

**SEMBCORP MARINE LTD**  
(Incorporated in Singapore)  
(Company Registration No. 196300098Z)  
(the “Company” or “SCM”)

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD BY  
WAY OF ELECTRONIC MEANS ON THURSDAY, 16 FEBRUARY 2023 AT 11.00 AM**

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**PRESENT**

Shareholders (who attended via live webcast or audio conference) : Please refer to the attendance records maintained by the Company.

Board of Directors

Tan Sri Mohd Hassan Marican : Chairman of the Board of Directors (the “Board”) (“Chairman of the meeting”)  
Mr Yap Chee Keong : Deputy Board Chairman (attended via live webcast)  
Mr Wong Weng Sun : Director and President & Chief Executive Officer  
Mr Bob Tan Beng Hai : Director (attended via live webcast)  
Mrs Gina Lee-Wan : Director (attended via live webcast)  
Mr William Tan Seng Koon : Director (attended via live webcast)  
Mr Patrick Daniel : Director (attended via live webcast)  
Mr Tan Wah Yeow : Director (attended via live webcast)  
Mr Koh Chiap Khiong : Director (attended via live webcast)

In Attendance / By Invitation

Mr Goh Khor Boon William : Group Finance Director  
Ms Tan Yah Sze : Joint Company Secretary (attended via live webcast)  
Ms Kem Huey Lee Sharon (“SK”) : Joint Company Secretary  
Ms Chua Mun Yuen (“CMY”) : Head of Investor Relations and Corporate Communications  
Mr Lim Zi Kuan : Credit Suisse (Singapore) Limited, Financial Adviser to the Company (attended via live webcast)  
Ms Wong Bee Eng : Provenance Capital Pte Ltd, Independent Financial Adviser to the Independent Directors of the Company (attended via live webcast)  
Mr Keoy Soo Earn : Deloitte & Touche Financial Advisory Services Pte Ltd, Independent Valuer to the Independent Directors of the Company (attended via live webcast)  
Ms Ang Fung Fung : KPMG LLP, Auditors and Independent Reporting Accountants to the Company (attended via live webcast)  
Ms Lim Mei : Allen & Gledhill LLP, Legal Adviser to the Company (attended via live webcast)  
Other Advisers / Management / Employees (attended via live webcast) : Please refer to the attendance records maintained by the Company.

## **1 INTRODUCTION**

- 1.1 SK welcomed all shareholders who had joined the extraordinary general meeting of the Company (“EGM”) remotely via electronic means. She introduced the directors, panelists and various advisers (including the Company’s auditor) who had also joined the EGM via webcast.

## **2 RESPONSES TO QUESTIONS SUBMITTED IN ADVANCE OF EGM**

- 2.1 The Company had prior to the EGM posted on the Company’s website and SGXNet the following responses to the questions received in advance of the EGM:
- (a) Response dated 11 February 2023 in relation to the questions from the Securities Investors Association (attached hereto as “Appendix 1”)
  - (b) Response dated 13 February 2023 in relation to questions from shareholders (attached hereto as “Appendix 2”)
  - (c) Response dated 16 February 2023 in relation to questions from shareholders (attached here to as “Appendix 3”)

## **3 CHAIRMAN’S GREETINGS**

- 3.1 Chairman welcomed shareholders who attended the virtual EGM.

## **4 QUORUM**

- 4.1 Chairman noted that there was a quorum and proceeded to call the EGM to order.

## **5 NOTICE OF MEETING**

- 5.1 Chairman took the notice of the EGM dated 31 January 2023 as read.

## **6 PROXY AND POLLING**

- 6.1 Chairman informed that the voting would be conducted live by poll online. He, being the Chairman of the meeting, had been appointed by some shareholders as their proxy to vote on their behalf. He would vote and/or abstain in accordance with their instructions.
- 6.2 Chairman further informed that the Company had appointed Trusted Services Pte Ltd as the polling agent and T S Tay Public Accounting Corporation as the scrutineer for this EGM.

## **7 RESOLUTION – PROPOSED COMBINATION AND THE PROPOSED ALLOTMENT AND ISSUANCE OF THE KOM CONSIDERATION SHARES**

7.1 Chairman proposed the following ordinary resolution:

- “(1) Approval be and is hereby given for the proposed combination of the businesses of the Company and Keppel Offshore & Marine Ltd (“KOM”) by way of the acquisition by the Company of the entire issued and paid-up share capital of KOM (the “Proposed Combination”) pursuant to the terms of the combination framework agreement dated 27 April 2022, as amended and restated by the amendment and restatement deed dated 27 October 2022, each between the Company, Keppel Corporation Limited (“KCL”) and Bayberry Limited, for a consideration to be satisfied by way of the allotment and issuance of new ordinary shares in the capital of the Company (the “KOM Consideration Shares”) at an issue price of S\$0.122 per KOM Consideration Share to KCL and/or its shareholders, such KOM Consideration Shares representing 54 per cent. of the total issued share capital of the Company immediately following the completion of the Proposed Combination;
- (2) approval be and is hereby given for the allotment and issuance of such number of KOM Consideration Shares such that the KOM Consideration Shares will represent 54 per cent. of the total issued share capital of the Company immediately following the completion of the Proposed Combination; and
- (3) the directors of the Company and each of them be and are hereby authorised to do all such things and execute all such documents as they or he may consider necessary or appropriate to give effect to this resolution as they or he may think fit.”

7.2 Chairman informed that Startree Investments Pte Ltd, being the relevant entity of Temasek Holdings (Private) Limited holding the shares of the Company, had abstained from voting on the resolution.

## **8 LIVE QUESTION AND ANSWER SESSION**

8.1 Chairman invited CMY as the moderator for the Question and Answer session (“Q&A Session”).

8.2 The live questions and answers during the EGM’s Q&A Session were set out in “Appendix 4” attached hereto.

## **9 POLLNG RESULTS**

9.1 After the Q&A Session, Chairman put the motion to vote. The proposed resolution was passed by a majority of votes as set out in the poll results attached hereto as “Appendix 5”.

## **10 CLOSURE OF MEETING**

- 10.1 There being no other business, the meeting ended at 12.45 pm. Chairman thanked shareholders for their attendance at this virtual EGM.

### **CONFIRMED BY**

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Tan Sri Mohd Hassan Marican  
Chairman of the meeting



Company Registration Number: 196300098Z

**Proposed Combination of  
Sembcorp Marine Ltd and Keppel Offshore & Marine Ltd**

**Response to Questions from SIAS**

*Unless otherwise stated, capitalised terms used herein shall have the same meaning ascribed to them in the Circular dated 31 January 2023 on the Proposed Combination.*

**Singapore, 11 February 2023:** Sembcorp Marine Ltd (the “**Company**” or “**Sembcorp Marine**”, together with its subsidiaries, the “**SCM Group**”) has received a list of questions from the Securities Investors Association (Singapore) (SIAS) in relation to its Circular dated 31 January 2023 on the Proposed Combination (the “**Circular**”). The Company’s responses to these questions are set out below.

**Q1. In disregarding the "NAV approach", how robust is the IFA's opinion given the seller-appointed IFA had carried out a P/NAV comparison of the comparable companies?**

The IFA’s Letter to the Independent Directors of the Company is attached in its entirety as **Appendix A** of the Circular.

The IFA had in fact also considered the NAV approach, as well as other valuation approaches (see paragraph 7.2(c) of the IFA Letter).

However, the IFA expressed this view:

*“We are of the view that it is not meaningful to evaluate the reasonableness of the consideration for the proposed acquisition of the Restructured KOM Group based solely on the NAV or net asset backing valuation approach, in view of the different capital structure of a privately held company (with respect to KOM) compared to a publicly listed company (with respect to SCM).”*

The IFA Letter also outlined their methodology in evaluating the transaction, and the multiple factors considered, including:

- Rationale for the Proposed Combination;
- Assessment of the consideration for the Restructured KOM Group;
- Assessment of the Issue Price for the KOM Consideration Shares;
- Dilution impact on existing SCM Shareholders; and
- Other relevant considerations.

Shareholders are encouraged to read carefully the IFA Letter and its recommendations, and the Independent Directors’ Recommendation in conjunction with the full text of the Circular.

**Q2. What is the estimated amount of goodwill that will be created because of the Proposed Combination?**

**Q3. How confident is management that the goodwill will not be impaired in the near future? Is there a risk that SCM is paying Keppel upfront all the expected benefits of the recovery and the merger while holding on to all the execution and market risks?**

The question of goodwill arising from the Proposed Combination is discussed in paragraph 5.2.5 of the Letter to Shareholders of the Circular, and in page C-8 of Risk Factors in Appendix C of the Circular, namely: “There may be substantial goodwill arising from the Proposed Combination, which if subject to an impairment charge, may adversely affect the Enlarged Group’s financial performance”.

The actual amount of goodwill can only be determined after a purchase price allocation exercise is completed, which takes into account the difference between (a) the fair value of the net identifiable assets acquired and liabilities assumed and (b) the actual amount of the consideration for the Proposed Combination (calculated based on the number of KOM Consideration Shares and the prevailing market price of the SCM Shares on the Closing Date).

However, in the compilation of the Unaudited Pro Forma Financial Information of the Enlarged Group, presented in Appendix L to the Circular, provisional goodwill amounts of S\$3.596 billion as at 31 December 2021 and S\$3.433 billion as at 30 June 2022 were used (see Note 5, page L-34). Shareholders should note that these figures are for illustrative purposes only, and that the actual figure can only be determined when the purchase price allocation and acquisition accounting are performed after the completion of the Proposed Combination.

On possible impairment of goodwill in future years, this will depend on the performance of the Enlarged Group going forward. The Company is not able to provide any forecasts on this.

Shareholders should note that goodwill is not amortised but is reviewed for impairment at least annually.

As for risks and expected benefits, this can cut both ways in all transactions. If the synergies from the Proposed Combination are achieved, the expected benefits could potentially outweigh the risks. Similarly, if the risks described in the Risk Factors in Appendix C of the Circular materialise, this could potentially have a material and adverse impact on the Enlarged Group.

**Q4. In addition, the board of SCM will be re-constituted (with all but one current SCM director retiring from the board). Mr Chris Ong Leng Yeow, the current CEO of KOM, will be appointed as the new CEO of the enlarged SCM. Is there a lack of continuity and where is the accountability given that all the major decision makers of SCM leading up to the acquisition of KOM will no longer be in the enlarged entity after the acquisition?**

**(Q5. See below)**

**Q6. Given that all but one of the directors of SCM have indicated that they would leave the board if the acquisition is successful, what assurance can the board give to the shareholders on the composition of the new board? Do the directors feel that the acquisition of KOM will turn out to be successful?**

This year marks the 60th anniversary of SCM. Over these six decades, the Company has taken strategic steps to evolve and transform. From its humble beginning in ship repairs, the Company is today internationally recognised as an innovative solutions provider in the offshore, marine and renewable energy sectors.

The Board believes that the Company has to consider taking the next strategic steps to ensure that it continues to thrive. The Board believes that the Proposed Combination is the best and most compelling way forward for Sembcorp Marine to unlock long-term value for all of its stakeholders.

A key issue is the proposed re-constitution of the Board. This response will cover the following:

- Rationale for Re-constitution of the Board
- Change versus Continuity
- Accountability and Assurance

#### Rationale for Re-constitution of the Board

To recap, the Company's Chairman, Tan Sri Mohd Hassan Marican, joined the Board in 2011 and was appointed Chairman from 2014. During his nine-year tenure as Chairman, he led the Board and Management in shaping the strategic vision for the Company. During his Chairmanship, the Company also achieved the following:

- weathered the longest down cycle in the O&M industry from 2015 and the unprecedented COVID-19 pandemic, and navigated the energy transition to offshore renewables;
- successfully concluded two rights issues which helped to strengthen the Company's balance sheet;
- post COVID-19, successfully delivered all outstanding key projects to its customers' satisfaction;
- developed a state-of-the-art integrated yard at Tuas South Boulevard, a major milestone in the Company's growth and expansion strategy;
- diversified its suite of engineering solutions beyond traditional oil and gas to renewables and new energy;
- established close partnerships with global industry leaders.

The Company is now well-positioned for the Proposed Board to steward the Enlarged Group to greater heights on completion of the Proposed Combination.

The Enlarged Group will further accelerate the strategic transition into offshore renewables, new energy and cleaner O&M solutions. This will require new perspectives and competencies at the Board level and across the organisation.

#### Change versus Continuity

Having positioned the Company for its next strategic move, and if Shareholders approve the Proposed Combination, the Company will have to weigh the pros and cons of continuity versus change at the board level.

If the Proposed Combination is approved, this would be an opportune time for the Board to be re-constituted.

Continuity is expected to be preserved at the board level with Mr Yap Chee Keong (who joined the Board in 2021 as a Non-Executive Independent Director and Deputy Chairman of SCM) and Mr Chris Ong (currently a Director and CEO of KOM since 2017) being

members of the Proposed Board. Mr Wong Weng Sun, the President & CEO and Director of SCM since 2009, will continue to support the Enlarged Group as a Senior Advisor to the Proposed Board.

Upon completion of the Proposed Combination, the rest of the Board will step down to allow for the re-constitution of the Board to bring new perspectives and competencies to the Enlarged Group.

Information on the working experience, qualifications and particulars of the Proposed New Directors (including the Proposed Chairman and Proposed CEO) is set out in paragraph 2 of **Appendix F** to the Circular.

The Proposed Board will be chaired by Mr Mark Gainsborough, an experienced global business leader working in the field of energy transition and renewable energy. Mr Gainsborough spent 39 years with Royal Dutch Shell where he held various senior appointments. He brings to the Proposed Board his extensive experience in the field of energy transition, with deep expertise in renewables and new energy solutions.

The composition of the proposed re-constituted Board will be in compliance with the relevant practice guidance under the Code of Corporate Governance 2018. The Proposed New Directors will seek re-election at the Company's next AGM on 26 April 2023, if completion of the Proposed Combination occurs before then and the Proposed New Directors are appointed to the board. The Proposed Board will also be augmented as and when there are further suitable candidates who can add new perspectives and competencies to the Enlarged Group.

#### Accountability and Assurance

The Board believes that in light of the compelling strategic rationale, the Proposed Combination will be beneficial to stakeholders of the Enlarged Group.

The present Board has spent considerable time and resources in getting the Proposed Combination to this point. The Board is unanimous in supporting the Proposed Combination. All Directors have recommended that shareholders vote in favour and will be voting in favour of the resolution at the EGM.

As a significant shareholder of both SCM and KCL, Temasek has given its full support for the Proposed Combination. Temasek agrees that the Proposed Combination will be transformational for both O&M companies, while reinforcing Singapore's position as both a maritime and O&M hub. Temasek has joined both companies in asking for the support of their shareholders for the Proposed Combination as they believe it is the best way to deliver long term value creation for shareholders and other stakeholders.

**Q5. *Has the board critically reviewed the performance of management in the past 2-5 years? If so, is the board fully satisfied and confident that the management team is able to navigate the competitive landscape as a standalone entity?***

In addition to setting the mission, vision and values of the Company and its strategic objectives, the Board provides guidance to Management and reviews Management's performance regularly.

Since the start of the industry downturn in 2015 and the subsequent COVID-19 pandemic, the Board has worked much more closely with Management to jointly navigate the industry challenges. A key challenge was to ensure that the Company's projects, many of which



involved complex technical specifications, are completed and delivered on time to meet customers' requirements.

While several key projects were delayed and were not profitable, the Board recognised that Management did its utmost to achieve project completions with no project cancellations.

Management has:

- strengthened its close customer relationships at key levels and its international reputation;
- successfully secured a pipeline of new projects worth approximately S\$7 billion in 2022;
- continued to transform the SCM Group to stay relevant to the energy transition.

This is testament to the leadership, commitment and teamwork of the SCM Management team. The Board is confident that the Management team is able to continue to navigate the competitive industry landscape

The Company would like to highlight the key rationale for the Proposed Combination is a strategic one. Shareholders should read paragraph 3 of the Circular, particularly paragraph 3.3 below:

*“If the Proposed Combination does not proceed, as a standalone entity, SCM can continue to pursue its normal course of business and operations. However, it will not be able to benefit from greater scale and synergies from the larger operational scale, broader geographical footprint and enhanced capabilities that the Proposed Combination is expected to bring. Instead, as a standalone entity, SCM would have to navigate an even more competitive landscape where many offshore players have sought consolidation or were otherwise challenged by the radically changed fundamentals of the business and needs of customers. The challenging and competitive global operating environment coupled with additional upward pressure on inflation and various other factors, including the pace of recovery in the O&M sector and the continued impact of COVID-19, may weigh on the SCM Group’s overall liquidity, and there is no assurance that as a standalone entity, the SCM Group would continue to receive the necessary support from its banks, financiers and significant shareholder, Temasek.”*

**(Q7. There was no Question 7 in the SIAS list)**

**Q8. As part of a robust risk management framework, did the board pro-actively seek the continued support of its financiers and significant shareholder REGARDLESS of the outcome of the EGM vote? If not, why not?**

Yes. The Board and Management engaged SCM's banks, financiers and significant shareholder to ascertain and seek their support in the event of either outcome of the EGM vote on the Proposed Combination.

**Q9. What levers are available to SCM to help to facilitate the market to function efficiently post-DIS by Keppel and that the DIS will not distort the share price of SCM?**

Shareholders should note that the SCM Shares have never been traded on an enlarged group basis and there can be no assurance that an active trading market for the SCM Shares will develop or, if developed, will be sustained. Please refer to the Risk Factor “*The Price of the SCM Shares following completion of the Proposed Combination may fluctuate*”

and may be affected by factors different from those currently affecting SCM Shares” in Appendix C of the Circular.

However, as stated in paragraph 9.3 of the Circular, Temasek, through Startree, will remain the single largest shareholder of SCM holding 35.5% of SCM and it is expected that no other single shareholder will hold more than 15% of the issued share capital of SCM.

Shareholders should also note this statement in paragraph 9.3 of the Circular:

*“Startree has undertaken to comply, and will procure that Temasek will comply, with the applicable moratorium requirements imposed by the SGX-ST to maintain (i) for a period of six months following the Closing Date, 100 per cent. of its effective interest in SCM as at completion of the Proposed Combination; and (ii) for the six-month period thereafter, 50 per cent. of its effective interest in SCM as at completion of the Proposed Combination.”*

The Board and Management of the Enlarged Group can be expected to continue to actively engage its shareholders and other external stakeholders so that the strategy, challenges, opportunities and financial performance of the Enlarged Group are well understood.

**Q10. With 68.2 billion issued shares if the acquisition is approved, when will the company be in a position to declare a meaningful dividend?**

Any dividend distributions will ultimately be a function of the Enlarged Group’s profits and distributable reserves, as well as ongoing operating cashflow and investment requirements.

The Company is unable to provide any guidance on future dividend distribution at this point in time.

**Q11. The EGM does not appear to be in line with the current guidelines set by MOH and the government? What are the safeguards to ensure that all relevant questions asked during the virtual EGM are answered before the resolution is put to vote? Is the company appointing an independent moderator to manage the online Q&A?**

The holding of a virtual EGM is in line with the guidelines set by the relevant government agencies as at the time of issuance of the Circular.

Several options were considered within the approved guidelines prescribed by the relevant government agencies. A key consideration was the large number of SCM shareholders.

In deciding on a virtual EGM, the Company had to consider the prospect of any COVID-19 exigencies, even though the COVID-19 situation has improved.

However, Shareholders should note that they can participate in the SCM EGM by observing and/or listening to the SCM EGM proceedings via live audio-visual webcast or live audio-only stream and voting at the SCM EGM live.

Please refer to the EGM Notice and the accompanying announcement dated 31 January 2023 for details.

As in all EGMs, the SCM Chairman, who will chair the EGM, will ensure that all relevant and substantive questions are responded to before the resolution is put to a vote.



Company Registration Number: 196300098Z

## Proposed Combination of Sembcorp Marine Ltd and Keppel Offshore & Marine Ltd

### Response to Shareholders' Queries

*Unless otherwise stated, capitalised terms used herein shall have the same meaning ascribed to them in the Circular dated 31 January 2023 on the Proposed Combination.*

**Singapore, 13 February 2023:** Sembcorp Marine Ltd (the “**Company**” or “**Sembcorp Marine**”, and together with its subsidiaries, the “**SCM Group**”) has received questions from its shareholders in relation to its Circular dated 31 January 2023 (the “**Circular**”) on the Proposed Combination and the SCM EGM. The Company’s responses to the substantial and relevant questions are set out below.

#### **Questions related to the SCM Group, the Enlarged Group, and the SCM EGM**

**Q1. Does the SCM Group have enough liquidity to sustain its near-term operations, and are there plans for another Rights Issue in the near term?**

With the completion and deliveries of projects and related delivery payments, offset by working capital needs for projects under execution, the SCM Group anticipates its operating cash flows and overall cash balance to continue to stabilise. With the ongoing support from its lenders, the SCM Group expects to have the necessary liquidity to fund its operations for the foreseeable future.

As disclosed in the Company’s announcement dated 6 February 2023 titled “*Sembcorp Marine responds to comments on its Circular in connection with the Proposed Combination*”, the Company’s net debt to equity ratio as at 31 December 2022 has improved further to 0.26 times from the ratio of 0.53 times as at 30 September 2022. Such improvement is mainly attributed to cash collections in 4Q2022 from long term receivables and progress and delivery payments for projects from the SCM Group’s customers. These will be used to pay payables and other working capital needs in FY2023.

There are currently no plans for the Company to undertake another rights issue. If there is a need for additional liquidity, the Board will review the financing options including debt, equity-linked financing and/or other equity financing. Each of these financing options will be evaluated taking into consideration its availability, quantum, timing and transaction execution risk.

**Q2. Are SCM Shareholders allowed to vote ahead of the SCM EGM if there are scheduling conflicts and they are unable to attend the SCM EGM?**

SCM Shareholders may cast their votes at the SCM EGM (i) live by SCM Shareholders themselves or their duly appointed proxy/proxies (other than the Chairman of the SCM EGM) via electronic means; or (ii) by appointing the Chairman of the SCM EGM as proxy to vote on their behalf at the SCM EGM. Therefore, SCM Shareholders may vote on the resolution relating to the Proposed Combination ahead of the SCM EGM via proxy.

SCM Shareholders should note that the EGM Proxy Form must be submitted to the Company in the following manner:

- a) if submitted by post, be lodged at the office of the Company's Share Registrar, KCK CorpServe Pte. Ltd., at 1 Raffles Place, One Raffles Place (Tower 2) #04-63, Singapore 048616; or
- b) if submitted electronically, be submitted via (1) email to the Company's Share Registrar at [sembmarine-egm@kckcs.com.sg](mailto:sembmarine-egm@kckcs.com.sg); or (2) the online process through the pre-registration website which is accessible from the URL <https://conveneagm.sg/SEMBMARINE-EGM2023>

in each case by 11.00 a.m. on 13 February 2023.

SCM Shareholders should refer to the Notice of EGM and the Company's accompanying announcement dated 31 January 2023 for more information on the SCM EGM.

**Q3. Will Temasek continue to be a major long-term shareholder after this merger? Has it or any lenders expressed or implied that they would not participate in any financial support for or extend loans should the merger not proceed?**

As stated in Paragraph 9.3 of the Letter to Shareholders of the Circular, following the completion of the Proposed Combination and based on the shareholding of the Company and KCL as at the Latest Practicable Date, Temasek, through Startree, will remain the single largest shareholder of the Company holding 35.5 per cent. of the Company<sup>1</sup>.

The Company is not in a position to comment on whether Temasek will continue to be a major long-term shareholder of the Enlarged Group after the completion of the Proposed Combination.

SCM Shareholders may wish to note that Startree has undertaken to maintain (i) for a period of six months following the Closing Date, 100 per cent. of its effective interest in the Company as at completion of the Proposed Combination; and (ii) for the six month period thereafter, 50 per cent. of its effective interest in the Company as at completion of the Proposed Combination.

As a significant shareholder of both the Company and KCL, Temasek has given its full support for the Proposed Combination. Temasek agrees that the Proposed Combination will be transformational for both O&M companies, while reinforcing Singapore's position as both a maritime and O&M hub. Temasek has also joined both companies in asking for the

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<sup>1</sup> Based on 17,131,025,958 SCM Shares held by Startree Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek, and 371,408,292 KCL Shares held directly by Temasek as at the Latest Practicable Date. This figure excludes interests held by Temasek's independently-managed portfolio companies. Based on 371,408,292 KCL Shares held directly by Temasek as at the Latest Practicable Date and details of the KCL Distribution set out in the KCL Circular, Temasek is expected to receive 7,088,339,820 SCM Shares pursuant to the KCL Distribution, which are expected to be transferred to Startree on the completion of the KCL Distribution.

support of their shareholders for the Proposed Combination as they believe that it is the best way to deliver long term value creation for shareholders and other stakeholders.

The Board and Management of the Company regularly engage with the SCM Group's banks, financiers and its significant shareholder, Temasek, whether in relation to the Proposed Combination or otherwise. SCM Shareholders should read Paragraph 3.3 of the Letter to Shareholders of the Circular:

*"If the Proposed Combination does not proceed, as a standalone entity, SCM can continue to pursue its normal course of business and operations. However, it will not be able to benefit from greater scale and synergies from the larger operational scale, broader geographical footprint and enhanced capabilities that the Proposed Combination is expected to bring. Instead, as a standalone entity, SCM would have to navigate an even more competitive landscape where many offshore players have sought consolidation or were otherwise challenged by the radically changed fundamentals of the business and needs of customers. The challenging and competitive global operating environment coupled with additional upward pressure on inflation and various other factors, including the pace of recovery in the O&M sector and the continued impact of COVID-19, may weigh on the SCM Group's overall liquidity, and there is no assurance that as a standalone entity, the SCM Group would continue to receive the necessary support from its banks, financiers and significant shareholder, Temasek."*

**Q4. When will the KOM Consideration Shares be issued?**

The KOM Consideration Shares are to be allotted and issued on the completion of the Proposed Combination. If SCM Shareholders approve the resolution for the Proposed Combination at the SCM EGM, completion of the Proposed Combination is expected to be on or prior to 28 February 2023<sup>2</sup>.

Please refer to "Indicative Timetable" of the Circular.

**Q5. Can the Company provide guidance on how the Enlarged Group's market capitalisation is expected to compare to the SCM Group's, and how the share price is expected to perform?**

The Company is not in a position to provide guidance on the market capitalisation of the Enlarged Group, which will depend on the price of the SCM Shares following the completion of the Proposed Combination.

The SCM Shares have never been traded on an enlarged group basis and there can be no assurance that an active trading market for the SCM Shares will develop or, if developed, will be sustained.

Also, the price of the SCM Shares following completion of the Proposed Combination may fluctuate and may be affected by factors different from those currently affecting SCM Shares.

Please refer to the Risk Factor "*The Price of the SCM Shares following completion of the Proposed Combination may fluctuate and may be affected by factors different from those currently affecting SCM Shares*" in Appendix C to the Circular.

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<sup>2</sup> Subject to timing for SGX-ST and CDP logistics for the issuance of the KOM Consideration Shares. The Asset Co Transaction, KOM Restructuring and completion of the Proposed Combination form part of a series of composite steps to be undertaken in sequence. If the Asset Co Transaction and the KOM Restructuring are not completed, the Proposed Combination cannot proceed.

**Q6. Why should minority shareholders support the Proposed Combination?**

The Proposed Combination will create a premier global player with deep engineering heritage to offer offshore renewables, new energy and cleaner solutions in the O&M sector. The Enlarged Group is envisaged to unlock synergies from the integration of two established industry players.

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

SCM Shareholders should, before deciding whether to support the Proposed Combination, carefully read the Circular in its entirety. SCM Shareholders should rely on their own independent enquiries and investigations, and make their own appraisal and determination of the merits of supporting the Proposed Combination. Persons in doubt as to the action they should take should consult their business, financial, legal, tax or other professional adviser.

SCM Shareholders may wish to note that as a significant shareholder of both the Company and KCL, Temasek has given its full support for the Proposed Combination. Temasek agrees that the Proposed Combination will be transformational for both O&M companies, while reinforcing Singapore's position as both a maritime and O&M hub. Temasek has joined both companies in asking for the support of their shareholders for the Proposed Combination as they believe that it is the best way to deliver long term value creation for shareholders and other stakeholders.

**Q7. If the Proposed Combination does not work out, is there expected to be a reverse split?**

The Company is not able to comment on this.

**Q8. Will the Company be renamed post-completion of the Proposed Combination?**

The Proposed Combination will create a premier global player offering offshore renewables, new energy and cleaner offshore & marine solutions.

Whether the Company will be renamed is a decision for the board of the Company following the completion of the Proposed Combination. However, a name change requires prior approval from the shareholders of the Company and until such approval is sought at a general meeting, the Company will continue to operate under its current trade name.

**Q9. Will there be any restructurings and/or workforce rationalisations after the Proposed Combination?**

Post-completion of the Proposed Combination, the Company expects to conduct a comprehensive strategic business and organisational review to unlock synergies from the integration of two established industry players, while taking into account the needs of the Enlarged Group to execute and deliver on the increased order book.

**Q10. How is the Enlarged Group's net order book expected to look like post-completion of the Proposed Combination?**

Based on the latest publicly disclosed data<sup>3</sup>, the net order book of the Enlarged Group is expected to amount to approximately S\$18 billion.

**Q11. Please provide more information on how the Enlarged Group's financials are expected to look like post-completion of the Proposed Combination.**

Please refer to Appendix L to the Circular for the Report on the Compilation of Unaudited Pro Forma Financial Information of the Enlarged Group for FY2019, FY2020, FY2021, 1H2021 and 1H2022.

The information in Appendix L has been presented for illustrative purposes and is based on certain assumptions and adjustments made. SCM Shareholders are encouraged to review Appendix L in conjunction with the full Circular.

**Questions related to the Restructured KOM Group**

**Q12. Please provide more information on the KOM corruption case, its implications for the SCM Group, and how such occurrences will be prevented in the future?**

SCM Shareholders may refer to: (i) the Risk Factor "*The Enlarged Group is subject to operational, business and political risks in Brazil, where it operates*" in Appendix C to the Circular; (ii) Paragraph 13.3 of Appendix E to the Circular; and (iii) KCL's announcement dated 19 December 2022 titled "*Keppel Offshore & Marine Reaches Joint Resolution With Brazilian Attorney-General And Comptroller General*" and its follow up announcement dated 30 January 2023 titled "*Keppel Offshore & Marine's Joint Resolution With Brazilian Authorities*", where it is stated that "*With the two leniency agreements in place, KOM does not expect there to be any further grounds for liability in Brazil in relation to these issues.*"

The SCM Group has a strict compliance programme and continuously works to ensure that policies and procedures are in place to prevent any violation of any anti-corruption laws applicable to its operations.

**Q13. In light of recent developments such as the KOM corruption case, is the Board prepared to go back to KCL to renegotiate the terms of the Proposed Combination?**

On 27 April 2022, the Company announced that it had entered into the Combination Framework Agreement in relation to the Proposed Combination. On 27 October 2022, the Company announced it had entered into an amendment and restatement deed amending and restating the Combination Framework Agreement and setting out the revised terms on which the Proposed Combination will be effected. A summary of the key revised terms in the Amended and Restated Combination Framework Agreement is set out in Paragraph 1.2 of the Letter to Shareholders of the Circular. These terms are final.

**Q14. Will KCL be a competitor to the Enlarged Group post-completion of the Proposed Combination?**

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<sup>3</sup> Please refer to the Company's announcement dated 15 November 2022 titled "Sembcorp Marine Interim Business Update for 3Q/9M 2022" and KCL's 2H & FY 22 Financial Results announced on 2 February 2023.

As outlined in Paragraph 5.6 of the Letter to Shareholders of the Circular, subject to the completion of the Proposed Combination, KCL has undertaken to the Company that it shall not for three years following the completion of the Proposed Combination, directly or indirectly carry on any of the following businesses:

- a) provision of design, engineering, procurement, construction (including full EPC or EPCIC), installation and/or commissioning of all vessels, rigs, platforms, modules and structures for use nearshore or offshore;
- b) repair, upgrades, conversion of all vessel types, rigs, platforms, or units and structures for use nearshore or offshore; and
- c) shipyard operations and the provision of ancillary services to shipyards generally,

provided that KCL is not prohibited from any development, design, engineering procurement, operation and maintenance, and/or investment in near-shore infrastructure, such as near-shore power solutions, waste-to-energy, water treatment and desalination plants, data centres, floating cities and coastal defence. In addition, KCL has also agreed to non-solicit undertakings for a period of three years relating to certain identified customers, suppliers and employees.

The Company and KCL will continue to explore opportunities for future collaboration in areas such as floating data centres and floating infrastructure solutions.

### **Questions related to Asset Co**

#### **Q15. Will the SCM Group be able to inject its own rigs into the Asset Co post-completion of the Proposed Combination?**

The Company is not a party to the Asset Co transaction and is unable to comment on such speculative matters. There is no current intention for the Company to inject its own rigs into the Asset Co post-completion of the Proposed Combination.

If such a transaction materialises, the Company will disclose information on the SGXNET in accordance with the requirements of the Listing Manual.

#### **Q16. Is Asset Co expected to contribute any cashflow to the Enlarged Group?**

As stated in Paragraph 8 of the Letter to Shareholders of the Circular, Asset Co and KOM will enter into the Master Services Agreement under which KOM will provide construction, berthing and maintenance, and other associated services for the legacy vessels held by Asset Co for an initial period of ten years. In this regard, Asset Co will pay KOM for the services provided by KOM under the Master Services Agreement, and consequently, contribute to the cash flows of the Enlarged Group.

#### **Q17. In relation to the ongoing O&M contracts under KOM, is there any cut-off date for the receipt of payments that will be made to KCL?**

Under the terms of the Proposed Combination, from the Closing Date, all existing contracts entered into by the Restructured KOM Group and associated cash flows will belong to the Enlarged Group, and not KCL.



### **Questions related to the Yards**

**Q18. Please share if there are any yard reinstatement costs expected to be incurred for either the SCM Group's or the Restructured KOM Group's yards, and if there is a sense of how much this might amount to.**

The SCM Group has made the necessary provisions for reinstatement of its yards. These are disclosed in its financial statements.

Please refer to the Risk Factor "*The yard reinstatement costs associated with certain of the Restructured KOM Group's yards may be material*" in Appendix C to the Circular for more information on potential yard reinstatement costs that might be incurred as part of the Enlarged Group's course of normal operations.

The Restructured KOM Group is currently party to several lease contracts in respect of the yards which it operates, which contain reinstatement provisions requiring the relevant Restructured KOM Group Company to restore the yard or property in question to a specified condition on the expiry of the lease. For some of these lease contracts with a remaining lease tenure of less than 15 years, no provisions have been made despite there being reinstatement provisions in such lease contracts.



Company Registration Number: 196300098Z

**Proposed Combination of  
Sembcorp Marine Ltd and Keppel Offshore & Marine Ltd**

**Response to Further Questions from Shareholders**

*Unless otherwise stated, capitalised terms used herein shall have the same meaning ascribed to them in the Circular dated 31 January 2023 on the Proposed Combination.*

**Singapore, 16 February 2023:** Sembcorp Marine Ltd (the “**Company**” or “**Sembcorp Marine**”, together with its subsidiaries, the “**SCM Group**”) received further questions from shareholders after 7 February 2023, the last date for submission of questions relating to its Circular dated 31 January 2023 on the Proposed Combination (the “**Circular**”). The Company would like to respond to these questions as set out below.

**Q1. Recently, the news headlines are blaring about the Keppel Offshore & Marine corruption scandal in Brazil. There was a ferocious debate about it in Parliament and amongst families & friends during the CNY festive gatherings. Can you please identify the six individuals implicated in the Keppel Offshore corruption scandal? Can you please confirm if these six individuals will be employed by the merged entity?**

The Company is not able to identify the six individuals. We note from media reports that they have been described as former staff of Keppel Offshore & Marine Ltd.

**Q2 How does SCM ensure that the culture of corruption seen in Keppel Offshore & Marine is not incorporated into the merged entity? What safeguards are in place to ensure that the merged entity does not run afoul of the law, especially laws governing anti-corruption and bribery?**

The SCM Group has a strict compliance programme and continuously works to ensure that policies and procedures are in place to prevent violation of anti-corruption and bribery laws.

**Q3 With reference to the Reuters news article, it was reported that in 2017, "Keppel O&M sanctioned 17 current, former employees over Brazil bribery case: document" (<https://www.reuters.com/article/us-singapore-keppel-corp-fine-idUSKBN1E002G>) Can you please confirm if these 17 current and former employees of KOM will be employed by the merged entity?**

At this point in time, the Company does not have information on this matter and is therefore not in a position to comment on this.

- Q4. Last year, it was reported that SCM suffered a data breach incident. A sister company of Keppel Offshore & Marine, Keppel T&T also suffered a data breach incident. How does the merged entity ensure that data privacy and confidentiality are safeguarded and that there are no more such data breach incidents in the future? What safeguards are in place to ensure that the merged entity does not run afoul of the law, especially laws governing data security?**

The Company issued an announcement on this matter on 31 August 2022.

The Company treated this incident seriously and took immediate actions to manage and mitigate any potential risks. Cybersecurity experts were appointed to conduct detailed analytics to flush out all breaches and related root causes, assist with impact assessment, review and enhance security measures to further strengthen the Company's core IT infrastructure and systems.

The Company is mindful of stakeholders' concerns and has assured them that information security and privacy are our top priorities. The Company has in place data protection policies which it enforces stringently.

- Q5. Please indicate the composition of employees in the merged entity. For senior management, what percentage of the merged entity would comprise of former SCM and KOM staff respectively? For middle management, what percentage of the merged entity would comprise of former SCM and KOM staff respectively? For junior management, what percentage of the merged entity would comprise of former SCM and KOM staff respectively?**

Once the Proposed Combination is approved, the Company will confer on matters such as this.

It is expected that the Company will conduct a comprehensive strategic business and organisational review and decide on the best way to integrate the two companies, including the management at all levels. The aim will be to unlock synergies while taking into account the needs of the Enlarged Group. Relevant information will be shared in due course.

- Q6. If shareholders vote for the transaction, the number of shares outstanding for the merged entity would be astoundingly high. Would the merged entity be conducting a share consolidation to reduce the number of shares outstanding?**

The question of whether there should be a share consolidation to reduce the number of shares outstanding is a potential matter to be assessed by the new Board and Management of the Company following the completion of the Proposed Combination. If any such corporate action materialises, the Company will disclose information in accordance with the requirements of the SGX Listing Manual.

- Q7. What will be the name of the merged entity? Please explain the meaning and significance behind the new name of the merged entity?**

Whether the Company will be renamed is a decision for the new Board and Management of the Company following the completion of the Proposed Combination. However, a name change requires prior approval from the shareholders of the Company and until such approval is sought at a general meeting, the Company will continue to operate and trade under its current name.

### **Question & Answer Session**

#### **Question 1: What will be the impact on the share price?**

**William Goh, Group Finance Director:** Thank you for the question. As you may understand, the impact on the share price is not something that one can forecast or determine. It is driven by market forces. What is important is the strategic rationale of the Proposed Combination – the two companies coming together; and going forward, the overall performance of the combined entity. That will underpin the future share price.

#### **Question 2: Will my holdings in Sembcorp Marine Ltd (“SCM”) remain the same after the merger?**

**William Goh, Group Finance Director:** Yes. Your holding will remain the same. The number of shares you hold will remain the same before and after the merger.

#### **Question 3: When will be the SCM dividend-in-specie ex-date for the shareholders of Keppel Corporation Limited (“Keppel”)? And when will SCM shares be credited to them? Will there be a huge influx of new SCM shareholders?**

**William Goh, Group Finance Director:** There are a couple of parts to this question. The first is: When will the dividend in specie be effected? Assuming that the resolution is passed, from now to the legal completion, a few things would happen. One of the things will be the issuance of new SCM shares to Keppel, and subsequently Keppel would then distribute the shares as DIS (distribution in specie) to their shareholders who will be new shareholders of SCM. The expected date for all these to happen will be around end of this month.

#### **Question 4: How will the enlarged entity ensure continued operations given the labour shortages?**

**Wong Weng Sun, President & CEO:** Thank you for the question. Post the combination completion, the management will review all its operations as well as the order book and the potential activities from further new orders that are coming in. There will also be a review of the operations and further discussions on the type of labour which will be required. The combined entity would recruit more workers if required.

#### **Question 5: Will there be any consolidation of manpower following the merger?**

**Wong Weng Sun, President & CEO:** Post the combination completion, as I mentioned earlier, the review of the project manpower requirement will definitely be ongoing. As we all know now, from current public information, the combined order book has already reached S\$18 billion. Any consolidation of manpower surely will also need to take into consideration the coming new orders that the combined entity is going to undertake. This will definitely be handled and decided by the enlarged entity’s management.

**Question 6: Since exchange ratios were calculated before SCM has won numerous contracts and with the improvement of its debt equity, does the exchange ratio reflect a fair value to SCM shareholders?**

**William Goh, Group Finance Director:** Thank you for the question. This question has been asked before and we acknowledge that the entire transaction process has taken a significant amount of time. In all transactions of this nature, there has to be a defined date for both parties to come together, factoring their respective situations, operationally as well as financially.

Basically for this transaction, as we have shared previously, it is based on what we call a “locked box approach”, which means that the respective situations of the two companies at end of 2021 were taken into consideration in arriving at the exchange ratio. Objectively speaking, either company during the subsequent entire process, in terms of winning contracts, they can both benefit more or less either way. In order not to have to factor all these movements, which will not be practical, we therefore adopted this locked box approach.

Looking at where we are now, you would have known that both companies have actually significantly increased the amount of orders that they have secured. As what Mr Wong mentioned, the total orders now is around S\$18 billion. We encourage shareholders to focus more on how the combined entity, given the improved outlook, would benefit all shareholders after this proposed combination. Thank you.

**Question 7: Will there be a name change for the combined entity? If so, what will it be?**

**Wong Weng Sun, President & CEO:** Thank you for the question. Whether there will be a name change, the new board and the new leadership team would decide after the closing of the transaction. Thank you.

**Question 8: Why is Mr Wong stepping down?**

**Wong Weng Sun, President & CEO:** There are several considerations, but the most important one is, I have reached 61 this year. I have joined Sembcorp Marine for the last 35 years, and served as President & CEO for the last 14 years. If you have followed the SIAS Fireside Chat with SCM Management, I had mentioned that I am privileged and feel very proud to be part of SCM’s transition and transformation process and journey, helping to shape SCM to what it is today.

It is an opportune time for me to step down to allow the new leadership to bring in new perspectives and competencies to the enlarged entity, where it will focus on pursuing the transition into renewables and bringing the enlarged entity to new heights. Thank you.

**Question 9: Do employees in SCM and Keppel Offshore and Marine Ltd (“KOM”) need to worry if the transaction is approved? What will be the impact to current employees after the merger, especially those working in SCM post-merger as the new management will be taking over the new combined entity?**

**Wong Weng Sun, President & CEO:** As I mentioned earlier, the combined entity has an order book of S\$18 billion and this is to be completed in four years' time. This S\$18 billion order book excludes the business from ship repairs and upgrades. If you make a very conservative projection to include the ship repairs and upgrades business, within these four years, there will at least be S\$20 billion in total orders. In addition, both SCM and the restructured KOM are also pursuing new orders. It is thus a very strong footing for the combined entity to start with. There are jobs, competencies, as well as good infrastructure for employees to deliver all the required solutions to customers.

I would say that there is no other company in Singapore with the same DNA to complete such work and to pursue such work for the industry. Therefore, employees need not worry as we are going to be one team to build resiliency for the enlarged entity. Thank you.

**Question 10: What is the current utilisation rate of the shipyards post-merger? What is the pro forma utilisation rate of the shipyards?**

**Wong Weng Sun, President & CEO:** Currently, for the utilisation of shipyards, there is firstly work that has been completed and also new work orders which will commence engineering, procurement and eventually construction. More importantly is post-merger, with the delivering of the S\$18 billion of orders plus the ship repairs and upgrades, the utilisation rate will definitely go up, probably even higher than pre-COVID times. What is important is that this combined entity will allow the enlarged group to better utilise all the resources from both SCM as well as the restructured KOM. This also allows us to collaborate even more with the other regional shipyards and fabricators to enable us to acquire even more new orders in time to come. Thank you.

**Question 11: What are the expected changes to the company in terms of business model? As the business is rather labour intensive, are there thoughts given to automation of processes within the yards?**

**Wong Weng Sun, President & CEO:** Thank you for the questions. I have explained during the SIAS Fireside Chat that automation and Industry 4.0 initiatives have been initiated. This would also extend to the regional fabricators and shipyards that we are able to collaborate with and increase our capacity to deliver more projects. Post combination completion, there are also good resources within the restructured KOM. When put together, it would allow us to better plan and better strategise on how we can optimise the operations and resources to capture current and extended oil and gas projects, as well as renewable projects. The enlarged resources in terms of facilities and the automated mechanisation processes in the combined entity will definitely bring us to the next height. Thank you.

**Question 12: Correct me if I am wrong, my understanding of the latest tender awards by Brazilian Petrobras are to different shipyards. The first one was won by KOM and the second contract by SCM. Will the merger affect these contracts?**

**Wong Weng Sun, President & CEO:** Both entities, SCM and KOM, at that time were awarded the projects by Petrobras. KOM has secured three projects, whereas SCM one project. I would say that there will be no effect at all arising from the merger or the combined entity regarding these projects, which have currently commenced execution. For future projects, the enlarged entity will decide and also strategise when the time comes. Thank you.

**Question 13: SCM's strategy is to eventually operate in the flagship Tuas Boulevard Yard. With this merger, the combined entity will inherit additional legacy shipyards. Will this strategy change?**

**Wong Weng Sun, President & CEO:** I would say that the strategy of operating only in Tuas Boulevard Yard is not accurate. What is important for SCM is a longer term strategy to have strong home operations which involve engineering, procurement, project management, as well as execution. With a strong backing from home, the execution can be extended to utilise overseas and regional yard facilities and fabricators' facilities.

It is important that we commence with engineering and end up with the integration, doing the assurance and quality checks in SCM, and delivering that within the extended group of SCM. The merger will not change this strategy and will not impact our strategy. However, it will add on to the strength of what we have currently, whereby we will have more local yard facilities to capture good opportunities and more short-term oil and gas jobs that come along due to the energy crisis. The extended work will be able to be absorbed by the enlarged facilities of the combined entity. Thank you.

**Question 14: Will the debt of the combination increase after the merger? What is the NAV after the merger? Post-combination, will you be able to give dividends?**

**William Goh, Group Finance Director:** Thank you for the three questions. Let me address the first one in terms of the debt –whether it will increase after the combination? Short answer is yes.

For SCM, we have our existing debt and when KOM comes over, they also have a small amount of debt. What is important to note is that in terms of the overall gearing of the combined entity, SCM, where we are now, based on the pro forma is about 33%. That is the total debt over total assets. When the two companies come together, this gearing actually improves to a lower level of around 22%.

The second question is on the NAV of the company. Our NAV is currently at about S\$3.8 billion. When you add on KOM of around S\$1 billion, the total is around S\$4.7 billion after the combination.

The third question is regarding whether the combined entity is able to give dividends. Dividend is primarily driven by financial performance. That in turn is driven by the amount of orders that we secure, as well as our ability to execute them well, so that we can generate all the cash flows as well as the profits.

We have shared that each of the two companies has increased its order book significantly. The combined order book will be about S\$20 billion and is to be executed over the next four years. This will underpin future performance.

The other thing to note is that, with all things being equal, when the activity level of the two combined entities improves, the operating leverage also improves. This means that the average costs actually come down as well. These are the key drivers that will underpin the future performance of the two companies and therefore the proposed combination.

We hope that with this improved performance, we will be able to generate profits earlier and dividends shall follow thereafter. Thank you.

**Question 15: Since my existing holdings remain the same, why does the clause SCM shareholders will then own such number of SCM shares representing 46% of the SCM issued share capital. Please enlighten us.**

**William Goh, Group Finance Director:** Thank you for the question. The existing number of shares owned by Sembcorp Marine shareholders is about 31 billion. What happens when this combination goes through is that we will issue new shares to Keppel and its shareholders. That is about another 36.8 billion shares. The number of shares that you own is the same, but the total pool of shares has increased with the issuance of these new shares. Because of that, for existing shareholders in SCM, while you own 100% now, when more shares are being issued, with the dilution, existing shareholders will therefore end up owning 46% of the total issued shares of SCM post the completion of the combination. Thank you.

**Question 16: Does the combined entity plan to remain as a listed entity for the foreseeable future? Is it better to privatise and dispense with the cost and hassle of being a listed company?**

**Tan Sri Mohd Hassan Marican, Chairman:** The plan is for the combined entity to remain as a public listed company after the completion of the transaction. There are no other plans at this moment and I would expect that the new board will make whatever consideration that they will need to make post the completion of the merger.

**Question 17: Has the new corporate culture after the merger been developed to ensure that the new body works optimally?**

**Tan Sri Mohd Hassan Marican, Chairman:** Well, once again, I think, you know, post the merger, it will be the responsibility of the new board and the new management team to carve out the strategic direction and look into the work culture and corporate culture of the merged organisation to ensure that it will bring benefits to shareholders in the future.

**Question 18: With much more orders won since the decision of the ratio, does the initial motivation for the merger of SCM remains? Is survival no longer pertinent or relevant?**

**Tan Sri Mohd Hassan Marican, Chairman:** As we have explained, the rationale for the proposed transaction (this combination or this merger of the two entities) would create a globally competitive company to compete in the offshore and marine environment and it will be able to face all the challenges that is presently out there. It will also help to stop the cannibalisation of potential businesses between these two Singapore-owned entities.

The proposed merger still remains relevant and the rationale is still relevant. I sincerely think that it is a good way forward for the two entities in order to face new challenges in the sector.



**Question 19: When there are differences in practice between two organisations in terms of workflow and project execution, how will that be decided post combination?**

**Wong Weng Sun, President & CEO:** Thank you for the question. I think it is expected that post combination, the operational team led by the management will go through the best practices as well as the applicable learning curves for each of the specific projects, which may be of different requirements and contractual obligations. There will be continual assessments by the management and by the operational team on how to achieve especially synergies from the different parts of the expanded combined entity's facilities as well as capabilities. Thank you.

**Question 20: Would you be able to comment on competing effectively with other regional yards from China and Korea?**

**Wong Weng Sun, President & CEO:** I had mentioned before the competitive landscape has changed from just purely competing on labour costs or operational costs. We need to consider the total value for each project and customer.

We need not necessarily compete all out on every front because we will not be able to capture all the work. It would not be competitive for us to do all the work as well. We can consider partnering with China or Korea yards in certain projects and on certain jobs.

For example, there are certain jobs in Singapore where we do not have the benefits of a steel mill producer or an engine maker. However, we need not reinvent the wheel if we want to compete. We should adopt a strategy of collaboration, working together from time to time, from project to project. I hope this will help in terms of the competitive landscape in the future. Thank you.

**Question 21: Since the Keppel yards are much older, will these affect the efficiency and productivity of the newer yards of SCM?**

**Wong Weng Sun, President & CEO:** In contrary, we should consider the overall efficiency in terms of the resources available at certain times. In terms of productivity, there is a level of how much we can achieve. But more importantly, do we also have a place to perform the work?

Therefore, not every work itself requires certain types of facilities to perform the job. By combining together and with the outsourcing strategy as I mentioned before, I think all these are complementary to each other, and definitely complementary to SCM's yards post combination. Thank you.

**Questions 22: Will the combined entity cooperate with Sembcorp Industries ("SCI") in the field of renewable projects, since SCI has transformed from brown to green and has become a leading player in the field?**

**Wong Weng Sun, President & CEO:** Thank you for the question. In the past and now, and also in the future, we have and will continue exploring opportunities in renewables. We have also collaborated with the developers. I think this presents an opportunity for the combined entity. When the time comes, I believe the board and also the management will review this in detail and act accordingly. Thank you.

**Question 23: How has the reception been from SCM's and KOM's customers to the proposed combination? Is this viewed positively by the customers?**

**Wong Weng Sun, President & CEO:** In my assessment, I would say that our clients' perception of the proposed merger is positive. In some of our engagements with customers, I also get this response in person. From the perspective of getting orders, especially in the past 12 months whereby customers have already known since we signed the definitive agreement for this proposed transaction, and since then customers have not stopped providing enquiries to both entities leading to what we mentioned today, a combined S\$18 billion order book. With this, I will say that it is not viewed negatively from our clients' perspective.

**Question 24: The panel does look very serious as they talk about this proposed combination. Is this indeed the right strategy to deliver synergy from the various engineering aspects and efficiency exploitation, including economies of scale, with this proposed combination? Could the meeting enlighten us?**

**Tan Sri Mohd Hassan Marican, Chairman:** I think we may be coming across to you looking very glum because we are not very photogenic. However, in so far as the expectation going forward, we are all collectively agreed that this is the best way forward in order to meet the challenges in the next three to five years or even beyond that, as the sector and the energy landscape, transition to a zero carbon base and new energy like renewables.

This will provide the best platform for the combined entity to be able to compete and create value for the future. We are happy that this transaction should go forward for the future benefit of shareholders.

**Question 25: Why are the names of the new directors not given yet?**

**Chua Mun Yuen, Head of Investor Relations & Corporate Communications:** The names of the new directors are actually found in Appendix F of the circular to shareholders dated 31 January 2023.

**Question 26: Are the Chairman, CEO and Directors recommending this acquisition? It is noted that they will be leaving and stepping down. Would the vote be conflicted? Should they abstain from voting?**

**Tan Sri Mohd Hassan Marican, Chairman:** The Directors, who are also shareholders of SCM, have recommended that the transaction be voted for. We have said that we will all be voting in favour of the resolution. That is us as shareholders. Whether we continue to be with the company or not with the company, I think that is another issue. So I don't see a conflict here and any reason for us to abstain from voting.

**Question 27: What is the automation timeline that the combined entity will undertake?**

**Wong Weng Sun, President & CEO:** The automation and mechanisation have started some years back. That happened when we developed the Tuas Boulevard Yard Steel Fabrication Facility as well as the Pipe Fabrication Workshop. Other than that, there is also digitalisation in terms of engineering and building the digital model to incorporate Industry 4.0 automation.

Automation is an ongoing process and in line with our construction strategy and operating model, including our outsourcing strategy. I hope this explains. Thank you.

**Question 28: There are a number of questions in relation to anti-corruption.**

**Chua Mun Yuen, Head of Investor Relations & Corporate Communications:** I would like to draw the attention of our shareholders that as at this morning we have put out a response to this series of questions. You may wish to access it on the SGXNet or on our corporate website for information related to anti-corruption. Thank you.

**Question 29: How long will the consolidation be expected to take post combination and transaction closed?**

**Tan Sri Mohd Hassan Marican, Chairman:** In any merger or consolidation of businesses, the incoming management will need to review and relook at the various strategies and then implement their own new strategic directions. And this, again, will be an ongoing process. It will take time and the results are not going to be seen immediately.

I would expect that it will take some time before we could see the real benefits of the synergies and new businesses where the combined entity is going to pivot to in the future. Thank you.

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**TSTAY Public Accounting Corporation**

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**SEMBCORP MARINE LTD**  
(Incorporated in Singapore)  
(Company Registration No. 196300098Z)

**Extraordinary General Meeting**  
**Held on 16 February 2023**

**SCRUTINEER'S CERTIFICATE**

To: The Chairman  
Sembcorp Marine Ltd

Dear Sirs,

As Scrutineer appointed for the purpose of the poll taken at the Extraordinary General Meeting of the Company, we certify that the results of the poll in respect of:-

**SUMMARY RESULTS OF POLL**

No	Ordinary resolution	Total number of shares represented by votes for and against	FOR		AGAINST	
			Number of Shares	%	Number of Shares	%
1	To approve the Proposed Combination and the proposed allotment and issuance of KOM Consideration Shares.	4,317,242,439	4,113,512,090	95.28%	203,730,349	4.72%

Yours faithfully,

Signed

Scrutineer Firm: T S Tay Public Accounting Corporation