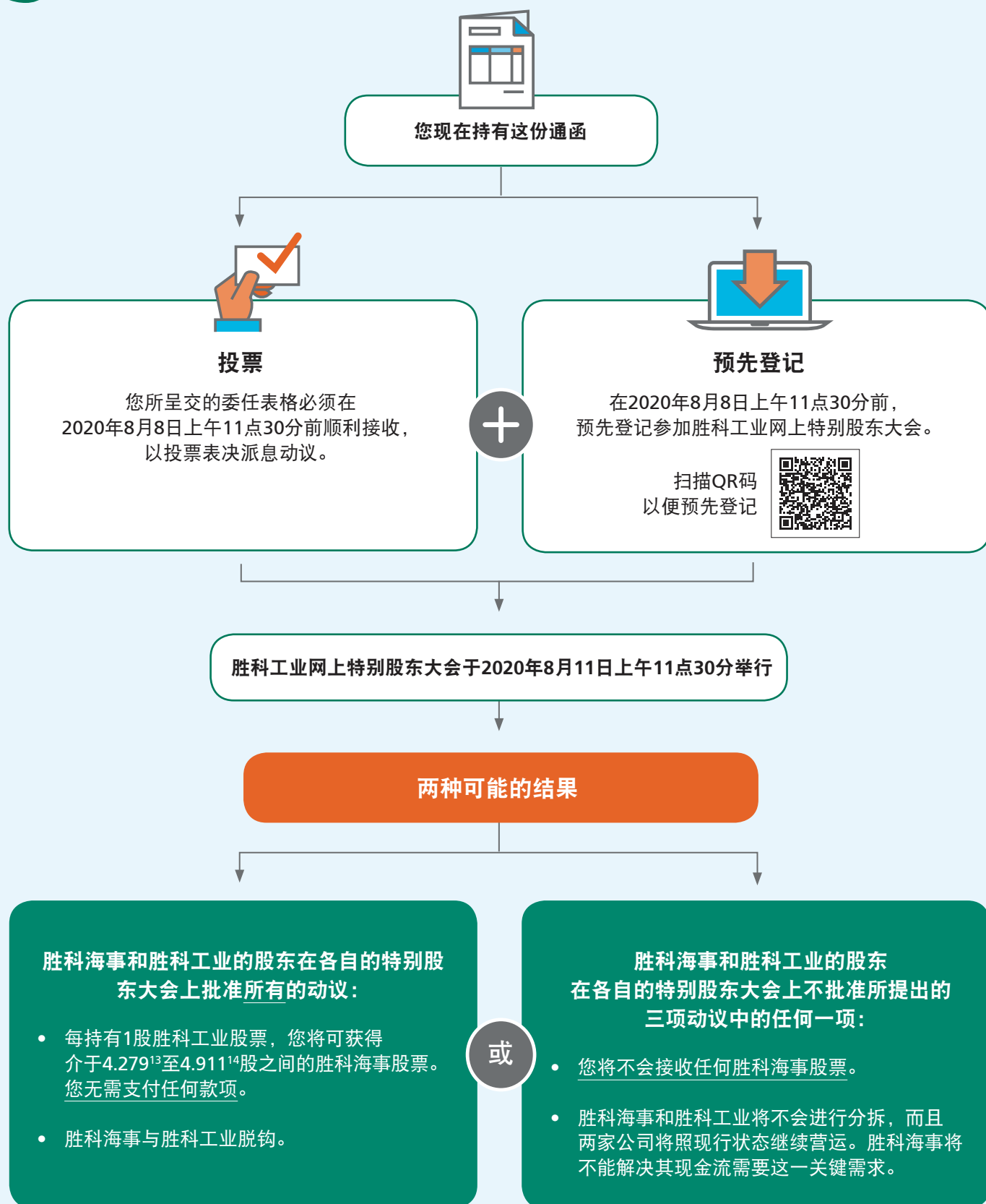


¹³ Based on the Minimum SCI Distribution Shares where SCI is required to subscribe only for its SCI Pro-Rata SCM Rights Shares (6,371,353,820 SCM Rights Shares) and the remaining SCM Rights Shares are subscribed by other SCM Shareholders; fractional entitlements to be disregarded.

¹⁴ Based on the Maximum SCI Distribution Shares where SCI is required to subscribe for all of the Undertaking SCM Rights Shares (7,500,000,000 SCM Rights Shares); fractional entitlements to be disregarded.

5

我需要做什么？



13 根据胜科工业仅须认购其按比例应得的胜科海事附加股(6,371,353,820胜科海事附加股)，而剩余的胜科海事附加股将由其他胜科海事股东所认购的最少胜科工业发行股情况来计算；零股权益不予承认。

14 根据胜科工业必须认购所有承诺的胜科海事附加股(7,500,000,000胜科海事附加股)的最多胜科工业发行股情况来计算；零股权益不予承认。

6

HOW CAN I VOTE ON THE PROPOSED DISTRIBUTION?

If you wish to exercise your voting rights at the SCI EGM, you must submit a Proxy Form to appoint the Chairman of the SCI EGM to vote on your behalf.

Step 1: Locate the Proxy Form

The Proxy Form is enclosed in this Circular and is also available on the SCI website and the SGX website at the following respective URLs:

<https://www.semcorp.com/en/investor-relations/extraordinary-general-meeting>

<https://www.sgx.com/securities/company-announcements>

Step 2: Complete the Proxy Form

PROXY FORM

SEMBCORP INDUSTRIES LTD
Incorporated in the Republic of Singapore
Company Registration No. 199001280

IMPORTANT

- The EGM is being convened and will be held, by way of electronic means pursuant to the COVID-19 Company (Meeting) (Amendment) Regulations for Meeting the Company (Variable Capital Companies, Business Trusts, Unit Trusts and Electronic Voting) Order 2020. Printed copies of the Notice will be sent to members, and also made available by electronic means via publication on the company's website on the 05th August 2020 and on the SGX website at <https://www.sgx.com/securities/company-announcements>. The Notice will also be made available on the SCI website at the URL <https://www.semcorp.com/en/investor-relations/extraordinary-general-meeting>.
- Attendance arrangements relating to attendance at the SCI EGM via electronic means, including arrangements to attend the meeting or to electronically appoint a proxy, are available on the website www.semcorp.com/en/investor-relations/extraordinary-general-meeting or the website of the Chairman of the SCI EGM at www.semcorp.com/en/investor-relations/extraordinary-general-meeting and also on the SGX website at <https://www.sgx.com/securities/company-announcements> (dated 22 July 2020). The arrangements may be amended at the Company's website at the URL <https://www.semcorp.com/en/investor-relations/extraordinary-general-meeting> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
- Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the SCI EGM in person. A member (whether individual or corporate) must appoint the Chairman of the SCI EGM as his/her proxy to attend, speak and vote on his/her behalf at the SCI EGM if such member wishes to exercise his/her voting rights at the SCI EGM.
- CPFIS Members and SRS Investors who wish to appoint the Chairman of the SCI EGM as their proxy should approach their respective CPF agent banks or SRS approved banks to appoint their proxy by 11.30 a.m. on 5 August 2020.
- In appointing an individual as proxy, the member should, in addition to the form, sign and agree to the personal data privacy form set out in the Notice dated 22 July 2020.
- Please read the notes on the back which contain instructions on, inter alia, the appointment of the Chairman of the SCI EGM as a member's proxy to attend, speak and vote on his/her behalf at the SCI EGM.

I/We, _____ (Name) (NRIC / Passport / Co Regn No.)
of _____ (Address)
being a member / members of SEMBCORP INDUSTRIES LTD (the "Company"), hereby appoint the Chairman of the SCI EGM as my / our proxy to attend, speak and vote for me / us on my / our behalf at the SCI EGM to be convened and held by way of electronic means on 11 August 2020 at 11.30 a.m. (Singapore time) and at any adjournment thereof in the following manner:

	For	Against	Abstain
ORDINARY RESOLUTION To approve the Proposed Distribution			

Voting will be conducted by poll. If you wish the Chairman of the SCI EGM to vote on your behalf, you must indicate the number of votes "For" or "Against" or "Abstain" you wish to cast in respect of the resolution. If you wish the Chairman of the SCI EGM to vote on your behalf, please indicate the number of shares of the SCI EGM you own prior to the meeting. Alternatively, please indicate the number of shares of the SCI EGM you own prior to the meeting. Alternatively, please indicate the number of shares of the SCI EGM you own prior to the meeting. Alternatively, please indicate the number of shares of the SCI EGM you own prior to the meeting. Alternatively, please indicate the number of shares of the SCI EGM you own prior to the meeting.

Total Number of SCI Shares Held: _____

Signature or Common Seal of Member(s): _____ Date: _____

- A** Fill in your name and particulars.
Note: You must appoint the Chairman of the SCI EGM as your proxy if you wish to exercise your voting rights at the SCI EGM (due to the current COVID-19 situation in Singapore).
- B** Indicate your vote in the box labelled FOR, AGAINST or ABSTAIN.
- C** If you are an individual, you or your attorney MUST SIGN and indicate the date. If you are a corporation, the Proxy Form must be executed under your common seal or signed by a duly authorised officer or attorney.
- D** Indicate the number of SCI Shares you hold.

Step 3: Submit the completed Proxy Form



If submitted by post, the Proxy Form must be sent to:
M & C Services Private Limited,
at 112 Robinson Road #05-01,
Singapore 068902



If submitted electronically, the Proxy Form must be submitted via email to
SCI's Share Registrar at
gpe@mnscsingapore.com

- **The Proxy Form must be submitted and received by 11.30 a.m. on 8 August 2020.**
- CPFIS Members and SRS Investors who wish to appoint the Chairman of the SCI EGM as proxy should approach their respective CPF agent banks or SRS Approved Banks to submit their votes by 11.30 a.m. on 5 August 2020.

If you require further assistance or information, please contact:

DBS Bank Ltd.

Strategic Advisory

Tel: +65 6878 2150 (During office hours only from 9.00 a.m. to 6.00 p.m., Monday to Friday)

6

我能如何投票表决派息提案？

若您想于胜科工业的特别股东大会上行使您的投票权利，您须呈交一份委任表格来委托胜科工业特别股东大会的主席代表您投票。

步骤1：索取委任表格

委任表格附于本通函中，也可从胜科工业网站和新交所网站下载。网址如下：

<https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>

<https://www.sgx.com/securities/company-announcements>

步骤2：填写委任表格

A 请填写您的姓名和资料。
注：若您想行使您的投票权利，您必须委托胜科工业特别股东大会的主席为您的投票代表(基于目前新加坡2019冠状病毒疫情的情况)。

B 请在赞成、反对或弃权 的格子里注明您的投票选择。

C 若您是以个人身份投票，您或您的律师必须签名和注明日期。若您代表机构投票，委任表格必须加盖公章或由正式授权人员或律师签名。

D 请注明您所持有的胜科工业股票数量。

步骤3：呈交填妥的委任表格



若通过邮寄方式呈交，委任表格必须寄至
M & C Services Private Limited,
at 112 Robinson Road #05-01,
Singapore 068902



若通过电子方式呈交，委任表格必须电邮至胜科工业的股份过户登记处
gpe@mncsingapore.com

- 委任表格必须于2020年8月8日上午11点30分前呈交与接收。
- 有意委任胜科工业特别股东大会的主席为委托人的公积金投资计划(CPFIS)成员与退休辅助计划(SRS)投资者需联络各自的公积金代理银行或退休辅助计划的获批准银行，指示他们于2020年8月5日上午11点30分前代交表决。

若您需要更多协助或信息，请联络：

星展银行有限公司
策略咨询

电话：+65 6878 2150 (请于星期一至星期五的上午9点至下午6点的办公时间内拨打)

所有词汇均具有本通函所赋予的含义。

这份折叠文件的中文版是由英文版翻译。若折叠文件的中、英文版文件之间出现任何具争论性的差异，一切将以英文版为准。



VOTE TODAY TO BECOME A SHAREHOLDER OF TWO FOCUSED COMPANIES

今天就投票表决，以成为两家业务集中型公司的股东。



IMPORTANT DATES AND TIMES FOR SCI SHAREHOLDERS 胜科工业股东应注意日期和时间

Last date and time for lodgement of Proxy Form 委任表格的最后呈交与接收的日期和时间	8 August 2020 at 11.30 a.m. 2020年8月8日上午11点30分
Date and time of SCI EGM 胜科工业特别股东大会的日期和时间	11 August 2020 at 11.30 a.m. 2020年8月11日上午11点30分
Place of SCI EGM 胜科工业特别股东大会的地点	To be convened and held by electronic means 通过电子方式召开和进行

IMPORTANT NOTICE

The information in this section is a summary of the Proposed Distribution and the Transaction and is qualified by, and should be read in conjunction with, the full information contained in the rest of this Circular. In the event of any inconsistency or conflict between the terms of this summary and this Circular, the terms set out in this Circular shall prevail.

Nothing in this section is intended to be, or shall be taken as, advice, recommendation or solicitation to the SCI Shareholders or any other party.

SCI Shareholders are advised to exercise caution when dealing in their SCI Shares and refrain from taking any action in relation to their SCI Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the SCI Independent Directors as set out in this Circular.

重要提示

本节信息为派息提案以及本交易的总结，须与本通函其他部分所含的全部信息一起阅读方为准确。若本总结与本通函存在任何不一致或相冲突的条款，则应以本通函中所列条款为准。

本节所列的任何信息不意味，也不可被视为给予胜科工业股东或任何其他各方的建议、推荐或招揽。

建议胜科工业股东在处置其胜科工业股票时谨慎行事，并避免采取任何可能对其不利的有关其胜科工业股票的行为，直至他们或他们的顾问已考虑了本通函中所列的信息以及胜科工业独立董事们的推荐。

IMPORTANT NOTICE TO OVERSEAS SCI SHAREHOLDERS

General

The circulation of this Circular and the distribution of the SCM Shares (as defined herein) 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. SCI Shareholders (as defined herein) 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 SCI 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 SCI Shareholders (as defined herein) to the distribution of the SCM Shares are set out on paragraph 8.7 of this Circular.

Malaysia

Overseas SCI Shareholders with registered addresses in Malaysia as at the SCI Record Date (as defined herein) will be entitled to receive SCM Shares pursuant to the Proposed Distribution (as defined herein). No offer for subscription or purchase, or invitation to subscribe for or purchase, of securities (including pursuant to the Proposed SCM Rights Issue (as defined herein)) is or will be made to Overseas SCI Shareholders in Malaysia on the basis of this Circular. The contents of this Circular have not been reviewed by or registered with any regulatory authority in Malaysia. Overseas SCI Shareholders in Malaysia are advised to exercise caution in relation to the Proposed Distribution and such other information contained herein. If you are in any doubt about any of the contents of this Circular, you should obtain independent professional advice.

Canada

Overseas SCI Shareholders with registered addresses in Canada as at the SCI Record Date will not be entitled to receive SCM Shares pursuant to the Proposed Distribution. Arrangements will be made for the distribution of the SCM Shares which would otherwise be distributed to such Overseas SCI Shareholders pursuant to the Proposed Distribution to such person(s) as the SCI Directors (as defined herein) may appoint to sell such SCM 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 SCI Shareholders according to their respective entitlements to the SCM Shares as at the SCI Record Date.

Notwithstanding the foregoing, in the event any person residing in Canada (including any investor who holds SCI Shares through nominee(s) with registered addresses in Singapore) receives SCM Shares pursuant to the Proposed Distribution, the distribution of such SCM Shares to such person will be made in reliance on an exemption from the requirement to prepare and file a prospectus in Canada. Accordingly, any resale of the SCM Shares in Canada must be made in accordance with Canadian securities laws and in reliance on an exemption from the prospectus and registration requirements in Canada, which vary depending on the Canadian province or territory. A resale of the SCM Shares outside of Canada may also require an exemption from Canadian prospectus and registration requirements. SCM is not currently a reporting issuer in any province or territory of Canada. You are advised to seek legal advice prior to any resale of SCM Shares received in connection with the Proposed Distribution.

CAUTIONARY NOTE REGARDING 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 “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “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 information available as at the Latest Practicable Date (as defined herein). 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. SCI Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

As there are risks and uncertainties that may cause the actual results, performance or achievements of the Company and/or the SCI Group (as defined herein) to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, SCI Shareholders are advised not to place undue reliance on those statements. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and/or any regulatory or supervisory body or agency.

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"1H 2020"	:	The half-year ended 30 June 2020
"2H 2020"	:	The half-year commencing 1 July 2020 and ending 31 December 2020
"2019 Bondholders"	:	Has the meaning given to it in paragraph 3.15 of the Letter to Shareholders in this Circular
"2019 Bonds"	:	The S\$1.5 billion 3.55 per cent. guaranteed bonds due 2024 which were issued by SFS in 2019
"5-Day VWAP"	:	Has the meaning given to it in paragraph 3.1(i) of the Letter to Shareholders in this Circular
"Board"	:	The board of SCI Directors for the time being
"Brokerages"	:	Has the meaning given to it in paragraph 8.8 of the Letter to Shareholders in this Circular
"Cancellation"	:	Has the meaning given to it in paragraph 3.14(ii) of the Letter to Shareholders in this Circular
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to SCI Shareholders dated 22 July 2020 in relation to the Proposed Distribution
"Code"	:	The Singapore Code on Take-overs and Mergers
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore
"Company" or "SCI"	:	Sembcorp Industries Ltd
"Completion Date"	:	Has the meaning given to it in paragraph 1.3 of the Letter to Shareholders in this Circular
"Concession Period"	:	Has the meaning given to it in paragraph 8.8 of the Letter to Shareholders in this Circular
"Concessionary Brokerage Rate"	:	Has the meaning given to it in paragraph 8.8 of the Letter to Shareholders in this Circular
"CPF"	:	Central Provident Fund
"CPFIS"	:	CPF Investment Scheme
"CPFIS Members"	:	Has the meaning given to it in paragraph 8.4 of the Letter to Shareholders in this Circular
"DBS Group"	:	DBS Group Holdings Ltd
"DBS Vickers"	:	DBS Vickers Securities (Singapore) Pte Ltd
"Distribution Resolution"	:	The ordinary resolution to approve the Proposed Distribution to be proposed at the SCI EGM, notice of which is set out on pages N-1 to N-3 of this Circular

DEFINITIONS

“EBITDA”	:	Earnings before interest, tax, depreciation and amortisation, excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs
“Entitled SCI Shareholders”	:	Has the meaning given to it in paragraph 4.2 of the Letter to Shareholders in this Circular
“EPS”	:	Earnings per share computed as PATMI excluding profits attributable to perpetual security holders of the Company divided by the weighted average number of SCI Shares (excluding treasury shares)
“ERCC”	:	Has the meaning given to it in paragraph 4.9 of the Letter to Shareholders in this Circular
“Excess SCM Rights Shares”	:	SCM Rights Shares represented by provisional allotments of SCM Rights Shares not accepted (whether by the persons to which the SCM Rights Shares are provisionally allotted or by the purchasers of “nil-paid” rights), taken up or allotted for any reason and the fractional provisional allotments of SCM Rights Shares not allotted in accordance with the terms of the Proposed SCM Rights Issue
“Existing SCM Share Capital”	:	Has the meaning given to it in paragraph 2.1 of the Letter to Shareholders in this Circular
“Financial Adviser”	:	DBS Bank Ltd., the sole financial adviser to the Company in respect of the Proposed Distribution
“FY2019”	:	The financial year ended 31 December 2019
“Independent SCM Shareholders”	:	The SCM Shareholders who are deemed to be independent for the purposes of the Whitewash Resolution, being the SCM Shareholders other than the Temasek Concert Party Group and parties not independent of the Temasek Concert Party Group
“Last Trading Day”	:	3 June 2020, being the last trading day on which trades were done on the SCI Shares and the SCM Shares prior to the SCI Announcement and the SCM Announcement
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 17 July 2020
“Listing Manual”	:	The listing manual of the SGX-ST
“Loan Repayment Date”	:	Has the meaning given to it in paragraph 3.9(C) of the Letter to Shareholders in this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Maximum Resultant Holding Scenario”	:	Has the meaning given to it in paragraph 5.3(iii) of the Letter to Shareholders in this Circular
“Maximum SCI Distribution Shares”	:	Has the meaning given to it in paragraph 3.11(ii) of the Letter to Shareholders in this Circular

DEFINITIONS

“Maximum SCM Subscribed Rights Shares”	:	Has the meaning given to it in paragraph 3.11(ii) of the Letter to Shareholders in this Circular
“Minimum Resultant Holding Scenario”	:	Has the meaning given to it in paragraph 5.3(ii) of the Letter to Shareholders in this Circular
“Minimum SCI Distribution Shares”	:	Has the meaning given to it in paragraph 3.11(i) of the Letter to Shareholders in this Circular
“NAV”	:	Net asset value computed as total assets less total liabilities and non-controlling interests
“Net Profit”	:	Profit after tax
“Notice”	:	The notice of the SCI EGM dated 22 July 2020 set out on pages N-1 to N-3 of this Circular
“Novation”	:	Has the meaning given to it in paragraph 3.14(i) of the Letter to Shareholders in this Circular
“NTA”	:	Net tangible assets computed as total assets less total liabilities, goodwill, intangible assets and non-controlling interests
“O&M”	:	Has the meaning given to it in paragraph 3.13(ii)(b) of the Letter to Shareholders in this Circular
“OCBC Securities”	:	OCBC Securities Private Limited
“Overseas SCI Shareholders”	:	SCI Shareholders whose registered addresses as at the SCI Record Date, as appearing in the Register of SCI or the Depository Register (as the case may be) for the service of notice and/or documents, are outside Singapore
“PATMI”	:	Profit after tax and minority interest (minority interest refers to non-controlling interest)
“Phillip Securities”	:	Phillip Securities Pte Ltd
“Profit attributable to owners of the Company”	:	PATMI less profits attributable to perpetual security holders of the Company
“Proposed Distribution”	:	The proposed distribution <i>in specie</i> of up to all of the SCM Shares held by the Company to the Entitled SCI Shareholders on a <i>pro-rata</i> basis to be undertaken after the completion of the Proposed SCM Rights Issue, as further described in paragraphs 1.1(ii) and 4 of the Letter to Shareholders in this Circular
“Proposed Distribution Conditions”	:	Has the meaning given to it in paragraph 4.6 of the Letter to Shareholders in this Circular
“Proposed SCM Rights Issue”	:	Has the meaning given to it in paragraph 1.1(i) of the Letter to Shareholders in this Circular
“Proxy Form”	:	The proxy form in respect of the SCI EGM as set out in this Circular
“Register of SCI”	:	The register of members of SCI, as maintained by the Share Registrar

DEFINITIONS

“Register of SCM”	:	The register of members of SCM, as maintained by KCK CorpServe Pte. Ltd., being SCM’s share registrar
“Relevant Excess SCM Rights Shares”	:	Has the meaning given to it in paragraph 3.9 of the Letter to Shareholders in this Circular
“Relevant SCM Shares”	:	Has the meaning given to it in paragraph 3.9 of the Letter to Shareholders in this Circular
“Relevant Temasek Entity(ies)”	:	Has the meaning given to it in paragraph 3.4 of the Letter to Shareholders in this Circular
“ROA”	:	Return on assets computed as the sum of (i) Net Profit (excluding non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution) and (ii) finance costs, divided by total assets
“ROE”	:	Return on equity computed as Profit attributable to owners of the Company (excluding non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution) divided by equity attributable to owners of the Company
“SCI 1H 2020 Unaudited Consolidated Financial Statements”	:	The unaudited consolidated financial statements of the SCI Group for 1H 2020, as announced by SCI on SGXNET on 17 July 2020
“SCI Announcement”	:	The announcement dated 8 June 2020 issued by the Company in relation to the Transaction and setting out, <i>inter alia</i> , the Company’s intention to undertake the Proposed Distribution
“SCI Directors”	:	The directors of the Company for the time being
“SCI Distribution Shares”	:	Has the meaning given to it in paragraph 4.3 of the Letter to Shareholders in this Circular
“SCI EGM”	:	The extraordinary general meeting of the Company to be convened and held by way of electronic means at 11.30 a.m. on 11 August 2020 (and any adjournment thereof), notice of which is set out on pages N-1 to N-3 of this Circular
“SCI FY2019 Audited Consolidated Financial Statements”	:	The audited consolidated financial statements of the SCI Group for FY2019
“SCI Group”	:	The Company and its subsidiaries
“SCI Independent Directors”	:	The SCI Directors who are considered independent of the Temasek Concert Party Group for the purposes of the Transaction, being Mr Ang Kong Hua, Tan Sri Mohd Hassan Marican, Mr Tham Kui Seng, Mr Ajaib Haridass, Mr Nicky Tan Ng Kuang, Mr Yap Chee Keong, Mr Jonathan Asherson OBE and Dr Josephine Kwa Lay Keng
“SCI Non-Independent Directors”	:	Has the meaning given to it in paragraph 10.1 of the Letter to Shareholders in this Circular

DEFINITIONS

“SCI Pro-Rata SCM Rights Shares”	:	Has the meaning given to it in paragraph 3.3 of the Letter to Shareholders in this Circular
“SCI PSP”	:	Has the meaning given to it in paragraph 4.3 of the Letter to Shareholders in this Circular
“SCI Record Date”	:	The time and date to be determined by the SCI Directors at and on which the Register of SCI and share transfer books of SCI will be closed to determine the entitlements of Entitled SCI Shareholders to SCI Distribution Shares under the Proposed Distribution
“SCI RSP”	:	Has the meaning given to it in paragraph 4.3 of the Letter to Shareholders in this Circular
“SCI Share Awards”	:	Has the meaning given to it in paragraph 4.3 of the Letter to Shareholders in this Circular
“SCI Shareholders”	:	The registered holders of the SCI Shares (other than the Company) except that where the registered holder is CDP, the term “SCI Shareholders” shall, in relation to such SCI Shares and where the context admits, mean Depositors (other than the Company) whose Securities Accounts are credited with those SCI Shares
“SCI Shares”	:	The ordinary shares in the capital of the Company
“SCM”	:	Sembcorp Marine Ltd
“SCM 1H 2020 Unaudited Consolidated Financial Statements”	:	The unaudited consolidated financial statements of the SCM Group for the half-year period ended 30 June 2020, as announced by SCM on SGXNET on 15 July 2020
“SCM Announcement”	:	The announcement dated 8 June 2020 issued by SCM in relation to the Transaction and setting out, <i>inter alia</i> , SCM’s intention to undertake the Proposed SCM Rights Issue
“SCM Circular”	:	Has the meaning given to it in paragraph 5.2(i)(d) of the Letter to Shareholders in this Circular
“SCM Directors”	:	The directors of SCM for the time being
“SCM EGM”	:	Has the meaning given to it in paragraph 3.6(i) of the Letter to Shareholders in this Circular
“SCM FY2019 Audited Consolidated Financial Statements”	:	The audited consolidated financial statements of the SCM Group for FY2019
“SCM Group”	:	SCM and its subsidiaries
“SCM Record Date”	:	Has the meaning given to it in paragraph 1.1(i) of the Letter to Shareholders in this Circular
“SCM Rights”	:	Rights to subscribe for five SCM Rights Shares for every one existing SCM Share held by entitled SCM Shareholders as at the SCM Record Date, fractional entitlements to be disregarded

DEFINITIONS

“SCM Rights Issue Closing Date”	:	Has the meaning given to it in paragraph 3.9 of the Letter to Shareholders in this Circular
“SCM Rights Issue Conditions”	:	Has the meaning given to it in paragraph 3.6 of the Letter to Shareholders in this Circular
“SCM Rights Issue Price”	:	Has the meaning given to it in paragraph 1.1(i) of the Letter to Shareholders in this Circular
“SCM Rights Issue Resolution”	:	Has the meaning given to it in paragraph 3.6(i) of the Letter to Shareholders in this Circular
“SCM Rights Shares”	:	Has the meaning given to it in paragraph 1.1(i) of the Letter to Shareholders in this Circular
“SCM Rights Subscription Amount”	:	Has the meaning given to it in paragraph 3.9(A) of the Letter to Shareholders in this Circular
“SCM RSP”	:	The Sembcorp Marine Restricted Share Plan 2010 approved and adopted by the SCM Shareholders on 20 April 2010
“SCM Share Awards”	:	Share awards granted under the SCM RSP
“SCM Shareholders”	:	Has the meaning given to it in paragraph 1.1(i) of the Letter to Shareholders in this Circular
“SCM Shares”	:	Has the meaning given to it in paragraph 1.1(i) of the Letter to Shareholders in this Circular
“Securities Accounts”	:	The securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
“Securities and Futures Act”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SFS”	:	Sembcorp Financial Services Pte. Ltd., a wholly-owned subsidiary of SCI
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	M & C Services Private Limited
“SIC”	:	Securities Industry Council of Singapore
“SIC Conditions”	:	Has the meaning given to it in paragraph 5.2 of the Letter to Shareholders in this Circular
“SMFS”	:	Sembcorp Marine Financial Services Pte. Ltd., a wholly-owned subsidiary of SCM
“Sole Financial Adviser, Lead Manager and Underwriter”	:	Has the meaning given to it in paragraph 3.3 of the Letter to Shareholders in this Circular
“SRS”	:	Supplementary Retirement Scheme
“SRS Approved Banks”	:	Approved banks in which SRS Investors hold their accounts under the SRS
“SRS Investors”	:	Has the meaning given to it in paragraph 8.5 of the Letter to Shareholders in this Circular

DEFINITIONS

“Startree”	:	Startree Investments Pte. Ltd.
“Sub-Underwriting Agreement”	:	Has the meaning given to it in paragraph 3.4 of the Letter to Shareholders in this Circular
“Subordinated Credit Facility”	:	The subordinated credit facility granted to SMFS, as borrower, by SFS, as lender, and guaranteed by SCM in June 2019 (as supplemented and amended from time to time, including by the Subordinated Credit Facility Deed of Amendment), details of which are set out in paragraph 3.14 of the Letter to Shareholders in this Circular
“Subordinated Credit Facility Deed of Amendment”	:	The deed of amendment dated 8 June 2020 entered into by the Company, SFS, SCM and SMFS to facilitate the set off arrangements in respect of the Company’s subscription and payment in full for the Undertaking SCM Rights Shares pursuant to the terms of the Undertaking Agreement and the separation of SCM from the Company and its subsidiaries following the Proposed Distribution, details of which are set out in paragraph 3.14 of the Letter to Shareholders in this Circular
“Subordinated Loan”	:	The five-year subordinated loan of S\$2 billion pursuant to the Subordinated Credit Facility, of which S\$1.5 billion has been drawn down as at the Latest Practicable Date, details of which are set out in paragraph 3.14 of the Letter to Shareholders in this Circular
“Substantial SCI Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that voting share, or those voting shares, is not less than five per cent. of the total votes attached to all the voting shares in the Company (excluding treasury shares)
“Substantial SCM Shareholder”	:	A person who has an interest or interests in one or more voting shares in SCM and the total votes attached to that voting share, or those voting shares, is not less than five per cent. of the total votes attached to all the voting shares in SCM (excluding treasury shares)
“Temasek”	:	Temasek Holdings (Private) Limited
“Temasek Companies”	:	Temasek’s direct and indirect wholly-owned subsidiaries whose boards of directors or equivalent governing bodies comprise employees or nominees of (i) Temasek, (ii) TPL, and/or (iii) wholly-owned subsidiaries of TPL
“Temasek Concert Party Group”	:	Temasek and parties acting in concert with it in relation to the Proposed Distribution, including SCI
“TPL”	:	Temasek Pte. Ltd.
“Transaction”	:	Has the meaning given to it in paragraph 1.1(ii) of the Letter to Shareholders in this Circular
“Undertaking Agreement”	:	The undertaking agreement dated 8 June 2020 entered into between the Company and SCM, details of which are set

DEFINITIONS

	out in paragraph 3.9 of the Letter to Shareholders in this Circular
“Undertaking SCM Rights Shares”	: Has the meaning given to it in paragraph 3.9(A) of the Letter to Shareholders in this Circular
“Underwriting and Management Agreement”	: Has the meaning given to it in paragraph 3.3 of the Letter to Shareholders in this Circular
“Underwritten SCM Rights Shares”	: Has the meaning given to it in paragraph 3.3 of the Letter to Shareholders in this Circular
“Unit Share Market”	: The unit share market of the SGX-ST which allows trading of shares in single shares
“UOB Kay Hian”	: UOB Kay Hian Private Limited
“Whitewash Resolution”	: Has the meaning given to it in paragraph 3.6(ii) of the Letter to Shareholders in this Circular
“Whitewash Waiver”	: Has the meaning given to it in paragraph 5.2 of the Letter to Shareholders in this Circular

Currencies, Units and Others

“S\$” and “cents”	: Singapore dollars and cents, respectively, being the lawful currency for the time being of the Republic of Singapore
“%” or “per cent.”	: Per centum or percentage

The expressions **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act.

The term **“controlling shareholders”** shall have the meaning ascribed to it in the Listing Manual.

The term **“subsidiaries”** and **“related corporations”** shall have the meanings ascribed to them respectively in the Companies Act.

The terms **“acting in concert”**, **“effective control”** and **“concert parties”** shall have the meanings ascribed to them respectively in the Code.

Except where specifically defined, the terms **“we”**, **“us”** and **“our”** in this Circular refer to the SCI Group.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the Listing Manual or the Code, or any modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the Securities and Futures Act, the Listing Manual or the Code, or any modification thereof, as the case may be.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

DEFINITIONS

Where applicable, certain figures and percentages used in this Circular have been rounded to one decimal place for ease of reading.

Any reference to a website or any website directly or indirectly linked to such websites in this Circular is not incorporated by reference into this Circular and should not be relied upon.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise specified.

INDICATIVE TIMETABLE

For illustrative purposes, the following are indicative dates and times for the Proposed Distribution⁽¹⁾:

Last date and time for lodgement of Proxy Forms for the SCI EGM⁽²⁾ : 8 August 2020 at 11.30 a.m.

Date and time of the SCI EGM : 11 August 2020 at 11.30 a.m.

Expected date of announcement of the SCI Record Date and distribution ratio of the Proposed Distribution : 7 September 2020

Expected last date of "cum" trading of the SCI Shares on the SGX-ST : *On or about 8 September 2020*

Expected date and time of commencement of "ex" trading of the SCI Shares on the SGX-ST : *On or about 9 September 2020 at 9.00 a.m.*

Expected SCI Record Date for the Proposed Distribution : *On or about 10 September 2020 at 5.30 p.m.*

Expected settlement date of the Proposed SCM Rights Issue : *On or about 11 September 2020*

Expected date for crediting the SCM Shares to SCI Shareholders pursuant to the Proposed Distribution : *On or about 11 September 2020*

Notes:

- (1) Save for the date and time by which the Proxy Forms must be lodged and the date and time of the SCI EGM, the timetable above is only indicative and the actual dates of the events in italics will be announced by the Company in due course by way of SGXNET announcements released on the SGX-ST.
- (2) **Due to the current COVID-19 situation in Singapore, an SCI Shareholder will not be allowed to attend the SCI EGM in person. An SCI Shareholder (whether individual or corporate) must appoint the Chairman of the SCI EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the SCI EGM if such SCI Shareholder wishes to exercise his/her/its voting rights at the SCI EGM.** This Circular, including the Notice and the accompanying Proxy Form, will be despatched to SCI Shareholders, and may also be accessed at the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>, and the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements>. CPFIS Members and SRS Investors who wish to appoint the Chairman of the SCI EGM as proxy should approach their respective CPF agent banks or SRS Approved Banks to submit their votes by 11.30 a.m. on 5 August 2020. The instrument appointing the Chairman of the SCI EGM as proxy must be submitted to the Company in the following manner: (i) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at gpe@mncsingapore.com, in either case not less than 72 hours before the time appointed for the SCI EGM. An SCI Shareholder who wishes to submit an instrument of proxy must first download (where necessary), 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. Alternatively, an SCI Shareholder may download, complete and authorise the proxy form by way of the affixation of an electronic signature, before sending it by email to the email address provided above.

LETTER TO SHAREHOLDERS

SEMBCORP INDUSTRIES LTD

(Incorporated in the Republic of Singapore)
Company Registration No. 199802418D

Directors:

Ang Kong Hua (*Chairman, Non-Executive and Independent Director*)
Wong Kim Yin (*Group President and Chief Executive Officer*)
Tan Sri Mohd Hassan Marican (*Non-Executive and Independent Director*)
Tham Kui Seng (*Non-Executive and Independent Director*)
Dr Teh Kok Peng (*Non-Executive and Independent Director*)
Ajaib Haridass (*Non-Executive and Independent Director*)
Nicky Tan Ng Kuang (*Non-Executive and Independent Director*)
Yap Chee Keong (*Non-Executive and Independent Director*)
Jonathan Asherson OBE (*Non-Executive and Independent Director*)
Dr Josephine Kwa Lay Keng (*Non-Executive and Independent Director*)
Nagi Hamiyeh (*Non-Executive and Non-Independent Director*)

Registered Office:

30 Hill Street
#05-04
Singapore 179360

22 July 2020

To: The Shareholders of Sembcorp Industries Ltd

Dear Sir/Madam

PROPOSED DISTRIBUTION *IN SPECIE* OF ORDINARY SHARES IN THE CAPITAL OF SCM**1. INTRODUCTION**

1.1 Proposed SCM Rights Issue and Proposed Distribution. On 8 June 2020, the Company announced that:

- (i) SCM proposes to undertake a renounceable underwritten rights issue (the "**Proposed SCM Rights Issue**") of up to 10,463,723,020 new ordinary shares in the capital of SCM (the "**SCM Rights Shares**") at an issue price of S\$0.20 for each SCM Rights Share (the "**SCM Rights Issue Price**"), on the basis of five SCM Rights Shares for every one existing ordinary share in the capital of SCM (the "**SCM Shares**"), held by entitled shareholders of SCM ("**SCM Shareholders**") as at a time and date to be determined by SCM Directors at and on which the Register of SCM and share transfer books of SCM will be closed to determine the provisional allotments of SCM Rights Shares of entitled SCM Shareholders under the Proposed SCM Rights Issue ("**SCM Record Date**"), fractional entitlements to be disregarded; and
- (ii) subject to, among others, the Proposed SCM Rights Issue being completed, the Company proposes to undertake a distribution *in specie* (the "**Proposed Distribution**", and together with the Proposed SCM Rights Issue, the "**Transaction**") to distribute up to all of its SCM Shares to shareholders of SCI (the "**SCI Shareholders**") on a *pro-rata* basis.

1.2 Conditions to the Proposed Distribution. The Proposed Distribution is subject to various conditions, including, but not limited to, the approval of SCI Shareholders as set out in paragraph 4.6 below.

1.3 No Payment Required from SCI Shareholders. No payment will be required from SCI Shareholders for the SCM Shares to be distributed to them pursuant to the Proposed Distribution. The SCM Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Proposed Distribution is completed (the "**Completion Date**").

LETTER TO SHAREHOLDERS

- 1.4 Availability of copies of the SCI Announcement.** A copy of the SCI Announcement relating to the Transaction is available on the website of the SGX-ST at the URL <https://www.sgx.com> and on the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/sgx-announcements>.
- 1.5 Circular.** The purpose of this Circular is to provide SCI Shareholders with relevant information relating to the Transaction, including the rationale and the pro forma financial effects of the Transaction on the SCI Group, and to seek SCI Shareholders' approval for the Distribution Resolution.
- 1.6 Legal Adviser.** Allen & Gledhill LLP is the legal adviser to the Company as to Singapore law in relation to the Proposed Distribution and the Distribution Resolution.

2. INFORMATION ON SCM

- 2.1 General.** SCM is a public limited company incorporated in Singapore and listed on the Mainboard of the SGX-ST. As at the Latest Practicable Date, SCM has a market capitalisation of approximately S\$920,716,797 and has 2,092,538,174 SCM Shares in issue (excluding treasury shares)¹ ("**Existing SCM Share Capital**").

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

- 2.2 Financial Information.** Based on the SCM FY2019 Audited Consolidated Financial Statements as set out in SCM's annual report for FY2019 and the Existing SCM Share Capital, the NTA value per SCM Share is approximately S\$0.92. Based on the SCM FY2019 Audited Consolidated Financial Statements, the loss before income tax and minority interests of SCM is S\$177 million.

Based on the SCM 1H 2020 Unaudited Consolidated Financial Statements and the Existing SCM Share Capital, the NTA value per SCM Share is approximately S\$0.84. Based on the SCM 1H 2020 Unaudited Consolidated Financial Statements, the loss before income tax and minority interests of SCM is S\$221 million.

- 2.3 Further Information on SCM.** Further information on SCM can be found at SCM's website at the URL <https://www.sembmarine.com> and at the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

3. PROPOSED SCM RIGHTS ISSUE, THE UNDERTAKING AGREEMENT AND THE SUBORDINATED CREDIT FACILITY DEED OF AMENDMENT

- 3.1 SCM Rights Issue Price.** Pursuant to the terms of the Proposed SCM Rights Issue, SCM proposes to issue 10,462,690,870 SCM Rights Shares at the SCM Rights Issue Price of S\$0.20 for each SCM Rights Share, on the basis of five SCM Rights Shares for every one existing

¹ Subsequent to the SCM Announcement, as announced by SCM on 24 June 2020, SCM allotted and issued an aggregate of 2,050,445 new SCM Shares pursuant to the release of SCM Share Awards under the SCM RSP and for the payment of SCM Directors' fees for FY2019.

The Company understands that, as at the Latest Practicable Date, save for the foregoing, SCM will not be allotting and issuing any additional new SCM Shares pursuant to the release of SCM Share Awards under the SCM RSP or for the payment of SCM Directors' fees prior to the SCM Record Date.

LETTER TO SHAREHOLDERS

SCM Share held by entitled SCM Shareholders as at the SCM Record Date, fractional entitlements to be disregarded. The SCM Rights Issue Price represents a discount of approximately:

- (i) 31.0 per cent. to the theoretical ex-rights price of S\$0.290² per SCM Share as calculated based on the volume weighted average price of the SCM Shares over the five-day period up to and including the Last Trading Day of S\$0.740 (the “**5-Day VWAP**”)³;
- (ii) 35.1 per cent. to the theoretical ex-rights price of S\$0.308⁴ per SCM Share as calculated based on the last transacted price of the SCM Shares on the Mainboard of the SGX-ST of S\$0.850 on the Last Trading Day; and
- (iii) 76.5 per cent. to the last transacted price of the SCM Shares on the Mainboard of the SGX-ST of S\$0.850 on the Last Trading Day.

3.2 Size of Proposed SCM Rights Issue. Based on the Existing SCM Share Capital of 2,092,538,174 SCM Shares (excluding treasury shares), SCM will allot and issue 10,462,690,870 SCM Rights Shares under the Proposed SCM Rights Issue. As a result of the entry into the Undertaking Agreement (as described in paragraph 3.9 below), the Underwriting and Management Agreement (as defined in paragraph 3.3 below) and the Sub-Underwriting Agreement (as defined in paragraph 3.4 below), the Proposed SCM Rights Issue is effectively fully underwritten and all of the SCM Rights Shares to be allotted and issued by SCM under the Proposed SCM Rights Issue will be fully subscribed and paid for.

3.3 Underwritten SCM Rights Shares. SCM has appointed DBS Bank Ltd. as the sole financial adviser, lead manager and underwriter for the Proposed SCM Rights Issue (the “**Sole Financial Adviser, Lead Manager and Underwriter**”) pursuant to the terms of an underwriting and management agreement dated 8 June 2020 entered into between SCM and the Sole Financial Adviser, Lead Manager and Underwriter (the “**Underwriting and Management Agreement**”). The Sole Financial Adviser, Lead Manager and Underwriter has agreed to underwrite up to 2,962,690,870 SCM Rights Shares (which excludes the Undertaking SCM Rights Shares (as defined in paragraph 3.9(A) below)) (the “**Underwritten SCM Rights Shares**”) at the SCM Rights Issue Price on the terms and subject to the conditions of the Underwriting and Management Agreement.

Pursuant to the Underwriting and Management Agreement, SCM will pay the Sole Financial Adviser, Lead Manager and Underwriter an underwriting commission of 0.15 per cent. of the SCM Rights Issue Price multiplied by the Underwritten SCM Rights Shares (being a total of up to approximately S\$889,000).

The obligations of the Sole Financial Adviser, Lead Manager and Underwriter to subscribe for the Underwritten SCM Rights Shares are subject to and conditional upon, *inter alia*, SCI having subscribed and paid for (or procured the subscription and payment for) all its *pro-rata* entitlement under the Proposed SCM Rights Issue in relation to the Relevant SCM Shares (the “**SCI Pro-Rata SCM Rights Shares**”) (being 6,371,353,820 SCM Rights Shares, as set out in paragraph 3.9 below) and Excess SCM Rights Shares pursuant to the Undertaking Agreement.

3.4 Sub-Underwriting Agreement. Startree, a wholly-owned subsidiary of Temasek, has entered into a sub-underwriting agreement on 8 June 2020 (the “**Sub-Underwriting Agreement**”) with the Sole Financial Adviser, Lead Manager and Underwriter pursuant to which it has agreed, on

² Such theoretical ex-rights price is the theoretical market price of each SCM Share assuming the completion of the Proposed SCM Rights Issue, and is calculated based on the 5-Day VWAP, and the number of SCM Shares following the completion of the Proposed SCM Rights Issue.

³ The SCM Rights Issue Price represents a discount of approximately 73.0 per cent. to the 5-Day VWAP.

⁴ Such theoretical ex-rights price is the theoretical market price of each SCM Share assuming the completion of the Proposed SCM Rights Issue, and is calculated based on the last transacted price of the SCM Shares on the Mainboard of the SGX-ST of S\$0.850 on the Last Trading Day and the number of SCM Shares following the completion of the Proposed SCM Rights Issue.

LETTER TO SHAREHOLDERS

the terms and subject to the conditions of the Sub-Underwriting Agreement, to subscribe, or procure one or more Temasek Companies to subscribe, for the Underwritten SCM Rights Shares⁵ (the entity(ies) that will be subscribing for such Underwritten SCM Rights Shares, the “**Relevant Temasek Entity(ies)**”) to the extent that such SCM Rights Shares are not successfully subscribed for under the Proposed SCM Rights Issue, where such successful subscriptions shall include valid acceptances for provisional allotments of SCM Rights Shares and valid subscriptions for Excess SCM Rights Shares, provided always that the aggregate subscription amount for such SCM Rights Shares shall not at any time exceed S\$0.6 billion.

Under the terms of the Sub-Underwriting Agreement, no sub-underwriting fees will be paid to Temasek or Startree.

3.5 Use of Proceeds. As set out in the SCM Announcement, the estimated amount of the gross proceeds from the Proposed SCM Rights Issue is approximately S\$2.1 billion. SCM intends to utilise the net proceeds from the Proposed SCM Rights Issue for the following purposes:

- (i) S\$1.5 billion will be used to repay (including by way of set off in the manner described in paragraph 3.9 below) the outstanding principal of S\$1.5 billion under the Subordinated Credit Facility; and
- (ii) S\$0.6 billion will be used for SCM’s working capital and general corporate purposes, including debt servicing (which may in turn include payments related to the Subordinated Credit Facility such as intercompany loan fee and loan interest).

3.6 SCM Rights Issue Conditions. The Proposed SCM Rights Issue is subject to and conditional upon, *inter alia*, the satisfaction or waiver of the following conditions precedent (the “**SCM Rights Issue Conditions**”):

- (i) the approval of the SCM Shareholders, at an extraordinary general meeting of SCM (“**SCM EGM**”) to be convened, for the Proposed SCM Rights Issue, including the allotment and issuance of the SCM Rights Shares pursuant to the Proposed SCM Rights Issue (the “**SCM Rights Issue Resolution**”);
- (ii) the approval of the Independent SCM Shareholders at the SCM EGM for the waiver of their rights to receive a general offer from the Temasek Concert Party Group, in accordance with Rule 14 of the Code, as a result of the Proposed Distribution (the “**Whitewash Resolution**”);
- (iii) the approval in-principle from the SGX-ST for the listing of and quotation for the SCM Rights Shares on the Mainboard of the SGX-ST, not having been withdrawn or revoked as at the date of completion of the Proposed SCM Rights Issue;
- (iv) the lodgement of the offer information statement to be issued by SCM in connection with the Proposed SCM Rights Issue, together with all other accompanying documents, with the Monetary Authority of Singapore;
- (v) the Whitewash Waiver (as defined in paragraph 5.2 below), which was granted by the SIC on 5 June 2020, not having been withdrawn, revoked or amended, and all conditions to which the Whitewash Waiver is subject having been fulfilled;
- (vi) the approval of the 2019 Bondholders having been obtained either in writing or at a meeting of the 2019 Bondholders for amendments to the terms and conditions of the 2019 Bonds to, *inter alia*, waive and/or delete the requirement for the mandatory redemption of the 2019 Bonds upon repayment of the Subordinated Loan;

⁵ The maximum number of Underwritten SCM Rights Shares to be subscribed under the Sub-Underwriting Agreement (comprising up to 2,962,690,870 SCM Rights Shares based on the Proposed SCM Rights Issue size of 10,462,690,870 SCM Rights Shares) represent approximately 141.58 per cent. of the issued share capital of SCM (excluding treasury shares) as at the Latest Practicable Date and approximately 23.60 per cent. of the enlarged issued share capital of SCM (excluding treasury shares) upon completion of the Proposed SCM Rights Issue.

LETTER TO SHAREHOLDERS

- (vii) the approval of the SCI Shareholders at the SCI EGM for the Distribution Resolution; and
- (viii) all other approvals of any government whether Singapore or foreign, any department, ministry or agency of any government, and any other governmental, administrative, fiscal, monetary or judicial body, as well as all other third party consents, which SCI or SCM reasonably determines are necessary to implement the Proposed SCM Rights Issue and the Proposed Distribution having been obtained either unconditionally or on conditions satisfactory to SCI and SCM acting reasonably and any such approval or consent not having been withdrawn or revoked.

As at the date of this Circular, save for the SCM Rights Issue Conditions set out in paragraphs 3.6(i), 3.6(ii), 3.6(iii), 3.6(iv), 3.6(v), 3.6(vii) and 3.6(viii), all the other SCM Rights Issue Conditions set out in this paragraph 3.6 have been satisfied or waived. In this regard, the approval in-principle from the SGX-ST set out in paragraph 3.6(iii) was granted on 22 July 2020. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Proposed SCM Rights Issue, the SCM Rights Shares, the SCM Rights, SCM, its subsidiaries and/or the SCM Shares.

- 3.7 Subscription by SCM Directors.** The SCM Directors who are also SCM Shareholders have indicated to SCM that they intend to subscribe and pay for all their respective entitlements of SCM Rights Shares in accordance with the terms and conditions of the Proposed SCM Rights Issue.
- 3.8 Further Information.** Further information on the Proposed SCM Rights Issue is set out in the SCM Announcement and the SCM Circular, copies of which may be found on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.
- 3.9 SCI Undertaking.** As at the Latest Practicable Date, SCI has a direct interest in an aggregate of 1,274,270,764 SCM Shares, representing approximately 60.90 per cent. of the SCM Shares in issue (the “**Relevant SCM Shares**”), and SCM is a subsidiary of the SCI Group. Pursuant to the terms of the Undertaking Agreement, SCI has undertaken to, *inter alia*:
- (i) subscribe and pay in full for all the SCI Pro-Rata SCM Rights Shares; and
 - (ii) subscribe and pay in full for, or procure the subscription and payment in full of, Excess SCM Rights Shares, provided that the value for such Excess SCM Rights Shares shall not, based on the SCM Rights Issue Price, exceed an amount equivalent to the difference between (a) the SCI Pro-Rata SCM Rights Shares multiplied by the SCM Rights Issue Price, and (b) S\$1.5 billion.

Based on the Existing SCM Share Capital of 2,092,538,174 SCM Shares and the Proposed SCM Rights Issue size of 10,462,690,870 SCM Rights Shares, the SCI Pro-Rata SCM Rights Shares will comprise 6,371,353,820 SCM Rights Shares and the Excess SCM Rights Shares required to be subscribed for by SCI will comprise up to 1,128,646,180 SCM Rights Shares (the “**Relevant Excess SCM Rights Shares**”).

In this regard, SCI will satisfy its obligations set out in paragraphs 3.9(i) and 3.9(ii) above by submitting an application, on or prior to the last day for acceptance of and/or excess application and payment for the SCM Rights Shares (the “**SCM Rights Issue Closing Date**”) in accordance with the terms and conditions of the Proposed SCM Rights Issue, to subscribe for (1) the SCI Pro-Rata SCM Rights Shares (for a total consideration of S\$1,274,270,764 based on the SCM Rights Issue Price), and (2) such number of Excess SCM Rights Shares equivalent to the difference between (I) S\$1.5 billion divided by the SCM Rights Issue Price, and (II) the SCI Pro-Rata SCM Rights Shares (for a total consideration of S\$225,729,236 based on the SCM Rights Issue Price). Accordingly, SCI will submit an application, on or prior to the SCM Rights Issue Closing Date, to subscribe for a total of 7,500,000,000 SCM Rights Shares (comprising 6,371,353,820 SCI Pro-Rata SCM Rights Shares and 1,128,646,180 Relevant Excess SCM Rights Shares) for a total consideration of S\$1.5 billion.

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In the allotment of Excess SCM Rights Shares, preference will be given to the rounding of odd lots, and SCM Directors and Substantial SCM Shareholders (including SCI with respect to the Relevant Excess SCM Rights Shares) who have control or influence over SCM in connection with the day-to-day affairs of SCM or the terms of the Proposed SCM Rights Issue, or have representation (direct or through a nominee) on the board of SCM Directors, will rank last in priority for the rounding of odd lots and the allotment of Excess SCM Rights Shares.

Pursuant to the terms of the Undertaking Agreement, SCI and SCM have also agreed, *inter alia*, that:

- (A) the aggregate price payable by SCI (the “**SCM Rights Subscription Amount**”) for the SCI Pro-Rata SCM Rights Shares and any Excess SCM Rights Shares (collectively, the “**Undertaking SCM Rights Shares**”) shall not at any time exceed S\$1.5 billion (representing up to 7,500,000,000 SCM Rights Shares, comprising 6,371,353,820 SCI Pro-Rata SCM Rights Shares and up to 1,128,646,180 Excess SCM Rights Shares);
- (B) consistent with the use of the proceeds from the Proposed SCM Rights Issue, SCI’s obligation to pay the SCM Rights Subscription Amount shall be set off against an equivalent amount of the principal amount outstanding and due and owing to SCI by SCM under the Subordinated Credit Facility following the Novation (as defined in paragraph 3.14(i) below). In the event that the aggregate value of the SCM Rights Shares subscribed for by the SCM Shareholders (other than SCI) and investors (if any), based on the SCM Rights Issue Price, exceeds S\$0.6 billion, such that the aggregate value of the Undertaking SCM Rights Shares which SCI is required to subscribe for pursuant to the Undertaking Agreement is less than S\$1.5 billion, for the purposes of repayment of the outstanding principal of S\$1.5 billion under the Subordinated Credit Facility, as set out in paragraph 3.5(i), SCM would utilise either the cash proceeds from the Proposed SCM Rights Issue or its available cash balances to repay any such amounts not set off in the manner described in this paragraph 3.9(B), as further described in paragraph 3.9(C);
- (C) SCM shall, on a date falling on or prior to the fifth business day after the date on which SCM receives the cash proceeds from the Proposed SCM Rights Issue and the SCM Rights Shares are issued (or such other date as may be agreed between the parties to the Subordinated Credit Facility Deed of Amendment in writing) (the “**Loan Repayment Date**”), utilise either the cash proceeds from the Proposed SCM Rights Issue or its available cash balances to repay all and any outstanding principal amounts under the Subordinated Credit Facility and all interest on the principal amount of the Subordinated Loan accrued and unpaid up to the Loan Repayment Date, as well as all other amounts acknowledged and agreed to be repaid by SCM to SCI as set out in the Subordinated Credit Facility Deed of Amendment, which have not been settled or otherwise repaid on or prior to the Loan Repayment Date. It is anticipated that as at the Loan Repayment Date, the other amounts acknowledged and agreed to be repaid by SCM to SCI as set out in the Subordinated Credit Facility Deed of Amendment will comprise an intercompany loan fee payable under the Subordinated Credit Facility of approximately S\$50,000;
- (D) no commission or fee will be payable by SCM to SCI in connection with SCI’s undertakings under the Undertaking Agreement; and
- (E) to the extent not prohibited under applicable laws and regulations (including the Listing Manual), SCI irrevocably undertakes to SCM that it shall vote or procure the voting of all the Relevant SCM Shares in favour of the SCM Rights Issue Resolution, including the allotment and issuance of the SCM Rights Shares pursuant to the Proposed SCM Rights Issue, at the SCM EGM.

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3.10 Conditions to the Undertaking Agreement. The undertakings of SCI and the agreements between SCI and SCM pursuant to the Undertaking Agreement are subject to and conditional upon, *inter alia*, the satisfaction or waiver of the following conditions precedent:

- (i) the SCM Rights Issue Conditions; and
- (ii) the entry into the Subordinated Credit Facility Deed of Amendment by SCI, SFS, SCM and SMFS, and the Subordinated Credit Facility Deed of Amendment (including the Novation (as defined in paragraph 3.14(i) below)) not having been terminated and remaining in full force and effect.

3.11 Resultant Shareholding in SCM immediately following the Proposed SCM Rights Issue but before the Proposed Distribution

(i) **Minimum SCI Distribution Shares and No Subscription for Underwritten SCM Rights Shares.** Assuming that:

- (a) as at the SCM Record Date, SCI holds the Relevant SCM Shares; and
- (b) all SCM Rights Shares are subscribed for by the SCM Shareholders and investors such that SCI subscribes only for the SCI Pro-Rata SCM Rights Shares and no Excess SCM Rights Shares are allocated to SCI, and the Relevant Temasek Entity(ies) is/are not required pursuant to the Sub-Underwriting Agreement to subscribe for any Underwritten SCM Rights Shares,

the number of SCM Rights Shares subscribed for by, and the resultant shareholdings in SCM immediately following the Proposed SCM Rights Issue but before the Proposed Distribution of, (1) SCI, (2) Temasek, Startree and the Relevant Temasek Entity(ies), and (3) the other SCM Shareholders, are set out as follows:

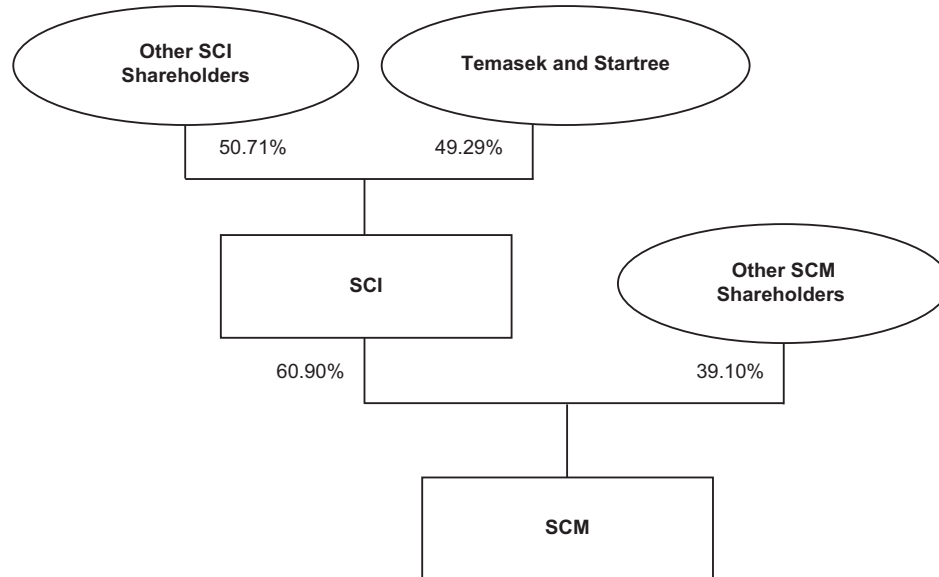
Entity	Subscription of SCM Rights Shares		Resultant Shareholdings in SCM	
	Number of SCM Rights Shares subscribed for	Percentage of SCM Shares in issue (%) ⁽¹⁾	Number of SCM Shares directly owned	Percentage of SCM Shares in issue (%) ⁽¹⁾
SCI	6,371,353,820	50.75	7,645,624,584 (the “Minimum SCI Distribution Shares”)	60.90
Temasek, Startree and the Relevant Temasek Entity(ies)	-	-	-	-
Other SCM Shareholders	4,091,337,050	32.59	4,909,604,460	39.10

Note:

- (1) Calculated based on 12,555,229,044 SCM Shares (excluding treasury shares), including 10,462,690,870 SCM Rights Shares following the completion of the Proposed SCM Rights Issue.

LETTER TO SHAREHOLDERS

An illustration of the interests of SCI in SCM immediately following the Proposed SCM Rights Issue on the assumption that SCI holds the Minimum SCI Distribution Shares and the Relevant Temasek Entity(ies) do not hold any SCM Shares immediately following the Proposed SCM Rights Issue is set out below:



- (ii) **Maximum SCI Distribution Shares and No Subscription for Underwritten SCM Rights Shares.** Assuming that:
- (a) as at the SCM Record Date, SCI holds the Relevant SCM Shares; and
 - (b) the aggregate value of the SCM Rights Shares subscribed for by the SCM Shareholders (other than SCI) and investors (if any), based on the SCM Rights Issue Price, is S\$0.6 billion, such that SCI is required pursuant to the Undertaking Agreement to subscribe for all of the Undertaking SCM Rights Shares, and the Relevant Temasek Entity(ies) is/are not required pursuant to the Sub-Underwriting Agreement to subscribe for any Underwritten SCM Rights Shares,

LETTER TO SHAREHOLDERS

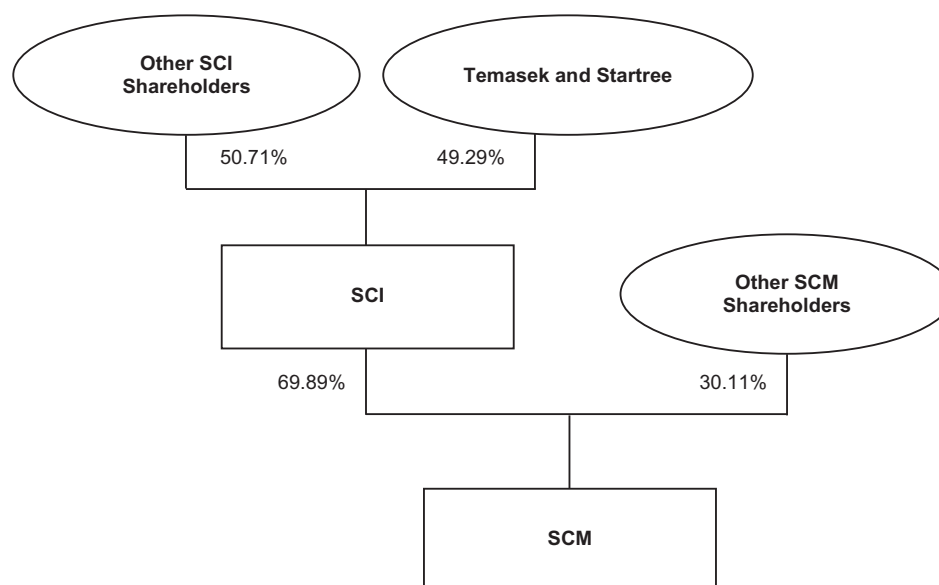
the number of SCM Rights Shares subscribed for by, and the resultant shareholdings in SCM immediately following the Proposed SCM Rights Issue but before the Proposed Distribution of, (1) SCI, (2) Temasek, Startree and the Relevant Temasek Entity(ies), and (3) the other SCM Shareholders, are set out as follows:

Entity	Subscription of SCM Rights Shares		Resultant Shareholdings in SCM	
	Number of SCM Rights Shares subscribed for	Percentage of SCM Shares in issue (%) ⁽¹⁾	Number of SCM Shares directly owned	Percentage of SCM Shares in issue (%) ⁽¹⁾
SCI	7,500,000,000 ("Maximum SCM Subscribed Rights Shares")	59.74	8,774,270,764 (the "Maximum SCI Distribution Shares")	69.89
Temasek, Startree and the Relevant Temasek Entity(ies)	-	-	-	-
Other SCM Shareholders	2,962,690,870	23.60	3,780,958,280	30.11

Note:

(1) Calculated based on 12,555,229,044 SCM Shares (excluding treasury shares), including 10,462,690,870 SCM Rights Shares following the completion of the Proposed SCM Rights Issue.

An illustration of the interests of SCI in SCM immediately following the Proposed SCM Rights Issue on the assumption that SCI holds the Maximum SCI Distribution Shares and the Relevant Temasek Entity(ies) do not hold any SCM Shares immediately following the Proposed SCM Rights Issue is set out below:



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(iii) **Maximum SCI Distribution Shares and Relevant Temasek Entity(ies) Subscribe for all Underwritten SCM Rights Shares.** Assuming that:

- (a) as at the SCM Record Date, SCI holds the Relevant SCM Shares; and
- (b) no SCM Shareholders (other than SCI) or investors subscribe for the SCM Rights Shares, such that SCI is required pursuant to the Undertaking Agreement to subscribe for all of the Undertaking SCM Rights Shares, and the Relevant Temasek Entity(ies) is/are required pursuant to the Sub-Underwriting Agreement to subscribe for all the Underwritten SCM Rights Shares,

the number of SCM Rights Shares subscribed for by, and the resultant shareholdings in SCM immediately following the Proposed SCM Rights Issue but before the Proposed Distribution of, (1) SCI, (2) Temasek, Startree and the Relevant Temasek Entity(ies), and (3) the other SCM Shareholders, are set out as follows:

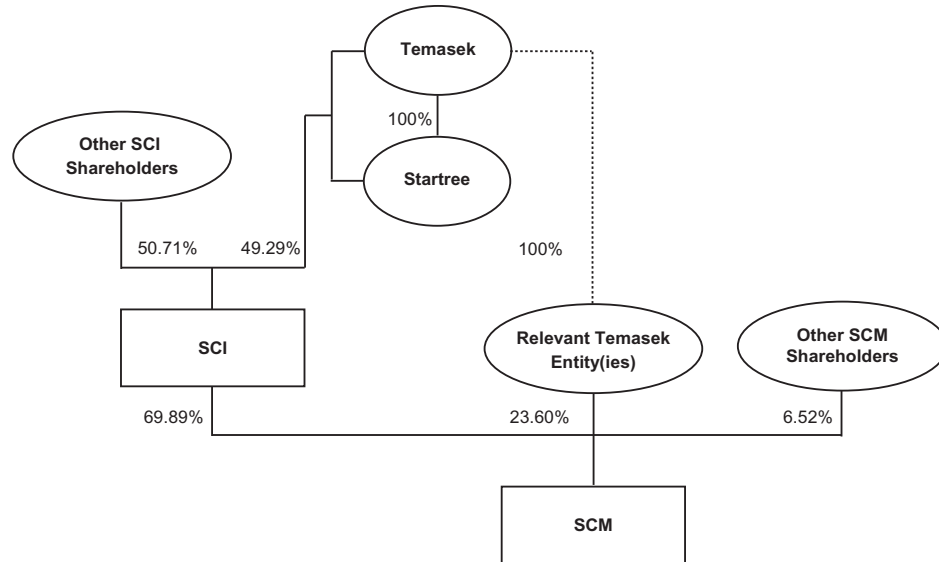
Entity	Subscription of SCM Rights Shares		Resultant Shareholdings in SCM	
	Number of SCM Rights Shares subscribed for	Percentage of SCM Shares in issue (%) ⁽¹⁾	Number of SCM Shares directly owned	Percentage of SCM Shares in issue (%) ⁽¹⁾
SCI	7,500,000,000	59.74	8,774,270,764	69.89
Temasek, Startree and the Relevant Temasek Entity(ies)	2,962,690,870	23.60	2,962,690,870	23.60
Other SCM Shareholders	-	-	818,267,410	6.52

Note:

- (1) Calculated based on 12,555,229,044 SCM Shares (excluding treasury shares), including 10,462,690,870 SCM Rights Shares following the completion of the Proposed SCM Rights Issue.

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An illustration of the interests of SCI and the Relevant Temasek Entity(ies) in SCM immediately following the Proposed SCM Rights Issue on the assumption that SCI holds the Maximum SCI Distribution Shares and the Relevant Temasek Entity(ies) is/are required pursuant to the Sub-Underwriting Agreement to subscribe for all the Underwritten SCM Rights Shares is set out below:



3.12 Consideration. Pursuant to the Undertaking Agreement, the maximum aggregate consideration for the Undertaking SCM Rights Shares would be S\$1.5 billion. There would be no cash outlay from SCI to subscribe for the Undertaking SCM Rights Shares as all amounts payable to SCM to subscribe for such Undertaking SCM Rights Shares would be set off against the principal amount outstanding under the Subordinated Loan due and owing from SCM to SCI.

3.13 Transaction in the Ordinary Course of Business. The Company is of the view that its subscription of the Maximum SCM Subscribed Rights Shares pursuant to the Proposed SCM Rights Issue and the Undertaking Agreement is a transaction which is in, or in connection with, the ordinary course of the SCI Group's business, for the following reasons:

- (i) **Existing Principal Business.** As set out in the Company's annual report for FY2019, the principal activities of the SCI Group are energy, marine, urban and corporate. The SCI Group's marine business is conducted through the SCM Group. Marine is a reported business segment of the SCI Group, as set out in the SCI FY2019 Audited Consolidated Financial Statements, which contributes more than 20 per cent. of the SCI Group's total assets.
- (ii) **No Change in Risk Profile.** The Company is of the view that there will be no significant change in the risk profile of the SCI Group as a result of its subscription of the Maximum SCM Subscribed Rights Shares pursuant to the Proposed SCM Rights Issue and the Undertaking Agreement for the following reasons:
 - (a) Based on the SCI FY2019 Audited Consolidated Financial Statements, and assuming that the Proposed SCM Rights Issue was completed at the end of FY2019, there would be no change in the SCI Group's net profit for FY2019 of approximately S\$295 million, as the financial statements of the SCM Group are consolidated in the financial statements of the SCI Group, and the SCI Group's net assets would increase from approximately S\$7,879 million to approximately S\$8,463 million after taking into account the cash proceeds received by SCM (net of transaction costs) pursuant to the Proposed SCM Rights Issue.

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- (b) SCM has been incurring losses over the last three years due to the severe and prolonged downturn in the offshore and marine (“O&M”) industry. The COVID-19 pandemic and sudden collapse in oil prices has exacerbated and caused further disruption in, and delayed the recovery of, the O&M industry. SCM therefore urgently needs to recapitalise, to address its liquidity issues and strengthen its balance sheet. SCM is an existing principal subsidiary of the SCI Group, and the financial results of the SCM Group (including any losses) are therefore consolidated as part of the consolidated financial statements of the SCI Group. SCI is therefore not acquiring a new business which would reduce its net profits or net assets. SCI has committed to support its principal subsidiary’s recapitalisation efforts with its undertaking to subscribe for up to S\$1.5 billion of the Proposed SCM Rights Issue, and to set off its outstanding S\$1.5 billion Subordinated Loan extended to SCM in 2019 against the subscription amount, such that SCI will not need to contribute any cash as part of its rights subscription.
- (c) The subscription of the Maximum SCM Subscribed Rights Shares by SCI will not have an adverse impact on the gearing of the SCI Group. SCI will not be required to contribute any cash for its subscription of any SCM Rights Shares as its subscription price will be set off against the amount outstanding under the Subordinated Loan. SCI will therefore not be required to incur any further borrowings to subscribe for the Maximum SCM Subscribed Rights Shares.
- (d) As SCM is an existing subsidiary of the SCI Group, the subscription of the Maximum SCM Subscribed Rights Shares would not result in the SCI Group expanding into a new jurisdiction or a new business that would expose the SCI Group to significant new risks.

3.14 Subordinated Credit Facility Deed of Amendment. In June 2019, SFS entered into the Subordinated Credit Facility with SMFS as borrower and SCM as guarantor, pursuant to which SFS provided SMFS with the Subordinated Loan, of which S\$1.5 billion has been drawn down by SMFS as at the Latest Practicable Date. On 4 June 2020, SFS and SMFS agreed to, *inter alia*, extend the availability period for the balance principal amount of S\$0.5 billion which remains undrawn. To facilitate the set off arrangements in respect of SCI’s subscription and payment in full for the Undertaking SCM Rights Shares pursuant to the terms of the Undertaking Agreement and the separation of SCM from the SCI Group following the Proposed Distribution, SCI, SFS, SCM and SMFS have entered into the Subordinated Credit Facility Deed of Amendment, pursuant to which SCI, SFS, SCM and SMFS have agreed, *inter alia*, that subject to and conditional upon the terms of the Subordinated Credit Facility Deed of Amendment:

- (i) SFS will novate all of its rights, title, interests, duties and obligations under or in connection with the Subordinated Credit Facility to SCI and SMFS will novate all of its rights, title, interests, duties and obligations under or in connection with the Subordinated Credit Facility to SCM (the “**Novation**”);
- (ii) the terms of the Subordinated Credit Facility will be amended to cancel the availability of the balance commitment of S\$0.5 billion available to be drawn down under the Subordinated Credit Facility (the “**Cancellation**”); and
- (iii) SCM shall, on or prior to the Loan Repayment Date, utilise either the cash proceeds from the Proposed SCM Rights Issue or its available cash balances to repay all and any outstanding principal amounts under the Subordinated Credit Facility and all interest on the principal amount of the Subordinated Loan accrued and unpaid up to the Loan Repayment Date, as well as all other amounts acknowledged and agreed to be repaid by SCM to SCI as set out in the Subordinated Credit Facility Deed of Amendment, which have not been settled or otherwise repaid on or prior to the Loan Repayment Date. It is anticipated that as at the Loan Repayment Date, the other amounts acknowledged and agreed to be repaid by SCM to SCI as set out in the Subordinated Credit Facility Deed

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of Amendment will comprise an intercompany loan fee payable under the Subordinated Credit Facility of approximately S\$50,000.

The terms of the Subordinated Credit Facility Deed of Amendment (including the Novation and the Cancellation) shall be subject to and conditional upon, and shall only become effective, upon the satisfaction or waiver (as the case may be) of, *inter alia*, the SCM Rights Issue Conditions and the SCM Rights Issue Closing Date having occurred.

Pursuant to the terms of the Undertaking Agreement and the Subordinated Credit Facility Deed of Amendment, and as set out in paragraph 3.9(B) above, consistent with the use of the proceeds from the Proposed SCM Rights Issue, SCI's obligation to pay the SCM Rights Subscription Amount shall be set off against an equivalent amount of the principal amount outstanding and due and owing to SCI by SCM under the Subordinated Credit Facility following the Novation. Accordingly, and as set out in paragraph 3.12 above, there would be no cash outlay from SCI to subscribe for the Undertaking SCM Rights Shares.

3.15 Amendment to the terms of the 2019 Bonds. Pursuant to the terms and conditions of the 2019 Bonds, SFS is required to redeem the 2019 Bonds upon, *inter alia*, repayment of the Subordinated Loan. However, as SCI and SFS do not currently intend to redeem the 2019 Bonds, they have sought and obtained the approval of the holders of the 2019 Bonds (the "**2019 Bondholders**") to, *inter alia*, amend the terms and conditions of the 2019 Bonds to delete the requirement for the mandatory redemption of the 2019 Bonds upon repayment of the Subordinated Loan.

4. PROPOSED DISTRIBUTION

4.1 Method of Distribution. Following settlement of the Proposed SCM Rights Issue, SCI proposes to undertake the Proposed Distribution. The Proposed Distribution, which will be subject to, *inter alia*, the approval of SCI Shareholders, will be effected by way of a dividend *in specie* to SCI Shareholders *pro-rata* to their respective shareholdings in SCI.

4.2 Entitled SCI Shareholders. SCI Shareholders who hold SCI Shares as at the SCI Record Date will be entitled to the Proposed Distribution (the "**Entitled SCI Shareholders**").

4.3 Distribution Ratio. The number of SCM Shares to be distributed by SCI pursuant to the Proposed Distribution (the "**SCI Distribution Shares**") is subject to the number of SCM Shares held by SCI following completion of the Proposed SCM Rights Issue.

Subsequent to the SCI Announcement, as announced by SCI on 6 July 2020, SCI had transferred an aggregate of 856,767 treasury shares pursuant to the vesting and release in respect of outstanding share awards (the "**SCI Share Awards**") granted under the Sembcorp Industries Restricted Share Plan 2010 (the "**SCI RSP**") and for the payment of certain SCI Directors' fees. Accordingly, as at the Latest Practicable Date, SCI has a total of 1,786,431,697 SCI Shares (excluding 1,116,035 treasury shares) in issue. As at the Latest Practicable Date, no SCI Shares under any outstanding SCI Share Awards granted under the SCI RSP or the Sembcorp Industries Performance Share Plan 2010 (the "**SCI PSP**") are scheduled to vest on or prior to the SCI Record Date⁶.

For illustrative purposes only:

(i) **Minimum Distribution Ratio.** Assuming that the number of SCM Shares to be distributed following completion of the Proposed SCM Rights Issue is the Minimum SCI Distribution Shares, and on the basis of 1,786,431,697 SCI Shares (excluding 1,116,035

⁶ The SCI RSP and SCI PSP expired on 21 April 2020. At the annual general meeting of SCI held on 21 May 2020, the SCI Shareholders approved the new Sembcorp Industries Restricted Share Plan 2020 and the new Sembcorp Industries Performance Share Plan 2020. As at the Latest Practicable Date, no share awards in respect of SCI Shares have been granted under the Sembcorp Industries Restricted Share Plan 2020 and the Sembcorp Industries Performance Share Plan 2020.

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treasury shares) in issue as at the SCI Record Date, the Proposed Distribution will be effected on the basis of 4.279 SCM Shares for each SCI Share held by Entitled SCI Shareholders at the SCI Record Date, fractional entitlements to be disregarded; and

- (ii) **Maximum Distribution Ratio.** Assuming that the number of SCM Shares to be distributed following completion of the Proposed SCM Rights Issue is the Maximum SCI Distribution Shares, and on the basis of 1,786,431,697 SCI Shares (excluding 1,116,035 treasury shares) in issue as at the SCI Record Date, the Proposed Distribution will be effected on the basis of 4.911 SCM Shares for each SCI Share held by Entitled SCI Shareholders at the SCI Record Date, fractional entitlements to be disregarded.

Accordingly, for illustrative purposes only, an Entitled SCI Shareholder who holds the following number of SCI Shares as at the SCI Record Date, would be entitled to receive the following number of SCM Shares:

Number of SCI Shares	Number of SCM Shares based on Minimum Distribution Ratio	Number of SCM Shares based on Maximum Distribution Ratio
100	427	491
1,000	4,279	4,911
10,000	42,790	49,110
100,000	427,900	491,100

SCI will announce the number of SCM Shares to be distributed for each SCI Share held by Entitled SCI Shareholders pursuant to the Proposed Distribution as soon as practicable after the SCM Rights Issue Closing Date.

Entitled SCI Shareholders will receive SCM Shares pursuant to the Proposed Distribution free of cash outlay. The SCM Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the Completion Date. Following completion of the Proposed Distribution, any resultant fractional SCM Shares will be aggregated and held by SCI for future disposal.

- 4.4 Dividend Distribution.** To effect the Proposed Distribution as a dividend *in specie*, the Company will appropriate an amount out of the retained profits 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 SCM Shares on the Completion Date. For illustration purposes, assuming that SCM is trading at S\$0.308⁷ per SCM Share on the Completion Date, the appropriated amount is estimated to be approximately S\$2.7 billion (based on the Maximum SCI Distribution Shares) and the revenue reserve of the Company is estimated to be approximately S\$0.3 billion on the Completion Date after taking into account the estimated fair value gains of approximately S\$0.4 billion that are recognised on the Completion Date.

- 4.5 Effects of the Proposed Distribution.** On completion of the Proposed Distribution, SCI will have distributed all or substantially all of its holding of SCM Shares and SCI Shareholders will hold listed shares in both SCI and SCM. **The Proposed Distribution will not result in any change to the issued and paid-up share capital of SCI after the Proposed Distribution or to the number of SCI Shares held by each SCI Shareholder.**

⁷ This is the theoretical ex-rights price which is the theoretical market price of each SCM Share assuming the completion of the Proposed SCM Rights Issue, and is calculated based on the last transacted price of the SCM Shares on the Mainboard of the SGX-ST of S\$0.850 on the Last Trading Day and the number of SCM Shares following the completion of the Proposed SCM Rights Issue.

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- 4.6 Conditions to the Proposed Distribution.** The Proposed Distribution is subject to and conditional upon, *inter alia*, the satisfaction or waiver of the following conditions precedent (the “**Proposed Distribution Conditions**”):
- (i) the approval of the SCM Shareholders at the SCM EGM for the SCM Rights Issue Resolution, including the allotment and issuance of the SCM Rights Shares pursuant to the Proposed SCM Rights Issue;
 - (ii) the approval of the Independent SCM Shareholders at the SCM EGM for the Whitewash Resolution;
 - (iii) the Whitewash Waiver, which was granted by the SIC on 5 June 2020, not having been withdrawn, revoked or amended, and all conditions to which the Whitewash Waiver is subject having been fulfilled;
 - (iv) the approval of the 2019 Bondholders having been obtained either in writing or at a meeting of the 2019 Bondholders for amendments to the terms and conditions of the 2019 Bonds to, *inter alia*, waive and/or delete the requirement for the mandatory redemption of the 2019 Bonds upon repayment of the Subordinated Loan;
 - (v) the approval of the SCI Shareholders at the SCI EGM for the Distribution Resolution;
 - (vi) all other approvals of any government whether Singapore or foreign, any department, ministry or agency of any government, and any other governmental, administrative, fiscal, monetary or judicial body, as well as all other third party consents, which SCI or SCM reasonably determines are necessary to implement the Proposed SCM Rights Issue and the Proposed Distribution having been obtained either unconditionally or on conditions satisfactory to SCI and SCM acting reasonably and any such approval or consent not having been withdrawn or revoked; and
 - (vii) the closing of the Proposed SCM Rights Issue having occurred and the allotment and issuance of the SCM Rights Shares.

As at the date of this Circular, save for the Proposed Distribution Conditions set out in paragraphs 4.6(i), 4.6(ii), 4.6(iii), 4.6(v), 4.6(vi) and 4.6(vii), all the other Proposed Distribution Conditions set out in this paragraph 4.6 have been satisfied or waived.

The Proposed Distribution and the Proposed SCM Rights Issue are inter-conditional. In the event that SCM Shareholders do not approve the SCM Rights Issue Resolution and/or the Independent SCM Shareholders do not approve the Whitewash Resolution, or the SCI Shareholders do not approve the Distribution Resolution, neither the Proposed SCM Rights Issue nor the Proposed Distribution will proceed. In the event that the Proposed SCM Rights Issue does not proceed or the SCM Rights Shares are not allotted and issued, the Proposed Distribution will not proceed.

In the event that any of the abovementioned resolutions are not passed, no part of the Transaction can proceed. In such a case, according to the SCM Circular, all of SCM’s strenuous efforts to recapitalise and strengthen its balance sheet will be negated and the critical need to address its liquidity requirements, as set out in paragraph 6 below, will fail.

- 4.7 Date of Crediting or Transfer of the SCM Shares.** Subject to the conditions in paragraph 4.6 above being satisfied, it is currently expected that the Securities Accounts of Entitled SCI Shareholders who are Depositors will be credited with SCM Shares on or about 11 September 2020. Entitled SCI Shareholders who are not Depositors will receive their entitlements to SCM Shares pursuant to the Proposed Distribution on or about 11 September 2020 by the entry of their names on the Register of SCM. Please refer to paragraph 8 below for more details.

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4.8 Taxation. SCI Shareholders should note that the following statements are not to be regarded as advice on the tax position of any SCI Shareholder or on any tax implications arising from the Proposed Distribution. SCI 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.

- (i) **Tax Implications for the SCI 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 the SCI 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 SCI Shareholders.
- (ii) **Stamp Duty.** The Company will bear stamp duty, if any, chargeable for the transfer of the SCM Shares by the Company to SCI Shareholders pursuant to the Proposed Distribution. Stamp duty is not ordinarily payable on electronic transfers of SCM Shares from the Company to an SCI Shareholder through the scripless trading system operated by CDP since there will be no instrument of conveyance, transfer or assignment involved in the transfer of the SCM Shares. However, stamp duty is payable where any instrument of conveyance, transfer or assignment is involved in transferring the SCM Shares, for example, in transferring SCM Shares which are in the form of physical share certificates. In such cases where stamp duty is payable, the total amount of stamp duty payable by the Company will be at the rate of 0.2 per cent. of the higher of the value ascribed under the Proposed Distribution and the market value of the SCM Shares so transferred through such instrument of conveyance, transfer or assignment.

4.9 Adjustments to SCI Share Awards

Pursuant to the rules of the SCI PSP and the SCI RSP, if the Company, *inter alia*, declares a special dividend (whether in cash or *in specie*), then the Executive Resource & Compensation Committee of the Company (the "ERCC") may, in its sole discretion, determine whether the class and/or number of SCI Shares which are the subject of an SCI Share Award granted under either the SCI PSP or the SCI RSP to the extent not yet vested and/or the class and/or number of SCI Shares in respect of which future SCI Share Awards may be granted under either the SCI PSP or the SCI RSP, shall be adjusted, and if so, the manner in which such adjustments should be made.

The Board (including the members of the ERCC, namely, Mr Ang Kong Hua, Tan Sri Mohd Hassan Marican, Mr Tham Kui Seng and Mr Nicky Tan) is considering the appropriate methodology to be adopted for the making of any adjustments to the outstanding SCI Share Awards granted under the SCI PSP and the SCI RSP in connection with the Proposed Distribution. Any adjustments, if made, to the outstanding SCI Share Awards in connection with the Proposed Distribution will only become effective assuming the Proposed Distribution is completed and upon receipt of written confirmation from the auditors of the Company, KPMG LLP, that such adjustments are fair and reasonable. Details of any adjustments, if made, will be communicated separately by the Company to holders of the outstanding SCI Share Awards following completion of the Proposed Distribution.

5. WHITEWASH WAIVER

5.1 General Offer Requirement under the Code. Under Rule 14 of the Code, where any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company, such person is required to make a mandatory general offer for all shares in the company which he and/or persons acting in concert with him do not already own or control.

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Pursuant to Note 8 of Rule 14.1 of the Code, where an upstream company distributes, on a *pro-rata* basis, its shareholding in a downstream company to shareholders in the upstream company, an upstream shareholder and his concert parties who acquire or consolidate effective control in the downstream company pursuant to such distribution will not incur a general offer obligation for the downstream company if, *inter alia*, the upstream shareholder and his concert parties own or control more than 50 per cent. of the voting rights in the upstream company.

As at the Latest Practicable Date, the Temasek Concert Party Group holds less than 50 per cent. of the issued share capital of the Company.⁸ More details on the holdings of the Temasek Concert Party Group in SCM are set out in paragraph 5.3 of this Circular. As the distribution of the SCM Shares held by SCI to the SCI Shareholders pursuant to the Proposed Distribution upon completion of the Proposed SCM Rights Issue will result in the Temasek Concert Party Group holding an aggregate interest in more than 30 per cent. of the issued SCM Shares, the Temasek Concert Party Group will be required to make a mandatory general offer under Rule 14 of the Code for the SCM Shares not already held by the Temasek Concert Party Group, unless such obligation is waived by the SIC.

5.2 Whitewash Waiver. SIC has, on 5 June 2020, confirmed that the Temasek Concert Party Group will be exempted from the requirement to make a general offer for all the SCM Shares under Rule 14 of the Code as a result of it acquiring or consolidating effective control of the SCM following the Proposed Distribution (the “**Whitewash Waiver**”), subject to the following conditions being satisfied (collectively, the “**SIC Conditions**”):

- (i) in respect of SCM:
 - (a) a majority of the independent SCM Shareholders approving at the SCM EGM before the Proposed Distribution, the Whitewash Resolution by way of a poll, to waive their rights to receive a general offer from the Temasek Concert Party Group;
 - (b) the Whitewash Resolution being put to the vote of the Independent SCM Shareholders separate from any other resolutions which may be proposed at the SCM EGM;
 - (c) the Temasek Concert Party Group, as well as parties not independent of them, abstaining from voting on the Whitewash Resolution;
 - (d) the Temasek Concert Party Group not having acquired and are not to acquire any SCM Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of the SCM Shares which have been disclosed in SCM’s circular to SCM Shareholders in relation to the Proposed SCM Rights Issue (the “**SCM Circular**”)) (1) during the period between the SCM Announcement and the later of (I) the date the Independent SCM Shareholders’ approval is obtained for the Whitewash Resolution, and (II) the date the SCI Shareholders’ approval is obtained for the Distribution Resolution, and (2) in the six months prior to the announcement of the Transaction but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of SCM in relation to the Transaction;
 - (e) the appointment by SCM of an independent financial adviser to advise the Independent SCM Shareholders on the Whitewash Resolution;

⁸ For the avoidance of doubt, all references to the shareholding of the Temasek Concert Party Group in SCI exclude any SCI Shares held by SCI as treasury shares and all references to the percentage of SCI Shares held by the Temasek Concert Party Group have been calculated on the basis of 1,786,431,697 SCI Shares in issue (excluding any treasury shares) as at the Latest Practicable Date.

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- (f) the SCM Circular setting out:
 - (1) details of the Proposed SCM Rights Issue (including SCI's undertaking to subscribe for the Undertaking SCM Rights Shares pursuant to the Undertaking Agreement and Temasek's agreement to subscribe for the Underwritten SCM Rights Shares pursuant to the Sub-Underwriting Agreement) and the Proposed Distribution;
 - (2) the dilution effect of issuing the SCM Rights Shares pursuant to the Proposed SCM Rights Issue and the Proposed Distribution to existing SCM Shareholders;
 - (3) the number and percentage of voting rights in SCM as well as the number of instruments convertible into, rights to subscribe for and options in respect of SCM Shares held by the Temasek Concert Party Group as at the latest practicable date prior to the posting of the SCM Circular;
 - (4) the number and percentage of voting rights in SCM that may be acquired by the Temasek Concert Party Group upon the issue of the SCM Rights Shares as a result of the Undertaking Agreement and the Sub-Underwriting Agreement;
 - (5) the number and percentage of voting rights in SCM that may be held by the Temasek Concert Party Group after the Proposed SCM Rights Issue and the Proposed Distribution;
 - (6) a specific and prominent reference to the fact that the Proposed SCM Rights Issue and the Proposed Distribution could result in the Temasek Concert Party Group holding more than 49 per cent. of the voting rights of SCM and that the Temasek Concert Party Group will be free to acquire further SCM Shares without incurring any obligation to make a mandatory offer for SCM; and
 - (7) a specific and prominent reference to the fact that the SCM Shareholders, by voting for the Whitewash Resolution, will be waiving their rights to receive a general offer from the Temasek Concert Party Group at the highest price paid by any of them for SCM Shares in the past six months prior to the commencement of the offer;
 - (g) the SCM Circular to state that the Whitewash Waiver is subject to compliance with the conditions set out above in paragraphs 5.2(i)(a) to 5.2(i)(f);
 - (h) the Temasek Concert Party Group will obtain SIC's approval in advance for those parts of the SCM Circular that refer to the Whitewash Resolution; and
 - (i) to rely on the Whitewash Resolution, approval of the Whitewash Resolution must be obtained within three months of 5 June 2020 and the Proposed Distribution must be completed within three months of the date on which the approval of the Independent SCM Shareholders for the Whitewash Resolution is obtained; and
- (ii) in respect of SCI:
 - (a) this Circular to authorise the Proposed Distribution shall (1) contain advice to the effect that by voting for the Proposed Distribution and if the Independent SCM Shareholders approve the Whitewash Resolution, the SCI Shareholders

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are waiving their right to a general offer at the required price by the Temasek Concert Party Group, which would acquire or consolidate effective control of SCM after the Proposed Distribution; and (2) disclose the names and voting rights of each member of the Temasek Concert Party Group which holds SCM Shares as at the latest practicable date of this Circular, after the Proposed SCM Rights Issue and the Proposed Distribution;

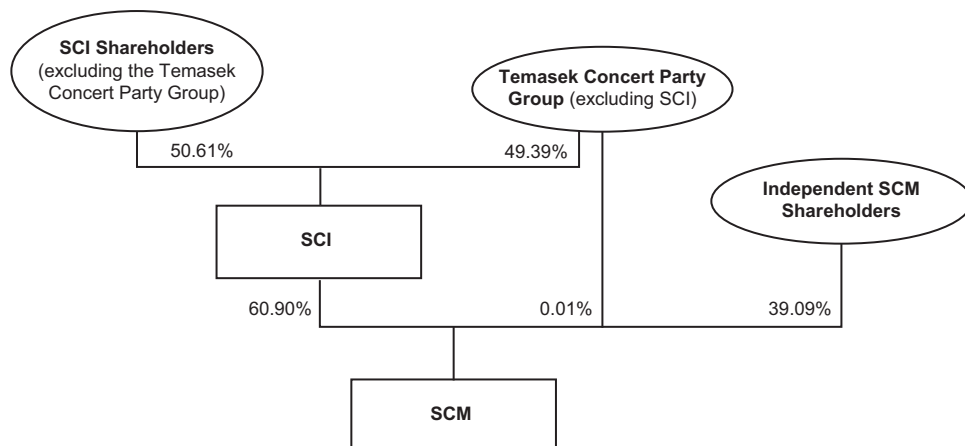
- (b) the Distribution Resolution being approved by a majority of the SCI Shareholders present and voting at the SCI EGM on a poll who could not become obliged to make an offer for SCM as a result of the Proposed Distribution;
- (c) the Temasek Concert Party Group will abstain from voting on the Distribution Resolution;
- (d) the SCI Directors who are acting in concert with the Temasek Concert Party Group shall abstain from making a recommendation on the Distribution Resolution in this Circular; and
- (e) the Temasek Concert Party Group did not acquire or are not to acquire any shares in SCI during the period between (1) when they become aware that the announcement of the Transaction is imminent, and (2) the later of the date on which the SCI Shareholders' approval is obtained for the Distribution Resolution and the date on which the Independent SCM Shareholders' approval is obtained for the Whitewash Resolution.

As at the date of this Circular, save for the conditions set out in paragraphs 5.2(i)(a), 5.2(i)(b), 5.2(i)(c), 5.2(i)(d), 5.2(i)(i), 5.2(ii)(b), 5.2(ii)(c) and 5.2(ii)(e), all the other SIC Conditions set out in this paragraph 5.2 have been satisfied.

5.3 Interests of Temasek Concert Party Group as at the Latest Practicable Date and immediately after the Proposed SCM Rights Issue and the Proposed Distribution. The following table sets out:

- (i) the shareholding of the Temasek Concert Party Group in SCI and SCM as at the Latest Practicable Date based on information available to Temasek.

An illustration of the shareholding of the Temasek Concert Party Group in SCI and SCM as at the Latest Practicable Date is set out below:



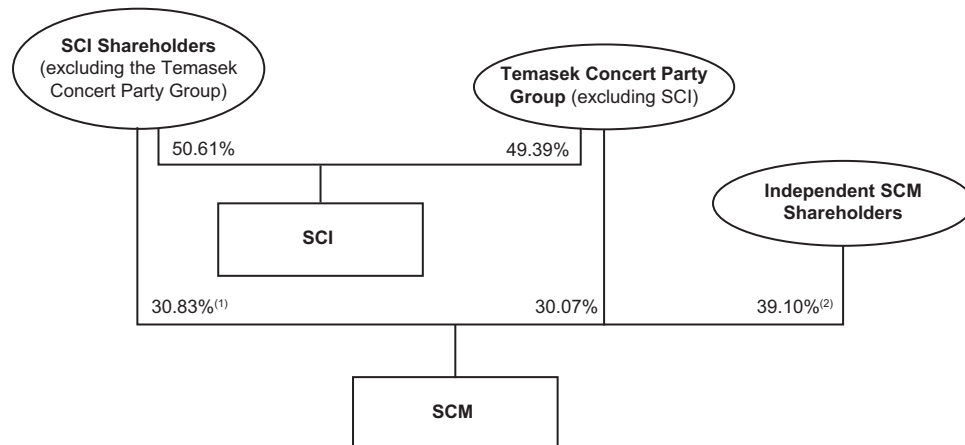
- (ii) **Scenario 1:** purely for illustrative purposes only, the minimum resultant holding of the Temasek Concert Party Group in SCM immediately after the Proposed SCM Rights

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Issue and the Proposed Distribution (the “**Minimum Resultant Holding Scenario**”), assuming that:

- (a) there is no change in the number of SCI Shares in which the Temasek Concert Party Group has an interest since the Latest Practicable Date;
- (b) all SCM Rights Shares are subscribed for by the SCM Shareholders (including SCI which subscribes for the SCI Pro-Rata SCM Rights Shares but excluding the other members of the Temasek Concert Party Group) and investors such that SCI subscribes only for the SCI Pro-Rata SCM Rights Shares and no Excess SCM Rights Shares are allocated to SCI and the Relevant Temasek Entity(ies) is/are not required pursuant to the Sub-Underwriting Agreement to subscribe for any Underwritten SCM Rights Shares;
- (c) there is no subscription of SCM Rights Shares by any member of the Temasek Concert Party Group (other than SCI) for any of their respective *pro-rata* entitlements under the Proposed SCM Rights Issue; and
- (d) the number of SCI Shares in issue as at the SCI Record Date is 1,786,431,697 SCI Shares (excluding 1,116,035 treasury shares).

An illustration of the resultant holding of the Temasek Concert Party Group in SCI and SCM immediately after the Proposed SCM Rights Issue and the Proposed Distribution under the Minimum Resultant Holding Scenario is set out below:



Notes:

- (1) This comprises SCM Shares distributed to SCI Shareholders (excluding the Temasek Concert Party Group) pursuant to the Proposed Distribution.
- (2) This excludes SCM Shares distributed to SCI Shareholders pursuant to the Proposed Distribution.

(iii) **Scenario 2:** purely for illustrative purposes only, the maximum resultant holding of the Temasek Concert Party Group in SCM immediately after the Proposed SCM Rights Issue and the Proposed Distribution (the “**Maximum Resultant Holding Scenario**”), assuming that:

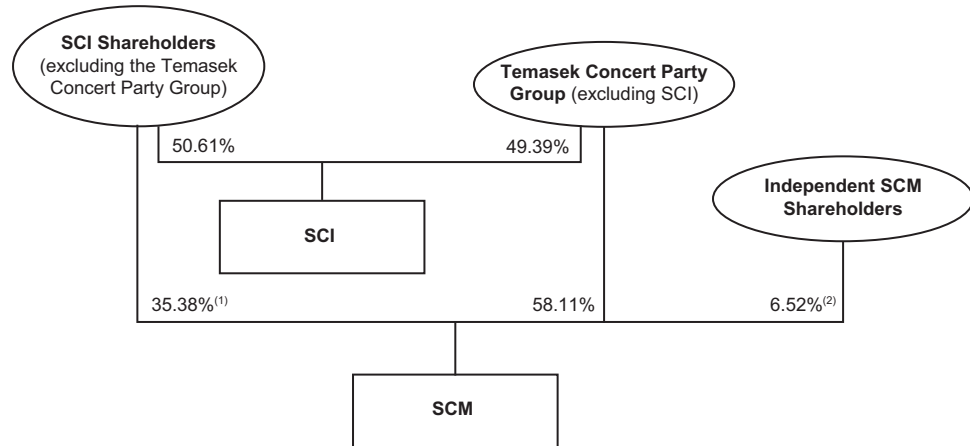
- (a) there is no change in the number of SCI Shares in which the Temasek Concert Party Group has an interest since the Latest Practicable Date;
- (b) no SCM Shareholders (other than SCI) or investors subscribe for the SCM Rights Shares, such that SCI is required pursuant to the Undertaking

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Agreement to subscribe for all of the Undertaking SCM Rights Shares and the Relevant Temasek Entity(ies) is/are required pursuant to the Sub-Underwriting Agreement to subscribe for all the Underwritten SCM Rights Shares; and

- (c) the number of SCI Shares in issue as at the SCI Record Date is 1,786,431,697 SCI Shares (excluding 1,116,035 treasury shares).

An illustration of the resultant holding of the Temasek Concert Party Group in SCI and SCM immediately after the Proposed SCM Rights Issue and the Proposed Distribution under the Maximum Resultant Holding Scenario is set out below:



Notes:

- (1) This comprises SCM Shares distributed to SCI Shareholders (excluding the Temasek Concert Party Group) pursuant to the Proposed Distribution.
- (2) This excludes SCM Shares distributed to SCI Shareholders pursuant to the Proposed Distribution.

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Temasek Concert Party Group	Before the Proposed SCM Rights Issue and the Proposed Distribution		Immediately after the Proposed SCM Rights Issue ⁽¹⁾ and the Proposed Distribution ⁽²⁾	
	Shareholding in SCI as at the Latest Practicable Date ⁽³⁾	Shareholding in SCM as at the Latest Practicable Date ⁽⁴⁾	Scenario 1 Minimum Resultant Holding Scenario ⁽⁵⁾	Scenario 2 Maximum Resultant Holding Scenario ⁽⁵⁾
	Number of SCI Shares directly owned	Shareholding in SCI (%)	Number of SCM Shares directly owned	Shareholding in SCM (%)
Temasek	871,200,328	48.77	-	29.69
Startree	9,400,000	0.53	-	0.32
Relevant Temasek Entity(ies)	-	-	-	-
Rigel Technology (S) Pte Ltd ⁽⁶⁾	-	-	200,000	n.m.
Other persons ⁽⁷⁾	161,800	0.01	-	0.01
DBS Group ⁽⁸⁾	844,275	0.05	757	0.03
DBS Group directors ⁽⁹⁾	500,617	0.03	5,000	0.02
SCI ⁽¹⁰⁾	-	-	1,274,270,764	60.90
SCI Directors	-	-	-	-
Dr Teh Kok Peng	129,800	0.01	-	n.m.
Total	882,236,820	49.39	1,274,476,521	30.07
			3,775,297,108	30.07
				58.11

Notes:

- (1) Based on the assumption that between the Latest Practicable Date and the date of completion of the Proposed Distribution, no new SCM Shares have been and/or will be issued or bought back by SCM and no instruments convertible into SCM Shares have been and/or will be converted into SCM Shares.
- (2) Based on the assumption that between the Latest Practicable Date and the date of completion of the Proposed Distribution, no new SCI Shares have been and/or will be issued or bought back by SCI and no instruments convertible into SCI Shares have been and/or will be converted into SCI Shares.

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- (3) Calculated based on 1,786,431,697 SCI Shares in issue (excluding 1,116,035 treasury shares) as at the Latest Practicable Date and rounded to the nearest two decimal places. For the avoidance of doubt, the shareholding of the Temasek Concert Party Group in SCI excludes any SCI Shares held by SCI as treasury shares.
- (4) Calculated based on 2,092,538,174 SCM Shares in issue (excluding 416,840 treasury shares) as at the Latest Practicable Date and rounded to the nearest two decimal places.
- (5) Calculated based on 12,555,229,044 SCM Shares (excluding treasury shares), including 10,462,690,870 SCM Rights Shares.
- (6) Rigel Technology (S) Pte Ltd is an associated company of Heliconia Capital Management Pte Ltd which in turn is an indirect wholly-owned subsidiary of Temasek and an independently-managed Temasek portfolio company. Accordingly, Rigel Technology (S) Pte Ltd is deemed to be a concert party of Temasek under the Code. Temasek is not involved in the business or operating decisions of Rigel Technology (S) Pte Ltd or Heliconia Capital Management Pte Ltd, including those regarding their positions in SCI Shares or SCM Shares.
- (7) These refer to certain directors of entities in the Temasek Concert Party Group who are deemed to be acting in concert with Temasek under the Code (excluding SCI and DBS Group, and their respective subsidiaries and associated companies).
- (8) DBS Group is an associated company of Temasek. DBS Group is an independently-managed Temasek portfolio company and Temasek is not involved in the business or operating decisions of DBS Group, including those regarding its position in SCI Shares and SCM Shares.
- (9) These refer to certain directors of DBS Group, its subsidiaries and associated companies.
- (10) SCI is an associated company of Temasek and an independently-managed Temasek portfolio company.

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5.4 Distribution Resolution and Whitewash Resolution

SCI Shareholders should note that by voting in favour of the Proposed Distribution and if the Independent SCM Shareholders approve the Whitewash Resolution, SCI Shareholders will also be waiving their rights to receive a general offer in respect of the SCM Shares that they will hold after the Proposed Distribution at the required price by the Temasek Concert Party Group, which would acquire or consolidate effective control of SCM after the Proposed Distribution.

5.5 Abstention from Voting

The Proposed SCM Rights Issue and the Proposed Distribution are subject to and conditional upon, *inter alia*, the Whitewash Resolution being approved by the SCM Shareholders at the SCM EGM, and the Distribution Resolution being approved by the SCI Shareholders at the SCI EGM. In accordance with the SIC Conditions:

- (i) the Temasek Concert Party Group⁹, as well as parties not independent of the Temasek Concert Party Group, will abstain from voting in respect of their SCM Shares, if any, on the Whitewash Resolution. As SCI is a member of the Temasek Concert Party Group for the purposes of the Transaction, the SCI Directors and the directors of the subsidiaries and associated companies of SCI¹⁰ will therefore abstain from voting in respect of their SCM Shares, if any, on the Whitewash Resolution; and
- (ii) the Temasek Concert Party Group¹¹, as well as the SCI Non-Independent Directors, will abstain from voting in respect of their SCI Shares, if any, on the Distribution Resolution.

The Chairman of the SCI EGM will accept appointment as proxy for any SCI Shareholder to vote in respect of the Distribution Resolution where such SCI Shareholder has given specific instructions in a validly completed and submitted Proxy Form as to voting, or abstentions from voting, in respect of the Distribution Resolution.

6. TRANSACTION BACKGROUND AND RATIONALE

6.1 Background. SCI regularly reviews options to maximise value for SCI Shareholders taking into account its long term strategy and business environment including the strategic fit of each of its businesses. The Board and SCI's management believe that it is in the best interests of SCI Shareholders to separate its core businesses from its marine interests. This would unlock shareholder value for SCI Shareholders by creating two focused companies.

There is a need for SCI to deepen its capabilities and reshape its portfolio in response to the global energy transition. New demand patterns emerging in the energy sector require SCI to be focused on competing effectively, and adapt towards more sustainable business models. With Singapore as its home base, its core businesses are well-placed to serve markets especially in Asia where population growth is driving rising demand for sustainable solutions that enable rapid industrialisation, urbanisation and electrification. However, while there continue to be opportunities in the energy and urban sectors, SCI's future growth may be constrained by the current SCI Group balance sheet which consolidates SCM's debt.

⁹ As at the Latest Practicable Date, the Temasek Concert Party Group has a direct interest in an aggregate of 1,274,476,521 SCM Shares, representing approximately 60.91 per cent. of the SCM Shares in issue (excluding treasury shares). Please refer to the table in paragraph 5.3 for further details on the shareholding of the Temasek Concert Party Group in SCM as at the Latest Practicable Date.

¹⁰ Excluding SCM and its subsidiaries and associated companies, and excluding any associated company of SCI in respect of which the presumption that such associated company is acting in concert with SCI has been rebutted.

¹¹ As at the Latest Practicable Date, the Temasek Concert Party Group has a direct interest in an aggregate of 882,236,820 SCI Shares, representing approximately 49.39 per cent. of the SCI Shares in issue (excluding treasury shares). Please refer to the table in paragraph 5.3 for further details on the shareholding of the Temasek Concert Party Group in SCI as at the Latest Practicable Date.

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The O&M industry has seen a prolonged and severe downturn since 2015 due to profound structural changes in the energy industry and intensifying international competition. With a reduced order book, SCM's financial performance has suffered a steep slide, resulting in pre-tax losses in 2017, 2018 and 2019, putting significant pressure on its liquidity and working capital requirements. In 2020, SCM was unexpectedly hit by the COVID-19 pandemic and the sudden collapse in oil prices. With new orders likely to remain depressed for a prolonged period, SCM now foresees that recovery will be pushed out further to 2021 and beyond. SCM's cash flow and financial flexibility continue to be impacted by the worsening market dynamics and outlook. SCM urgently needs to recapitalise, address liquidity requirements, and strengthen its balance sheet.

Given the development in the macro environment as described above and the limited overlap of businesses between SCI and SCM, the boards and management of both companies believe that the proposed Transaction would be in the best interests of their respective shareholders. The creation of two focused companies will allow each company to be in a stronger position to press ahead to adapt to new and emerging market realities, and reposition towards sustainable business models in their respective industry sectors.

For SCI: The demerger will transform SCI into a focused Energy and Urban business that is more competitive. After the demerger, the removal of exposure to the offshore oil and gas sector is expected to contribute towards an improvement in the financial metrics of SCI. Through the Proposed Distribution, SCI Shareholders will receive shares in a recapitalised SCM with Temasek as a direct and significant shareholder.

For SCM: The proposed recapitalisation of SCM will immediately improve its cash position, fund ongoing financial and project commitments, and strengthen its balance sheet. The demerger from SCI will enable SCM to pursue a focused strategy and build further its core engineering and execution capabilities.

6.2 Rationale

(i) Enhancing Shareholder Value

(a) **Improved returns and a stronger balance sheet.** After the Proposed Distribution and the demerger of SCM from SCI, the removal of exposure to the offshore oil and gas sector is expected to contribute towards an improvement in the financial metrics of SCI as illustrated below on a pro forma basis¹²:

- (1) SCI's ROE and ROA are expected to improve on a pro forma basis
 - FY2019 ROE¹³ will increase from 3.5 per cent. to 7.9 per cent.
 - FY2019 ROA¹⁴ will increase from 3.5 per cent. to 5.6 per cent.
- (2) A significant reduction in SCI's debt levels

SCI will benefit from a material reduction in its debt levels after the demerger of SCM. On a pro forma basis, SCI's total debt¹⁵ as at 31 December 2019 will decrease from S\$11.6 billion to S\$8.7 billion due to the deconsolidation of SCM's total debt in SCI's balance sheet.

¹² The pro forma figures above represent selected FY2019 pro forma financial effects assuming SCI subscribes for all of the Undertaking SCM Rights Shares (7,500,000,000 SCM Rights Shares). For further details on the FY2019 and 1H 2020 pro forma financial effects of the Transaction on the SCI Group, please refer to Appendix A of this Circular.

¹³ Ratios have been prepared using equity attributable to owners of the Company as at 31 December 2019.

¹⁴ Ratios have been prepared using total assets as at 31 December 2019.

¹⁵ Includes the perpetual securities, but excludes lease liabilities.

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This will result in an improvement in the following pro forma leverage ratios:

- Net debt / FY2019 EBITDA¹⁶ will improve from 6.4x to 5.0x
- Gross debt / FY2019 EBITDA¹⁷ will improve from 7.6x to 6.0x

(b) **Increased strategic focus: SCI will focus on growing its Energy and Urban Business.** SCI will be able to focus its resources and efforts on repositioning its Energy and Urban businesses, and capturing growth opportunities to provide solutions that support the energy transition and sustainable development. The Energy and Urban businesses generate relatively stable long-term cash flow streams and the Proposed Distribution will allow SCI to allocate capital solely to its core businesses. The demerger allows for SCI to execute its strategy independently of SCM, given the limited business synergies between SCI and SCM. Following completion of the Transaction, each company can be evaluated more transparently, based on its specific investment merits, financial returns and strategic progress.

(c) **Unlocking value for shareholders: Delivers clearer investment proposition and may lead to a re-rating of SCI's equity value.** The demerger would deliver a clearer investment proposition to SCI equity holders and make SCI more comparable to industry peers. This may lead to a positive re-rating of SCI's equity value and appeal to equity investors focused on the Energy and Urban space.

(ii) **SCI Shareholders will receive SCM Shares, providing investment flexibility**

(a) **Direct control over interests in the two focused businesses.** SCI Shareholders will have direct shareholdings in two distinct entities. SCI Shareholders will gain the flexibility to deal with SCM Shares independently of their SCI Shares and calibrate their holdings of SCI and SCM in accordance with their individual investment objectives.

(b) **Receiving shares in a recapitalised SCM with Temasek as a direct and significant shareholder.** SCI Shareholders will receive shares, with no cash outlay, in a recapitalised SCM. Upon completion of the Transaction, both SCI and SCM will have strong shareholder bases to support the respective companies' strategies and business models for the long term. Temasek¹⁸ will be a direct and significant shareholder of both SCI (approximately 49.3 per cent.) and SCM (stake exceeding 30 per cent.).

To ensure that SCM is sufficiently capitalised before SCI Shareholders receive their *pro-rata* distribution of shares in SCM, SCM will undertake the Proposed SCM Rights Issue to strengthen its equity base by S\$2.1 billion. This will place SCM on a stronger footing to sustain operations through the global downturn and enhance its competitive position in the sector.

SCI has committed to supporting SCM's recapitalisation efforts by undertaking to subscribe for up to S\$1.5 billion of the Proposed SCM Rights Issue. SCI will set off its outstanding S\$1.5 billion Subordinated Loan extended to SCM in 2019 to subscribe for the Proposed SCM Rights Issue. SCI will not need to contribute cash as part of its rights subscription. Temasek will backstop the remaining S\$0.6 billion to ensure cash injection.

¹⁶ Computed as total borrowings (including the perpetual securities) less total cash balance divided by EBITDA. Total borrowings exclude lease liabilities.

¹⁷ Computed as total borrowings (including the perpetual securities) divided by EBITDA. Total borrowings exclude lease liabilities.

¹⁸ Including holdings of Temasek and its wholly-owned subsidiaries.

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The settlement of SCM's Subordinated Loan and the Proposed Distribution deliver a clean demerger with an immediate deleveraging of SCM for the benefit of all SCM Shareholders. SCI Shareholders will receive SCM Shares, with no cash outlay, in a recapitalised SCM with a significantly reduced net gearing¹⁹ from 1.82x to 0.45x, due to the settlement of the Subordinated Loan and improved cash position arising from the Proposed SCM Rights Issue.

7. FINANCIAL EFFECTS

For illustrative purposes only, the pro forma financial effects of the Transaction on the SCI Group are set out in Appendix A of this Circular. **The pro forma financial effects are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the SCI Group immediately after the completion of the Transaction.**

8. ADMINISTRATIVE PROCEDURES FOR THE PROPOSED DISTRIBUTION

8.1 SCI Record Date and Entitlements. Subject to the satisfaction or waiver of the Proposed Distribution Conditions, the Company will announce the SCI Record Date as soon as practicable after the closing of the Proposed SCM Rights Issue in order to determine the entitlements of each SCI Shareholder to the SCM Shares.

8.2 Depositors. In the case of Entitled SCI Shareholders being Depositors, entitlements to the SCM Shares will be determined on the basis of the number of SCI Shares standing to the credit of their respective Securities Accounts as at the SCI Record Date. Following the SCI Record Date, CDP will credit their Securities Accounts with the relevant number of SCM Shares on the credit date to be announced by the Company in due course (currently expected to be on or around 11 September 2020) and CDP will send to each such Depositor a notification letter confirming the number of SCM Shares that has been credited to his Securities Account.

8.3 Scrip Shareholders. In the case of Entitled SCI Shareholders who hold SCI Shares registered in their own names in the Register of SCI, entitlements to the SCM Shares will be determined on the basis of their holdings of SCI Shares in the Register of SCI as at the SCI Record Date. Following the SCI Record Date, the names of such Entitled SCI Shareholders as well as the relevant number of SCM Shares to be distributed to such Entitled SCI Shareholders will be entered into the Register of SCM and the share certificates in respect of the SCM Shares will be sent to them by registered post to their address stated in the Register of SCI. SCI Shareholders should note that they will not be able to trade in such SCM Shares on the SGX-ST unless they have a Securities Account and make appropriate arrangements for the share certificates of the SCM Shares to be deposited with CDP for crediting into said Securities Account.

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

8.4 CPFIS Members. In the case of investors who have purchased SCI Shares using their CPF funds ("CPFIS Members"), entitlements to the SCM Shares will be determined on the basis of the number of the SCI Shares held by the CPF agent banks on behalf of each CPFIS Member as at the SCI Record Date. Following the SCI Record Date, CDP will credit the SCM Shares attributable to CPFIS Members pursuant to the Proposed Distribution to the respective Securities Accounts of the relevant CPF agent banks, and the CPF agent banks will update their records accordingly.

¹⁹ As at 31 December 2019 where net gearing = (gross borrowings – cash) / total equity.

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- 8.5 SRS Investors.** In the case of investors who have purchased SCI Shares using their SRS funds (“**SRS Investors**”), entitlements to the SCM Shares will be determined on the basis of the number of SCI Shares held by the SRS Approved Banks on behalf of each such SRS Investor as at the SCI Record Date. Following the SCI Record Date, CDP will credit the SCM Shares attributable to such SRS Investors pursuant to the Proposed Distribution to the Securities Accounts of the SRS Approved Banks, and the SRS Approved Banks will update their records accordingly.
- 8.6 Investors whose SCI Shares are held through a finance company and/or a Depository Agent.** In the case of investors who hold SCI Shares through a finance company and/or Depository Agent, entitlements to the SCM Shares will be determined on the basis of the number of SCI Shares held by the finance companies and/or the Depository Agents on behalf of such investors as at the SCI Record Date. Following the SCI Record Date, CDP will credit the SCM Shares attributable to such investors pursuant to the Proposed Distribution to the Securities Accounts of the finance companies and/or the Depository Agents.
- 8.7 Overseas SCI Shareholders.** You will be regarded as an Overseas SCI Shareholder if your registered address for the service of the notices and/or documents on the Register of SCI or the Depository Register (as the case may be) is not in Singapore as at the SCI Record Date. SCI Shareholders who wish to change their registered address on the Register of SCI or the Depository Register (as the case may be) to provide an address in Singapore in substitution thereof prior to the SCI Record Date 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 SCI) or CDP (in the case of a change of address on the Depository Register), respectively not later than three Market Days prior to the SCI Record Date.

The distribution of this Circular to Overseas SCI Shareholders and the Proposed Distribution may be prohibited or restricted by law (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. Overseas SCI Shareholders are required to inform themselves of, and to observe, any such prohibition or restriction at their own expense and without liability to the Company.

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

In the event the SCI Directors decide not to distribute the SCM Shares to any Overseas SCI Shareholders, arrangements will be made for the distribution of the SCM Shares which would otherwise be distributed to such Overseas SCI Shareholders pursuant to the Proposed Distribution to such person(s) as the SCI Directors may appoint to sell such SCM 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 SCI Shareholders according to their respective entitlements to the SCM Shares as at the SCI Record Date in full satisfaction of their rights to the SCM Shares which they would otherwise have become entitled to under the Proposed Distribution.

Please also refer to the section entitled “**Important Notice to Overseas SCI Shareholders**” of this Circular for further details.

- 8.8 Odd-Lot Trading.** The SCM Shares are currently traded in board lots of 100 SCM Shares in the ready market. SCI Shareholders may receive odd lots of SCM Shares pursuant to the Proposed Distribution (that is, lots other than board lots of 100 SCM Shares). SCI Shareholders who receive odd lots of SCM Shares pursuant to the Proposed Distribution and who wish to trade

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such odd lots of SCM Shares on the SGX-ST are able to trade with a minimum size of one 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. SCI 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.

In this regard, the Company has arranged for DBS Vickers, OCBC Securities, Phillip Securities and UOB Kay Hian (collectively, the “**Brokerages**”) to offer concessionary brokerage rates for the trading in odd lots of SCM Shares (“**Concessionary Brokerage Rate**”) for a period of one calendar month from the date that the SCM Shares are credited to the Securities Accounts of the Entitled SCI Shareholders (“**Concession Period**”).

The brokerage fee payable by those who trade on the Unit Share Market of the SGX-ST during the Concession Period through the Brokerages will be as follows:

	DBS Vickers	OCBC Securities	Phillip Securities	UOB Kay Hian
Minimum brokerage fee, provided the number of SCM Shares traded in aggregate does not exceed 99 SCM Shares in a single day	S\$5.00 per contract (via a broker)	S\$15.00 per contract (via a broker)	S\$5.00 per contract (via POEMS) S\$10.00 per contract (via a broker)	S\$5.00 per contract (via a broker)

For trades of 100 SCM Shares or more in aggregate in a single day, the usual brokerage fee applies. After the Concession Period, Entitled SCI Shareholders who hold odd-lots of SCM Shares can continue to trade in odd-lots on the Unit Share Market of the SGX-ST but the Concessionary Brokerage Rate will no longer be applicable to any trades of the SCM Shares in odd lots undertaken via the Brokerages.

SCI Shareholders should note that notwithstanding the Concessionary Brokerage Rate for trades executed on the Unit Share Market of the SGX-ST during the Concession Period, they will be required to continue to bear clearing fees and other regular trading fees imposed by the SGX-ST (including any goods and services tax relating to such fees), which shall be based on customary rates imposed from time to time.

9. INTERESTS OF SCI DIRECTORS AND SUBSTANTIAL SCI SHAREHOLDERS

9.1 Interest in the Proposed Distribution. Save as disclosed in this Circular, none of the SCI Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Distribution.

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9.2 Interest of the SCI Directors in the SCI Shares. As at the Latest Practicable Date, the interest of the SCI Directors in the SCI Shares as recorded in the register of directors' shareholdings of the Company are set out below:

Directors	Direct Interest		Deemed Interest		No. of SCI Shares comprised in outstanding share options / awards
	No. of SCI Shares	% ⁽¹⁾	No. of SCI Shares	% ⁽¹⁾	
Ang Kong Hua	552,000 ⁽²⁾	0.03	-	-	-
Tan Sri Mohd Hassan Marican	142,400 ⁽³⁾	0.01	-	-	-
Tham Kui Seng	124,400	0.01	-	-	-
Dr Teh Kok Peng	129,800	0.01	-	-	-
Ajaib Haridass	113,000 ⁽⁴⁾	0.01	-	-	-
Nicky Tan Ng Kuang	83,100	n.m.	-	-	-
Yap Chee Keong	73,100	n.m.	-	-	-
Jonathan Asherson OBE	52,800	n.m.	-	-	-
Dr Josephine Kwa Lay Keng	26,600	n.m.	-	-	-
Nagi Hamiyeh	-	-	-	-	-
Wong Kim Yin	-	-	-	-	-

Notes:

- (1) Based on 1,786,431,697 SCI Shares in issue (excluding 1,116,035 treasury shares) as at the Latest Practicable Date.
- (2) Of the 552,000 SCI Shares, 421,100 SCI Shares are held in the name of DBS Nominees (Private) Limited.
- (3) The 142,400 SCI Shares are held in the name of Citibank Nominees Singapore Pte Ltd.
- (4) Of the 113,000 SCI Shares, 5,000 SCI Shares are held in the name of the Bank of Singapore.

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9.3 Interest of the Substantial SCI Shareholders in the SCI Shares. As at the Latest Practicable Date, the interest of the Substantial SCI Shareholders in the SCI Shares as recorded in the register of substantial shareholders of the Company are set out below:

Substantial SCI Shareholder	Direct Interest		Deemed Interest		Total Direct and Deemed Interest	
	No. of SCI Shares	% ⁽¹⁾	No. of SCI Shares	% ⁽¹⁾	No. of SCI Shares	% ⁽¹⁾
Temasek	871,200,328	48.77	10,244,275 ⁽²⁾	0.57	881,444,603	49.34

Notes:

(1) Based on 1,786,431,697 SCI Shares in issue (excluding 1,116,035 treasury shares) as at the Latest Practicable Date.

(2) Temasek is deemed interested in 9,400,000 SCI Shares held by its wholly-owned subsidiary, Startree, and 844,275 SCI Shares held by its associated company, DBS Group. DBS Group is an independently-managed Temasek portfolio company and Temasek is not involved in the business or operating decisions of DBS Group, including those regarding its position in SCI Shares.

10. SCI DIRECTORS' RECOMMENDATION

10.1 SCI Non-Independent Directors to Abstain from Making a Recommendation. Pursuant to certain rulings and confirmations given by the SIC and in compliance with the SIC Conditions, Dr Teh Kok Peng, a Non-Executive and Independent SCI Director, Mr Nagi Hamiyeh, a Non-Executive and Non-Independent SCI Director and Mr Wong Kim Yin, the Group President and Chief Executive Officer of SCI (collectively, the "**SCI Non-Independent Directors**") will abstain from making a recommendation to the SCI Shareholders on the Distribution Resolution. The SCI Non-Independent Directors are regarded as non-independent for the purpose of making a recommendation to the SCI Shareholders on the Distribution Resolution as they are also directors of certain subsidiaries of Temasek which are deemed to be members of the Temasek Concert Party Group under the Code, and Mr Nagi Hamiyeh is also an employee of Temasek. For the same reasons, the SCI Non-Independent Directors will also abstain from voting their SCI Shares, if any, on the Distribution Resolution.

Nonetheless, all the SCI Directors, including the SCI Non-Independent Directors, are jointly and severally responsible for the accuracy of facts stated and the completeness of the information given by the Company to the SCI Shareholders, including information contained in announcements and documents issued by or on behalf of the Company in connection with the Transaction.

10.2 SCI Independent Directors' Recommendation. The SCI Independent Directors, having considered, *inter alia*, the terms and the rationale of the Transaction as well as the financial effects of the Transaction, are of the opinion that the Proposed Distribution is in the interests of the Company and the SCI Shareholders. Accordingly, the SCI Independent Directors, recommend that SCI Shareholders vote in favour of the Distribution Resolution at the SCI EGM to be held on 11 August 2020.

SCI Shareholders are advised to read this Circular carefully in its entirety, including the portions relating to the terms and conditions of the Proposed SCM Rights Issue, the terms and conditions of the Proposed Distribution, the rationale for the Transaction and the financial effects of the Transaction.

In giving the above recommendation, the SCI Independent Directors have not had regard to the specific investment objectives, financial situation, tax position or unique constraints of any individual SCI Shareholder. As SCI Shareholders would have different investment objectives, the SCI Independent Directors recommend that any SCI Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank, solicitor, accountant, tax adviser or other professional advisers.

LETTER TO SHAREHOLDERS

11. EXTRAORDINARY GENERAL MEETING

The SCI EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be convened and held by way of electronic means, on 11 August 2020 at 11.30 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Distribution Resolution set out in the Notice.

12. ACTION TO BE TAKEN BY SCI SHAREHOLDERS

12.1 SCI EGM to be Convened by way of Electronic Means. The SCI EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Circular will be sent to SCI Shareholders and also made available by electronic means via publication on the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>. This Circular will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

12.2 Alternative Arrangements Relating to Attendance at the SCI EGM. Alternative arrangements relating to attendance at the SCI EGM via 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 of the SCI EGM in advance of the SCI EGM, addressing of substantial and relevant questions before or at the SCI EGM and voting by appointing the Chairman of the SCI EGM as proxy at the SCI EGM, are set out in the accompanying Company's announcement dated 22 July 2020. This announcement may be accessed at the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

12.3 No Attendance in Person – Appointment of the Chairman of the SCI EGM as Proxy. Due to the current COVID-19 situation in Singapore, an SCI Shareholder will not be allowed to attend the SCI EGM in person. An SCI Shareholder (whether individual or corporate) must appoint the Chairman of the SCI EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the SCI EGM if such SCI Shareholder wishes to exercise his/her/its voting rights at the SCI EGM. This Circular, including the Notice and the accompanying Proxy Form, will be despatched to SCI Shareholders and may also be accessed at the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. CPFIS Members and SRS Investors who wish to appoint the Chairman of the SCI EGM as proxy should approach their respective CPF agent banks or SRS Approved Banks to submit their votes by 11.30 a.m. on 5 August 2020.

12.4 Submission of Proxy Forms. The instrument appointing the Chairman of the SCI EGM as proxy must be submitted to the Company in the following manner:

- (i) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or
- (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at gpe@mncsingapore.com,

in either case not less than 72 hours before the time appointed for the SCI EGM.

An SCI Shareholder who wishes to submit an instrument of proxy must first download (where necessary), 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. Alternatively, an SCI Shareholder may download, complete and authorise the proxy form by way of the affixation of an electronic signature, before sending it by email to the email address provided above.

LETTER TO SHAREHOLDERS

13. SCI DIRECTORS' RESPONSIBILITY STATEMENT

The SCI Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular 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 Distribution and the SCI Group, and the SCI 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, the sole responsibility of the SCI 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.

14. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

Based on the information provided by the Company and having made reasonable enquiries, the Financial Adviser confirms that to the best of its knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Distribution and the SCI Group, and the Financial Adviser is not aware of any material fact the omission of which would make any statement in this Circular misleading as at the Latest Practicable Date.

Where the information has been extracted from published or publicly available sources or otherwise based on information provided by the Company, the sole responsibility of the Financial Adviser has been to ensure that such information is accurately extracted from these sources or, as the case may be, reflected or reproduced in this Circular as at the Latest Practicable Date.

15. CONSENT

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 to itself in the form and context in which they appear in this Circular.

16. ADDITIONAL INFORMATION

The following documents are available for inspection at the registered office of the Company at 30 Hill Street #05-04, Singapore 179360, during normal business hours from the date of this Circular up to the date of the SCI EGM. In view of the COVID-19 situation, prior appointment by email to investorrelations@sembcorp.com is required for the inspection of the following documents:

- (i) the annual report of the Company for FY2019;
- (ii) the SCI FY2019 Audited Consolidated Financial Statements;
- (iii) the Constitution of the Company; and
- (iv) the letter of consent referred to in paragraph 15 above.

Yours faithfully

for and on behalf of
the Board of Directors of
Sembcorp Industries Ltd

Ang Kong Hua
Chairman

APPENDIX A – PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION ON THE SCI GROUP

PART 1 – FY2019 PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION ON THE SCI GROUP

1. **Assumptions.** For illustrative purposes only, the pro forma financial effects of the Transaction (including subscription of the SCM Rights Shares pursuant to the Undertaking Agreement and the Proposed Distribution) on selected financial measures of the SCI Group have been prepared based on the SCI FY2019 Audited Consolidated Financial Statements and take into account the following assumptions:
- (i) the Proposed Distribution is measured at fair value and accounted for in accordance to IFRIC 17 Distributions of Non-cash Assets to Owners. Any fair value gains or losses is recognised on date of distribution;
 - (ii) the total assets, total borrowings, total capitalisation, total equity, net asset value and NTA as at 31 December 2019 have been prepared on a pro forma basis on the assumption that the Transaction had been completed on 31 December 2019;
 - (iii) the revenue, finance income, finance cost, EBITDA, PATMI, Profit attributable to owners of the Company, Net Profit and EPS, has been prepared on a pro forma basis on the assumption that the Transaction had been completed on 1 January 2019, except that these pro forma financial effects have excluded the non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution;
 - (iv) to be consistent with the assumption that the Transaction is completed on 1 January 2019, the pro forma financials assumes that the 2019 Bonds were issued on 1 January 2019;
 - (v) no outstanding performance shares and restricted shares pursuant to the SCI PSP and SCI RSP are exercised or released on or prior to the SCI Record Date for the Proposed Distribution;
 - (vi) no outstanding performance shares and restricted shares pursuant to the SCM RSP are exercised or released on or prior to the SCM Record Date for the Proposed SCM Rights Issue and no SCM Shares are issued for the payment of SCM Directors' fees; and
 - (vii) any discrepancies presented in the tables in Part 1 of this Appendix A are due to rounding. Accordingly, totals and percentages presented may not be a precise reflection of the figures that precede them.

**APPENDIX A – PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION
ON THE SCI GROUP**

2. **Impact on NAV and NAV per SCI Share.** The pro forma financial effects of the Transaction on the NAV and NAV per SCI Share of the SCI Group as at 31 December 2019 are as follows:

	Before the Transaction	After the Transaction	
	As reported for FY2019	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
NAV to equity holders (S\$ million)	6,871	4,264	4,038
NAV per SCI Share ⁽¹⁾ (S\$)	3.85	2.39	2.26
NAV (excluding perpetual securities) to equity holders (S\$ million)	6,070	3,463	3,237
NAV (excluding perpetual securities) per SCI Share ⁽¹⁾ (S\$)	3.40	1.94	1.81

Note:

- (1) The figures are based on the issued share capital of 1,785,574,930 SCI Shares (excluding treasury shares) as at 8 June 2020.

3. **Impact on NTA and NTA per SCI Share.** The pro forma financial effects of the Transaction on the NTA and NTA per SCI Share of the SCI Group as at 31 December 2019 are as follows:

	Before the Transaction	After the Transaction	
	As reported for FY2019	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
NTA to equity holder (S\$ million)	6,238	3,891	3,665
NTA per Share ⁽²⁾ (S\$)	3.49	2.18	2.05
NTA (excluding perpetual securities) to equity holder (S\$ million)	5,437	3,090	2,864
NTA (excluding perpetual securities) to equity holder per Share ⁽²⁾ (S\$)	3.04	1.73	1.60

Note:

- (2) The figures are based on the issued share capital of 1,785,574,930 SCI Shares (excluding treasury shares) as at 8 June 2020.

**APPENDIX A – PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION
ON THE SCI GROUP**

4. **Impact on Revenue, EBITDA and PATMI.** The pro forma financial effects of the Transaction on the revenue, EBITDA and PATMI of the SCI Group for FY2019 are as follows:

	Before the Transaction	After the Transaction	
	As reported for FY2019	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
Revenue (S\$ million)	9,618	6,736	6,736
EBITDA (S\$ million)	1,535	1,453	1,453
PATMI (S\$ million)	247	296	293

5. **Impact on Earnings.** The pro forma financial effects of the Transaction on the earnings of the SCI Group for FY2019 are as follows:

	Before the Transaction	After the Transaction	
	As reported for FY2019	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
Profit attributable to owners of the Company (S\$ million)	211	260	257
EPS ⁽³⁾ (cents)	11.81	14.57	14.38

Note:

- (3) Computed as PATMI excluding profits attributable to perpetual security holders of the Company divided by the weighted average of 1,786 million SCI Shares (excluding treasury shares) for FY2019.

**APPENDIX A – PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION
ON THE SCI GROUP**

6. **Impact on Leverage.** The pro forma financial effects of the Transaction on the leverage ratios of the SCI Group for FY2019 are as follows:

	Before the Transaction	After the Transaction	
	As reported for FY2019	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
Total borrowings ⁽⁴⁾ (S\$ million)	10,800	7,899	7,899
Total borrowings ⁽⁵⁾ and perpetual securities (S\$ million)	11,601	8,700	8,700
Total Cash and cash equivalents (S\$ million)	1,767	1,594	1,368
Gross debt / EBITDA ⁽⁶⁾ (x)	7.0	5.4	5.4
Net debt / EBITDA ⁽⁷⁾ (x)	5.9	4.3	4.5
Gross debt-to-capitalisation ratio ⁽⁸⁾ (x)	0.58	0.64	0.66
Gross debt (and perpetual securities) / EBITDA ⁽⁹⁾ (x)	7.6	6.0	6.0
Net debt (and perpetual securities) / EBITDA ⁽¹⁰⁾ (x)	6.4	4.9	5.0
Gross debt (and perpetual securities) -to-capitalisation ratio ⁽¹¹⁾ (x)	0.62	0.71	0.72

Notes:

- (4) Total borrowing excludes lease liabilities and perpetual securities (which is part of total equity).
- (5) Total borrowing excludes lease liabilities.
- (6) Computed as total borrowings divided by EBITDA.
- (7) Computed as total borrowings less total cash balance divided by EBITDA.
- (8) Computed as total borrowings divided by total capitalisation where total capitalisation is the sum of total borrowings and total equity (including perpetual securities).
- (9) Computed as total borrowings (and perpetual securities) divided by EBITDA.
- (10) Computed as total borrowings (and perpetual securities) less total cash balance divided by EBITDA.
- (11) Computed as total borrowings (and perpetual securities) divided by total capitalisation where total capitalisation is the sum of total borrowings and total equity (including perpetual securities).

**APPENDIX A – PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION
ON THE SCI GROUP**

7. **Impact on Share Capital.** The Transaction will not have any impact on the number of SCI Shares held by SCI Shareholders after the Transaction or on the share capital of the Company.
8. **Impact on Returns.** The pro forma financial effects of the Transaction on the ROE and ROA ratios of the SCI Group for FY2019 are as follows:

	Before the Transaction	After the Transaction	
	As reported for FY2019	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
ROE ⁽¹²⁾ (%)	3.5	7.5	7.9
ROA ⁽¹³⁾ (%)	3.5	5.6	5.6

Notes:

(12) Ratios have been prepared using equity attributable to owners of the Company as at 31 December 2019.

(13) Ratios have been prepared using total assets as at 31 December 2019

APPENDIX A – PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION ON THE SCI GROUP

PART 2 – 1H 2020 PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION ON THE SCI GROUP

1. **Assumptions.** For illustrative purposes only, the pro forma financial effects of the Transaction (including subscription of the SCM Rights Shares pursuant to the Undertaking Agreement and the Proposed Distribution) on selected financial measures of the SCI Group, prepared based on the SCI 1H 2020 Unaudited Consolidated Financial Statements, are set out in this Part 2 of Appendix A of this Circular and take into account the following assumptions:
- (i) the Proposed Distribution is measured at fair value and accounted for in accordance to IFRIC 17 Distributions of Non-cash Assets to Owners. Any fair value gains or losses is recognised on date of distribution;
 - (ii) the total assets, total borrowings, total capitalisation, total equity, net asset value and NTA as at 30 June 2020 have been prepared on a pro forma basis on the assumption that the Transaction had been completed on 30 June 2020;
 - (iii) the revenue, finance income, finance cost, EBITDA, PATMI, Profit attributable to owners of the Company, Net Profit and EPS, has been prepared on a pro forma basis on the assumption that the Transaction had been completed on 1 January 2020, except that these pro forma financial effects have excluded the non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution;
 - (iv) there are a total of 1,786,431,697 SCI Shares in issue (excluding treasury shares) as at the SCI Record Date;
 - (v) there are a total of 2,092,538,174 SCM Shares in issue (excluding treasury shares) as at the SCM Record Date; and
 - (vi) any discrepancies presented in the tables in Part 2 of this Appendix A are due to rounding. Accordingly, totals and percentages presented may not be a precise reflection of the figures that precede them.
2. **Impact on NAV and NAV per SCI Share.** The pro forma financial effects of the Transaction on the NAV and NAV per SCI Share of the SCI Group as at 30 June 2020 are as follows:

	Before the Transaction	After the Transaction	
	As reported for 1H 2020	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
NAV to equity holders (S\$ million)	5,697	3,207	2,982
NAV per SCI Share ⁽¹⁾ (S\$)	3.19	1.80	1.67

Note:

- (1) The figures are based on the issued share capital of 1,786,431,697 SCI Shares (excluding treasury shares) as at the Latest Practicable Date.

**APPENDIX A – PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION
ON THE SCI GROUP**

3. **Impact on NTA and NTA per SCI Share.** The pro forma financial effects of the Transaction on the NTA and NTA per SCI Share of the SCI Group as at 30 June 2020 are as follows:

	Before the Transaction	After the Transaction	
	As reported for 1H 2020	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
NTA to equity holder (S\$ million)	5,086	2,843	2,617
NTA per Share ⁽²⁾ (S\$)	2.85	1.59	1.46

Note:

- (2) The figures are based on the issued share capital of 1,786,431,697 SCI Shares (excluding treasury shares) as at the Latest Practicable Date.

4. **Impact on Revenue, EBITDA and PATMI.** The pro forma financial effects of the Transaction on the revenue, EBITDA and PATMI of the SCI Group for 1H 2020 are as follows:

	Before the Transaction	After the Transaction	
	As reported for 1H 2020	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
Revenue (S\$ million)	3,523	2,617	2,617
EBITDA ⁽³⁾ (S\$ million)	452	540	540
PATMI (S\$ million)	(131)	(29)	(29)

Note:

- (3) EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs.

**APPENDIX A – PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION
ON THE SCI GROUP**

5. **Impact on Earnings.** The pro forma financial effects of the Transaction on the earnings of the SCI Group for 1H 2020 are as follows:

	Before the Transaction	After the Transaction	
	As reported for 1H 2020	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
Profit attributable to owners of the Company (S\$ million)	(148)	(46)	(46)
EPS ⁽⁴⁾ (cents)	(8.3)	(2.58)	(2.58)

Note:

- (4) Computed as PATMI excluding profits attributable to perpetual security holders of the Company divided by the weighted average of 1,784.6 million SCI Shares for 1H 2020.

6. **Impact on Leverage.** The pro forma financial effects of the Transaction on the leverage ratios of the SCI Group for 1H 2020 are as follows:

	Before the Transaction	After the Transaction	
	As reported for 1H 2020	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
Total borrowings ⁽⁵⁾ (S\$ million)	12,127	8,300	8,300
Total Cash and cash equivalents (S\$ million)	2,150	1,258	1,033
Gross debt / EBITDA ⁽⁶⁾ (x)	13.4	7.7	7.7
Net debt / EBITDA ⁽⁷⁾ (x)	11.0	6.5	6.7
Gross debt-to-capitalisation ratio ⁽⁸⁾ (x)	0.65	0.71	0.73

Notes:

- (5) Total borrowing excludes lease liabilities.
- (6) Computed as total borrowings divided by annualised 1H 2020 EBITDA.
- (7) Computed as total borrowings less total cash balance divided by annualised 1H 2020 EBITDA.
- (8) Computed as total borrowings divided by total capitalisation where total capitalisation is the sum of total borrowings and total equity.

**APPENDIX A – PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION
ON THE SCI GROUP**

7. **Impact on Share Capital.** The Transaction will not have any impact on the number of SCI Shares held by SCI Shareholders after the Transaction or on the share capital of the Company.
8. **Impact on Returns.** The pro forma financial effects of the Transaction on the ROE and ROA ratios of the SCI Group for 1H 2020 are as follows. The ROE and ROA ratios are for illustrative purposes only and do not reflect any forward-looking statements about the Company's financial performance or the recoverability of its assets and/or investments in 2H 2020:

	Before the Transaction	After the Transaction	
	As reported for 1H 2020	SCI subscribes only for the SCI Pro-Rata SCM Rights Shares	SCI subscribes for the Undertaking SCM Rights Shares
ROE ⁽⁹⁾ (%)	(1.8)	3.1	3.3
ROA ⁽¹⁰⁾ (%)	1.6	4.5	4.5

Notes:

- (9) Computed as the sum of (i) the annualised 1H 2020 Profit attributable to owners of the Company (excluding exceptional items in 1H 2020 and non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution), and (ii) exceptional items in 1H 2020, divided by equity attributable to owners of the Company as at 30 June 2020. Exceptional items in 1H 2020 was a net loss of S\$191 million as reported in the SCI 1H 2020 Unaudited Consolidated Financial Statements.
- (10) Computed as the sum of (i) the annualised 1H 2020 Net Profit (excluding exceptional items in 1H 2020 and non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution), (ii) the annualised 1H 2020 finance costs, and (iii) exceptional items in 1H 2020, divided by total assets as at 30 June 2020. Exceptional items in 1H 2020 was a net loss of S\$191 million as reported in the SCI 1H 2020 Unaudited Consolidated Financial Statements.

**APPENDIX B – CONSOLIDATED INCOME STATEMENT AND STATEMENT OF
FINANCIAL POSITION OF THE SCI GROUP**

A summary of the audited financial information of the SCI Group for FY2019 and the unaudited financial information of the SCI Group for 1H 2020 is set out below. The following summary financial information should be read together with the SCI FY2019 Audited Consolidated Financial Statements set out in the annual report of the Company for FY2019, and the Company's announcement dated 17 July 2020 in relation to the SCI 1H 2020 Unaudited Consolidated Financial Statements, which are available at the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/sgx-announcements> and the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

PART 1 – CONSOLIDATED INCOME STATEMENT

The audited consolidated income statement of the SCI Group for FY2019 and the unaudited consolidated income statement for the SCI Group for 1H 2020 are set out below.

	Audited FY2019 (S\$ million)	Unaudited 1H 2020 (S\$ million)
Turnover	9,618	3,523
Cost of sales	(8,726)	(3,363)
Gross profit	892	160
General and administrative expenses	(447)	(242)
Other operating income	222	109
Non-operating income	32	9
Non-operating expenses	(134)	(116)
Finance income	132	49
Finance costs	(586)	(293)
Share of results of associates and joint ventures, net of tax	184	119
Profit / (Loss) before tax	295	(205)
Tax (expense) / credit	(78)	4
Profit / (Loss) for the year/period	217	(201)

**APPENDIX B – CONSOLIDATED INCOME STATEMENT AND STATEMENT OF
FINANCIAL POSITION OF THE SCI GROUP**

	Audited FY2019 (S\$ million)	Unaudited 1H 2020 (S\$ million)
Profit / (Loss) attributable to:		
Owners of the Company	247	(131)
Non-controlling interests	(30)	(70)
Profit / (Loss) for the year/period	217	(201)
Earnings per share (cents):		
Basic ⁽¹⁾	11.81	(8.29)
Diluted ^(2,3)	11.74	(8.29)

Notes:

- (1) Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company (excluding perpetual security holders) by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.
- (2) Diluted earnings per ordinary share is by dividing the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: performance shares and restricted shares under the SCI PSP and the SCI RSP respectively.
- (3) In computing the fully diluted earnings per ordinary shares for 1H2020, the weighted average number of shares was not adjusted for the effects of all dilutive potential ordinary shares as at 30 June 2020 as these potential ordinary shares were antidilutive.

**APPENDIX B – CONSOLIDATED INCOME STATEMENT AND STATEMENT OF
FINANCIAL POSITION OF THE SCI GROUP**

PART 2 – CONSOLIDATED BALANCE SHEET

The audited consolidated balance sheet of the SCI Group as at 31 December 2019 and the unaudited consolidated balance sheet of the SCI Group as at 30 June 2020 are set out below.

	Audited As at 31 December 2019 (S\$ million)	Unaudited As at 30 June 2020 (S\$ million)
Non-current assets		
Property, plant and equipment	11,739	11,443
Right-of-use assets	464	479
Investment properties	128	131
Associates and joint ventures	1,696	1,656
Other financial assets	266	282
Trade and other receivables	2,170	2,196
Contract costs	2	1
Intangible assets	630	609
Deferred tax assets	62	113
	17,157	16,910
Current assets		
Inventories	386	318
Trade and other receivables	2,048	1,822
Contract assets	1,501	1,670
Contract costs	90	110
Assets held for sale	75	67
Other financial assets	228	148
Cash and cash equivalents	1,767	2,150
	6,095	6,285
Total assets	23,252	23,195

**APPENDIX B – CONSOLIDATED INCOME STATEMENT AND STATEMENT OF
FINANCIAL POSITION OF THE SCI GROUP**

	Audited As at 31 December 2019 (S\$ million)	Unaudited As at 30 June 2020 (S\$ million)
Current liabilities		
Trade and other payables	2,844	2,492
Lease liabilities	34	32
Contract liabilities	172	271
Provisions	34	36
Liabilities held for sale	31	26
Other financial liabilities	50	128
Current tax payable	204	200
Interest-bearing borrowings	2,643	3,195
	6,012	6,380
Net current assets / (liabilities)	83	(95)
Non-current liabilities		
Deferred tax liabilities	348	330
Other long-term payables	131	129
Lease liabilities	470	484
Provisions	142	136
Other financial liabilities	44	107
Interest-bearing borrowings	8,157	8,932
Contract liabilities	69	69
	9,361	10,187
Total liabilities	15,373	16,567
Net assets	7,879	6,628

**APPENDIX B – CONSOLIDATED INCOME STATEMENT AND STATEMENT OF
FINANCIAL POSITION OF THE SCI GROUP**

	Audited As at 31 December 2019 (S\$ million)	Unaudited As at 30 June 2020 (S\$ million)
Equity attributable to owners of the Company:		
Share capital	566	566
Reserve for own shares	(4)	(4)
Other reserves	(319)	(490)
Revenue reserve	5,827	5,625
	6,070	5,697
Perpetual securities	801	-
	6,871	5,697
Non-controlling interests	1,008	931
Total equity	7,879	6,628

NOTICE OF EXTRAORDINARY GENERAL MEETING

SEMBCORP INDUSTRIES LTD

(Incorporated in the Republic of Singapore)

Company Registration No. 199802418D

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**SCI EGM**”) of Sembcorp Industries Ltd (the “**Company**”) will be convened and held by way of electronic means on 11 August 2020 at 11.30 a.m. (Singapore time) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution which will be proposed as an Ordinary Resolution. 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 22 July 2020 in relation to the Proposed Distribution (the “**Circular**”).

ORDINARY RESOLUTION: THE PROPOSED DISTRIBUTION

RESOLVED THAT subject to and contingent upon the passing of the SCM Rights Issue Resolution by the SCM Shareholders and the passing of the Whitewash Resolution by the SCM Shareholders deemed to be independent for the purpose of the Whitewash Resolution at the SCM EGM:

- (i) approval be and is hereby given for the Company to make a distribution (the “**Proposed Distribution**”) of up to all of the ordinary shares in the issued share capital of Sembcorp Marine Ltd (“**SCM**”, and the shares, the “**SCM Shares**”) held by the Company to the shareholders of the Company (the “**SCI Shareholders**” and each a “**SCI Shareholder**”) by way of a dividend *in specie* on a *pro-rata* basis to all SCI Shareholders as at a time and date to be determined by the directors of the Company (the “**SCI Directors**”) for the purposes of determining the entitlement of SCI Shareholders to the Proposed Distribution (the “**SCI 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 (the “**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 SCI Directors are of the view that such distribution may infringe any foreign law or may necessitate compliance with conditions or requirements which the SCI Directors, in their absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the SCI Directors reserve the discretion not to distribute the SCM Shares to any SCI Shareholder whose registered address as at the SCI Record Date (as appearing in the Register of SCI or in the Depository Register maintained by The Central Depository (Pte) Limited) is outside Singapore (the “**Overseas SCI Shareholder**”) and to deal with such SCM Shares in the manner set out in paragraph (ii) below;
- (ii) where the SCI Directors decide not to distribute the SCM Shares to any Overseas Shareholders, arrangements be made for the distribution of the SCM Shares which would otherwise be distributed to such Overseas SCI Shareholders pursuant to the Proposed Distribution to such person(s) as the SCI Directors may appoint to sell such SCM 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 SCI Shareholders according to their respective entitlements to the SCM Shares as at the SCI Record Date in full satisfaction of their rights to the SCM Shares which they would otherwise have become entitled to under the Proposed Distribution;
- (iii) the SCI Directors and/or any of them be and are hereby authorised to determine the amount to be appropriated out of the retained profits and/or distributable reserves of the Company to meet the value of the SCM Shares to be distributed to the SCI Shareholders based on the value of the SCM Shares on the Completion Date;
- (iv) any resultant fractional SCM Shares be aggregated and held by the Company for future disposal, and the SCI Directors and/or any of them be and are hereby authorised to deal with

NOTICE OF EXTRAORDINARY GENERAL MEETING

the SCM Shares remaining with the Company after the Proposed Distribution in such manner as they deem fit; and

- (v) the SCI Directors and/or any of them be and are hereby authorised to do all acts and things and to execute all such documents (including, but not limited to, any share transfer form for and on behalf of any SCI Shareholder who holds SCI Shares in scrip form for the purposes of effecting the Proposed Distribution) as they or he or she may consider necessary or expedient to give effect to the transactions contemplated and/or authorised by this Resolution.

BY ORDER OF THE BOARD

Kwong Sook May
Company Secretary
Singapore, 22 July 2020

Notes:

1. The SCI EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will be sent to SCI Shareholders and also made available to SCI Shareholders by electronic means via publication on the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the SCI EGM via 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 of the SCI EGM in advance of the SCI EGM, addressing of substantial and relevant questions before or at the SCI EGM and voting by appointing the Chairman of the SCI EGM as proxy at the SCI EGM, are set out in the accompanying Company's announcement dated 22 July 2020. This announcement may be accessed at the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, an SCI Shareholder will not be allowed to attend the SCI EGM in person. An SCI Shareholder (whether individual or corporate) must appoint the Chairman of the SCI EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the SCI EGM if such SCI Shareholder wishes to exercise his/her/its voting rights at the SCI EGM.** The accompanying Proxy Form for the SCI EGM may be accessed at the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where an SCI Shareholder (whether individual or corporate) appoints the Chairman of the SCI EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the SCI EGM as proxy for that resolution will be treated as invalid. CPFIS Members and SRS Investors who wish to appoint the Chairman of the SCI EGM as proxy should approach their respective CPF agent banks or SRS Approved Banks to submit their votes by 11.30 a.m. on 5 August 2020.
4. The Chairman of the SCI EGM, as proxy, need not be an SCI Shareholder.
5. The instrument appointing the Chairman of the SCI EGM as proxy must be submitted to the Company in the following manner:
 - (i) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or
 - (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at gpe@mncsingapore.com,

in either case not less than 72 hours before the time appointed for the SCI EGM.

An SCI Shareholder who wishes to submit an instrument of proxy must first download (where necessary), 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. Alternatively, an SCI Shareholder may download, complete and authorise the proxy form by way of the affixation of an electronic signature, before sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for SCI Shareholders to submit completed Proxy Forms by post, SCI Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing the Chairman of the SCI EGM as proxy to attend, speak and vote at the SCI EGM and/or any adjournment thereof, an SCI Shareholder consents to the collection, use and disclosure of the SCI 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 the appointment of the Chairman of the SCI EGM as proxy for the SCI EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SCI 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, take-over rules, regulations and/or guidelines.

PROXY FORM

SEMBCORP INDUSTRIES LTD

(Incorporated in the Republic of Singapore)
Company Registration No. 199802418D

IMPORTANT

1. The SCI EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice will be sent to members, and also made available by electronic means via publication on the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>. The Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the SCI EGM via 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 of the SCI EGM in advance of the SCI EGM, addressing of substantial and relevant questions before or at the SCI EGM and voting by appointing the Chairman of the SCI EGM as proxy at the SCI EGM, are set out in the accompanying Company's announcement dated 22 July 2020. This announcement may be accessed at the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the SCI EGM in person. A member (whether individual or corporate) must appoint the Chairman of the SCI EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the SCI EGM if such member wishes to exercise his/her/its voting rights at the SCI EGM.**
4. CPFIS Members and SRS Investors who wish to appoint the Chairman of the SCI EGM as proxy should approach their respective CPF agent banks or SRS Approved Banks to submit their votes by 11.30 a.m. on 5 August 2020.
5. By submitting an instrument appointing the Chairman of the SCI EGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice dated 22 July 2020.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the SCI EGM as a member's proxy to attend, speak and vote on his/her/its behalf at the SCI EGM.**

I / We, _____ (Name) _____ (NRIC / Passport / Co Regn No.)
of _____ (Address)

being a member / members of SEMBCORP INDUSTRIES LTD (the "**Company**"), hereby appoint the Chairman of the SCI EGM as my / our proxy to attend, speak and vote for me / us on my / our behalf at the SCI EGM to be convened and held by way of electronic means on 11 August 2020 at 11.30 a.m. (Singapore time) and at any adjournment thereof in the following manner:

	For	Against	Abstain
ORDINARY RESOLUTION: To approve the Proposed Distribution			

*Voting will be conducted by poll. If you wish the Chairman of the SCI EGM as your proxy to cast all your votes "For" or "Against" the resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of the resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of the resolution. If you wish the Chairman of the SCI EGM as your proxy to abstain from voting on the resolution, please indicate with an "X" in the "Abstain" box provided in respect of the resolution. Alternatively, please indicate the number of shares the Chairman of the SCI EGM as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of the resolution, the appointment of the Chairman of the SCI EGM as your proxy for the resolution will be treated as invalid.***

Total Number of SCI Shares Held

Signature or Common Seal of Member(s)

Date

✂

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the members has shares registered in his name in the Register of SCI (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of SCI, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. **Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the SCI EGM in person. A member (whether individual or corporate) must appoint the Chairman of the SCI EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the SCI EGM if such member wishes to exercise his/her/its voting rights at the SCI EGM.** This proxy form may be accessed at the Company's website at the URL <https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the SCI EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the SCI EGM as proxy for that resolution will be treated as invalid. CPFIS Members and SRS Investors who wish to appoint the Chairman of the SCI EGM as proxy should approach their respective CPF agent banks or SRS Approved Banks to submit their votes by 11.30 a.m. on 5 August 2020.
3. The Chairman of the SCI EGM, as proxy, need not be a member.
4. The instrument appointing the Chairman of the SCI EGM as proxy must be submitted to the Company in the following manner:
 - (i) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or
 - (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at gpe@mncsingapore.com.
 in either case not less than 72 hours before the time appointed for the SCI EGM.
 A member who wishes to submit an instrument of proxy must first download (where necessary), 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. Alternatively, a member may

- download, complete and authorise the proxy form by way of the affixation of an electronic signature, before sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.
5. Where the instrument appointing the Chairman of the SCI EGM as proxy is submitted by post, it must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument 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 the instrument appointing the Chairman of the SCI EGM as proxy is submitted electronically, it must be authorised in the following manner:
 - (i) by way of the affixation of an electronic signature by the appointor or of his attorney duly authorised in writing or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (ii) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
 Where an instrument appointing the Chairman of the SCI EGM as proxy is signed or, as the case may be, authorised 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), if the instrument appointing the Chairman of the SCI EGM as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the SCI EGM as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
 6. The Company shall be entitled to reject the instrument appointing the Chairman of the SCI EGM as proxy 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 instrument appointing the Chairman of the SCI EGM as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the SCI EGM as proxy lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the SCI EGM as certified by The Central Depository (Pte) Limited to the Company.

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**BUSINESS REPLY SERVICE
PERMIT NO. 06735**



The Company Secretary
Sembcorp Industries Ltd
 c/o M & C Services Private Limited
 112 Robinson Road #05-01
 Singapore 068902

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