



STATEMENT BY SEMBCORP INDUSTRIES LTD

Singapore, January 17, 2020 – Further to its announcement of September 28, 2018 and Notes to Financial Statements in its 2018 Annual Report, the Group would like to update that ongoing legal proceedings related to the alleged discharge of off-specification wastewater by its overseas joint venture wastewater treatment company in China are at a final stage.

The joint venture company was fined S\$10 million in the fourth quarter of 2019. In late December 2019, a civil settlement agreement, which is expected to be finalised in February 2020, was also reached with the local authorities.

The Group's share of fines and cash settlement for both the criminal and civil claims amount to a total of S\$54 million, which has been fully provided for as at September 30, 2019. No further financial impact is expected.

In addition, the joint venture company will be committing to new investments worth approximately S\$45 million over the next four years to develop projects and initiatives to support environmental protection in the country.

The Group deeply regrets that the illegal and isolated activities of a few employees of the joint venture company for a period prior to early 2017 has resulted in this incident. The employees have since been charged in their individual capacities and tried and sentenced by the courts. The incident was thoroughly investigated by management. All necessary steps to further strengthen internal controls and processes were undertaken. The facility is in compliance with all regulatory standards.

The Sembcorp Group remains committed to responsible operations and compliance with all legal and regulatory requirements.