We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended December 31, 2018.

In our opinion:

a. the financial statements set out on pages 154 to 327 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

- Ang Kong Hua
- Neil McGregor
- Margaret Lui
- Tan Sri Mohd Hassan Marican
- Tham Kui Seng
- Dr Teh Kok Peng
- Ajaib Haridass
- Nicky Tan Ng Kuang
- Yap Chee Keong
- Jonathan Asherson OBE (Appointed on August 1, 2018)

Directors’ Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the “Act”), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

<table>
<thead>
<tr>
<th>Name of director and corporation in which interests held</th>
<th>Description of interests</th>
<th>Other shareholdings in which the director is deemed to have an interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholdings registered in the name of director, spouse, children or nominee</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>At beginning of the year</td>
<td>At end of the year</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ang Kong Hua</td>
<td>Ordinary shares (Note 1)</td>
<td>274,000</td>
</tr>
<tr>
<td>Neil McGregor</td>
<td>Ordinary shares</td>
<td>33,900</td>
</tr>
<tr>
<td></td>
<td>Conditional award of:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– 429,553 performance shares to be delivered after 2019 (Note 2a)</td>
<td>Up to 644,330</td>
</tr>
<tr>
<td></td>
<td>– 668,000 performance shares to be delivered after 2020 (Note 2b)</td>
<td>Up to 957,000</td>
</tr>
</tbody>
</table>

Note 1: Of the 336,100 Sembcorp Industries Ltd (SCI) shares, 270,500 shares are held in the name of DBS Nominees Pte Ltd.

Note 2: The actual number to be delivered will depend on the achievement of set targets over a 3-year period as indicated below. Achievement of targets below threshold level will mean no performance shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional performance shares awarded could be delivered:

a. Period from 2017 to 2019
b. Period from 2018 to 2020

c. Period from 2019 to 2020

Note 3: The actual number to be delivered will depend on the achievement of set targets at the end of the 2-year performance period from 2017 to 2018. Achievement of targets below threshold level will mean no restricted shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional restricted shares awarded could be delivered.

Note 4: The 94,300 SCI shares and 371,500 Sembcorp Marine Ltd shares are held in the name of Citibank Nominees Singapore Pte Ltd.

Note 5: Of the 429,553 SCI shares, 5,000 shares are held in the name of Bank of Singapore.

Note 6: Of the 60,500 SCI shares, 5,000 shares are held in the name of Bank of Singapore.

Note 7: Of the 3,000 SCI shares, 1,000 shares are held in the name of Bank of Singapore.

Note 8: Of the 2,000 SCI shares, 1,000 shares are held in the name of Bank of Singapore.

Note 9: Of the 1,000 SCI shares, 1,000 shares are held in the name of Bank of Singapore.

Note 10: Of the 500 SCI shares, 500 shares are held in the name of Bank of Singapore.

Note 11: Of the 100 SCI shares, 100 shares are held in the name of Bank of Singapore.

Note 12: Of the 50 SCI shares, 50 shares are held in the name of Bank of Singapore.

Note 13: Of the 25 SCI shares, 25 shares are held in the name of Bank of Singapore.

Note 14: Of the 10 SCI shares, 10 shares are held in the name of Bank of Singapore.

Note 15: Of the 5 SCI shares, 5 shares are held in the name of Bank of Singapore.

Note 16: Of the 2 SCI shares, 2 shares are held in the name of Bank of Singapore.

Note 17: Of the 1 SCI share, 1 share is held in the name of Bank of Singapore.
Directors’ Statement
Year ended December 31, 2018

Directors’ Interests
Excerpt as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and January 21, 2019.

Except as disclosed under the “Share-based Incentive Plans” section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share-based Incentive Plans

The Company’s Performance Share Plan (SCI PSP 2010) and Restricted Share Plan (SCI RSP 2010) (collectively, the “2010 Share Plans”) were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on April 22, 2010.

The Executive Resource & Compensation Committee (the “Committee”) of the Company has been designated as the Committee responsible for the administration of the Share Plans. The Committee comprises the following members, all of whom are directors:

Ang Kong Hua (Chairman)
Margaret Lui
Tan Sri Mohd Hassan Marican
Nicky Tan Ng Kuang
Tham Kui Seng (Appointed on May 1, 2018)

The SCI RSP 2010 is the incentive scheme for directors and employees of the Group whereas the SCI PSP 2010 is aimed primarily at key executives of the Group.

The 2010 Share Plans are intended to increase the Company’s flexibility and effectiveness in its continuing efforts to attract, retain and encourage participants to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services, as well as motivating participants to contribute to the long-term prosperity of the Group.

The 2010 Share Plans use methods fairly common among major local and multinational companies to incentivise and motivate senior management and senior executives to achieve pre-determined targets which create and enhance economic value for the shareholders. They provide incentives to high performing senior management and senior executives to excel in their performance and encourage greater dedication and loyalty to the Company. Through the 2010 Share Plans, the Company is able to motivate senior management and senior executives to continue for the Group’s long-term shareholder value. In addition, the 2010 Share Plans aim to foster a greater ownership culture within the Group which aligns the interests of participants with the interests of shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment. Generally, it is envisaged that the range of performance targets to be set under SCI PSP 2010 and the SCI RSP 2010 will be different, with the former emphasising stretched or strategic targets aimed at sustaining longer term growth.

Share-based Incentive Plans

While the 2010 Share Plans cater principally to Group executives, it is recognised that there are other persons who can make significant contributions to the Group through their close working relationship with the Group. Such persons include employees of associated companies over which the Company has operational control.

A participant’s awards under the 2010 Share Plans will be determined at the sole discretion of the Committee. In considering an award to be granted to a participant, the Committee may take into account, inter alia, the participant’s performance during the relevant period, and his / her capability, entrepreneurship, scope of responsibility and skill set.

Other information regarding the 2010 Share Plans is as follows:

a. Performance Share Plan

Under the SCI PSP 2010, the awards granted are conditional on performance targets set based on medium-term corporate objectives at the start of each rolling three-year performance qualifying period. For awards granted in 2017 and earlier, a specific number of performance shares will be awarded at the end of the three-year performance cycle depending on the extent of the achievement of the performance conditions established at the outset. During the year, SCI PSP 2010 was updated after a review of the Group’s long-term business plans. Following this review, for awards granted from 2018 onwards, depending on the extent of the achievement of performance conditions during a three-year period, 50% of the final performance shares will vest at the end of the three-year performance period, and the remaining 50% will vest in the subsequent year.

For awards granted from 2014 onwards, the performance levels were calibrated based on Wealth Added, Total Shareholder Return and Earnings Per Share. A minimum threshold performance must be realised to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Performance shares to be delivered will range from 0% to 150% of the conditional performance shares awarded.

To create alignment between senior management and other employees at the time of vesting, SCI PSP 2010 has in place a plan trigger. Under this trigger mechanism, the performance shares for the other employees for the performance period 2017 to 2019 will be vested to the senior management participants only if the restricted shares for the performance period 2018 to 2019 are vested, subject to the achievement of the performance conditions for the respective performance periods.

For awards granted from 2018 onwards, the performance was calibrated based on Total Shareholder Return and transformation outcomes. The transformation criteria comprise goals on Return on Equity (excluding Sembcorp Marine Ltd), Total Renewable Capacity and implementation of digital initiatives. A minimum threshold performance must be realised to trigger an achievement factor, which in return determines the number of shares to be finally awarded. Performance shares to be delivered will range from 0% to 150% of the conditional performance shares awarded.

Senior management participants are required to hold a minimum percentage of the shares released to them under the SCI PSP 2018 to maintain a stake in the Company, for the duration of their employment or tenure with the Group. This percentage is based on a multiple of the individual participant’s annual base salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.
Directors’ Statement
Year ended December 31, 2018

Share-based Incentive Plans (cont’d)

a. Performance Share Plan (cont’d)
   i. Sembcorp Industries Ltd Performance Shares

The details of the movement of the performance shares of Sembcorp Industries Ltd awarded during the financial year since commencement of the Performance Share Plan (aggregate) are as follows:

<table>
<thead>
<tr>
<th>Performance shares participants</th>
<th>At Jan 1</th>
<th>Conditional performance shares awarded</th>
<th>Conditional performance shares lapsed</th>
<th>Performance shares lapsed arising from targets not met</th>
<th>Conditional performance shares released</th>
<th>At Dec 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director of the Company:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neil McGregor</td>
<td>429,553</td>
<td>638,000</td>
<td>–</td>
<td>–</td>
<td>1,067,553</td>
<td></td>
</tr>
<tr>
<td>Key executives of the Group</td>
<td>1,973,750</td>
<td>1,944,000</td>
<td>(40,000)</td>
<td>(743,750)</td>
<td>2,534,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,403,303</td>
<td>1,982,000</td>
<td>(40,000)</td>
<td>(743,750)</td>
<td>3,601,553</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director of the Company:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tang Kin Fei*</td>
<td>1,022,000</td>
<td>–</td>
<td>(304,500)</td>
<td>(300,000)</td>
<td>417,500</td>
<td></td>
</tr>
<tr>
<td>Neil McGregor†</td>
<td>429,553</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>429,553</td>
<td></td>
</tr>
<tr>
<td>Key executives of the Group</td>
<td>1,396,250</td>
<td>460,000</td>
<td>–</td>
<td>(300,000)</td>
<td>1,556,250</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,418,250</td>
<td>889,553</td>
<td>(304,500)</td>
<td>(600,000)</td>
<td>2,403,303</td>
<td></td>
</tr>
</tbody>
</table>

1 Tang Kin Fei retired as Group President & CEO of SCI on March 31, 2017 and retired as Director of SCI on May 31, 2017.
2 Neil McGregor was appointed as Group President & CEO of SCI on April 1, 2017.

With the Committee’s approval on the achievement factor for the achievement of the performance targets for the performance period 2015 to 2017 (2017: 2014 to 2016), no performance shares were released via the issuance of treasury shares in 2018 (2017: nil).

In 2018, 743,750 (2017: 600,000) performance shares were lapsed for under-achievement of the performance targets for the performance period 2015 to 2017 (2017: 2014 to 2016).

b. Restricted Share Plan

Award granted until 2017

Under the SCI RSP 2010, the awards granted up to 2017 were conditional on performance targets set based on corporate objectives at the start of each rolling two-year performance qualifying period. The performance criteria for the restricted shares are calibrated based on Return on Total Assets and Group Profit from Operations (both excluding Sembcorp Marine Ltd) for awards granted in 2017.

A minimum threshold performance must be realised to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted shares to be delivered will range from 0% to 150% of the conditional restricted shares awarded.

A specific number of restricted shares will be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting period of three years after the performance period, during which one-third of the awarded shares are released each year to managerial participants. Non-managerial participants will receive the equivalent in cash at the end of the two-year performance cycle, with no further vesting conditions.
Share-based Incentive Plans (cont’d)
b. Restricted Share Plan (cont’d)
Award granted from 2019

After comprehensive review of the Group’s total remuneration structure, with effect from FY2019, shares will be granted to eligible employees under the SCI RSP 2010 based on financial performance and corporate objectives achieved in the preceding year. The performance criteria for FY2019 restricted shares awards granted are calibrated based on Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) and Return On Equity (ROE) (both excluding Sembcorp Marine Ltd), and non-financial performance targets, comprising transformation milestones and adherence to environment, health and safety standards achieved for the Group for FY2018.

Senior management participants are required to hold a minimum percentage of the shares released to them under the Restricted Share Plan to maintain a stake in the Group, for the duration of their employment or tenure with the Group. A maximum cap is set based on a multiple of the individual participant’s annual base salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.

To align the interests of the non-executive directors with the interests of shareholders, up to 30% of the aggregate directors’ fees approved by shareholders for a particular financial year may be paid out in the form of restricted share awards under the SCI RSP 2010.

From 2011, non-executive directors were not awarded any shares except as part of their directors’ fees (except for Neil McGregor, who was the Group President & CEO, and who did not receive any directors’ fees). In 2018 and 2017, the awards granted comprised fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium. Non-executive directors are required to hold shares (including shares obtained by other means) worth at least the annual base retainer; any excess may be sold as desired. A non-executive director can dispose of all of his shares one year after leaving the Board.

The actual number of shares awarded to each non-executive director will be determined by reference to the volume-weighted average price of a share on the Singapore Exchange (SGX) over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the Annual General Meeting (AGM) (or, if the resolution to approve the final dividend is not approved, over the 14 trading days immediately following the date of the AGM). The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash. A non-executive director who steps down before the payment of the share component will receive all of his director’s fees for the year (calculated on a pro-rata basis, where applicable) in cash.

For managerial participants, a quarter of the awards granted will vest immediately depending on the fulfilment of the criteria outlined above. The remaining three-quarters of the awards will vest over the following three years in equal tranche, subject to individual performance and fulfilment of service conditions at vesting.

The managerial participants of the Group will be awarded restricted shares under SCI RSP 2010, while the non-managerial participants of the Group will receive their awards in an equivalent cash value. This cash-settled notional restricted shares award for non-managerial participants is known as the Sembcorp Challenge Bonus.

Restricted shares participants At Jan 1 Conditional restricted shares awarded (Restricted shares lapsed due to under-achievement of targets) / Conditional restricted shares released Conditional restricted shares lapsed At Dec 31

### 2018

**Directors of the Company:**
- Ng Kong Hua: 62,100
- Neil McGregor: 416,667
- Margaret Liu: 16,700
- Tan Sri Mohd. Hassan Manjan: 14,900
- Tham Kui Seng: 14,700
- Dr. Teh Kok Peng: 16,900
- Abija Hariadas: 16,100
- Nicky Tan Ng Kuang: 14,700
- Yap Chee Keong: 16,000
- Jonathan Asherson DBE: 4,000
- Dr. Josephine Kwa Lay Keng: –

**Other executives of the Group:**
- 8,311,249
- 9,727,916

### 2017

**Directors of the Company:**
- Ng Kong Hua: 72,200
- Neil McGregor: 403,567
- Margaret Liu: 20,900
- Tan Sri Mohd. Hassan Manjan: 19,200
- Tham Kui Seng: 18,400
- Dr. Teh Kok Peng: 21,100
- Abija Hariadas: 19,800
- Nicky Tan Ng Kuang: 16,000
- Yap Chee Keong: 4,400
- Jonathan Asherson DBE: –

**Other executives of the Group:**
- 8,436,328
- 9,095,728

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1 Neil McGregor was appointed as Group President & CEO of SCI on April 1, 2017.
2 Nicky Tan Fei retired as Group President & CEO of SCI on March 31, 2017. and retired as Director of SCI on May 31, 2017.
## Share-based Incentive Plans (cont’d)

### b. Restricted Share Plan (cont’d)

#### i. Sembcorp Industries Ltd Restricted Shares (cont’d)

With the Committee’s approval on the achievement factor for performance targets for the performance period 2016 to 2017, a total of 765,993 restricted shares were released in 2018. For awards in relation to the performance period 2015 to 2016, a total of 1,016,562 (2017: 1,422,285) were released in 2018. For awards in relation to the performance period 2014 to 2015, 698,350 restricted shares were released in 2018 (2017: 940,410). For awards in relation to the performance period 2013 to 2014, 696,429 restricted shares were released in 2017. In 2018, there were 178,600 (2017: 204,600) shares released to non-executive directors. In 2018, there were an additional 12,621 shares released to employees due to sale of a subsidiary. Of the restricted shares released, 55,437 (2017: 36,513) restricted shares were cash-settled. The remaining restricted shares were released via the issuance of treasury shares.

In 2018, 1,441,095 shares were lapsed due to under-achievement of the performance targets for the performance period 2016 to 2017. In 2017, an additional 589,655 restricted shares were awarded for the over-achievement of the performance targets for the performance period 2015 to 2016.

The total number of restricted shares outstanding, including award(s) achieved but not released, as at end 2018, was 5,082,597 (2017: 9,727,916). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 2,992,934 (2017: 6,947,566). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 4,489,401 (2017: 10,421,349) restricted shares.

#### ii. Restricted shares of a listed subsidiary

**Sembcorp Challenge Bonus**

With the Committee’s approval on the achievement factor for performance targets for the performance period 2016 to 2017 (2017: performance period 2015 to 2016), a total of $50.9 million, equivalent to 258,928 (2017: $51.6 million, equivalent to 438,253) notional restricted shares, were paid. No (2017: 660,000) notional restricted shares of Sembcorp Industries Ltd’s shares were awarded in 2018 for the Sembcorp Challenge Bonus.

The total number of notional restricted shares in awards for the Sembcorp Challenge Bonus granted conditionally and representing 100% of targets to be achieved, but not released was 2,520,117 (2017: 1,336,797). In 2018, there were 275,800 (2017: 400,100) restricted shares released to non-executive directors. The restricted shares were released via the issuance of treasury shares.

#### c. Maximum Number of Shares Issuable

The maximum number of performance shares and restricted shares which could be delivered, when aggregated with the number of new shares issued and issuable in respect of all options granted, is within the 15% limit of the share capital of the Company on the day preceding the relevant date of the grant.

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### Share-based Incentive Plans (cont’d)

#### b. Restricted Share Plan (cont’d)

With the Sembcorp Marine Ltd Committee’s approval on the achievement factor for performance targets for the performance period 2016 to 2017, a total of 395,199 restricted shares were released in 2018. For awards in relation to the performance period 2015 to 2016, a total of 198,575 (2017: 266,891) restricted shares were released in 2018. For awards in relation to the performance period 2014 to 2015, a total of 318,129 (2017: 386,942) restricted shares were released in 2018. For awards in relation to the performance period 2013 to 2014, no restricted shares were released in 2018 (2017: 733,009). In 2018, there were 275,800 (2017: 400,100) restricted shares released to non-executive directors. The restricted shares were released via the issuance of treasury shares.

In 2018, 6,078,150 (2017: 3,923,317) Sembcorp Marine Ltd’s restricted shares were lapsed due to under-achievement of the performance targets for the performance period 2016 to 2017 (2017: 2015 to 2016).

The total number of Sembcorp Marine Ltd’s restricted shares outstanding, including awards achieved but not released, as at December 31, 2018, was 15,616,727 (2017: 15,383,413). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 14,817,138 (2017: 14,674,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 22,225,707 (2017: 22,011,000) restricted shares.

With the Sembcorp Marine Ltd Committee’s approval on the achievement factor for the achievement of the performance targets for the performance period 2016 to 2017 (2017: performance period 2015 to 2016), a total of $789,088 (2017: $454,284), equivalent to 354,774 (2017: 248,950) notional restricted shares, were paid.

A total of 2,520,117 (2017: 3,074,000) notional restricted shares were awarded on August 23, 2018 (2017: May 26, 2017) for the Sembcorp Marine Challenge Bonus.

The total number of notional restricted shares in awards for the Sembcorp Marine Challenge Bonus granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2018, was 4,684,737 (2017: 5,230,850). Based on the multiplying factor, the number of notional restricted shares to be converted into the funding pool could range from zero to a maximum of 7,027,106 (2017: 7,846,275).

#### c. Maximum Number of Shares Issuable

The maximum number of performance shares and restricted shares which could be delivered, when aggregated with the number of new shares issued and issuable in respect of all options granted, is within the 15% limit of the share capital of the Company on the day preceding the relevant date of the grant.

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### Movements during the year

<table>
<thead>
<tr>
<th>Restricted shares participants</th>
<th>At Jan 1</th>
<th>Conditional restricted shares awarded</th>
<th>Restricted shares lapsed from targets not met</th>
<th>Conditional restricted shares released</th>
<th>Conditional restricted shares lapsed</th>
<th>At Dec 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Directors of the Company:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neil McGregor</td>
<td>–</td>
<td>15,700</td>
<td>(15,700)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Tan Sri Mohd Hassan Marican</td>
<td>–</td>
<td>75,200</td>
<td>(75,200)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other participants</td>
<td>15,383,413</td>
<td>8,033,088</td>
<td>(6,078,150)  (1,096,803)</td>
<td>(624,821)</td>
<td>15,616,727</td>
<td></td>
</tr>
<tr>
<td>2017 Directors of the Company:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tang Kin Fei</td>
<td>–</td>
<td>44,300</td>
<td>(44,300)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Tan Sri Mohd Hassan Marican</td>
<td>–</td>
<td>104,200</td>
<td>(104,200)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Ajaib Haridass</td>
<td>–</td>
<td>49,000</td>
<td>(49,000)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other participants</td>
<td>13,716,142</td>
<td>7,978,950</td>
<td>(3,923,317)  (1,589,442)</td>
<td>(798,920)</td>
<td>15,383,413</td>
<td></td>
</tr>
<tr>
<td></td>
<td>13,716,142</td>
<td>8,176,450</td>
<td>(3,923,317)  (1,786,942)</td>
<td>(798,920)</td>
<td>15,383,413</td>
<td></td>
</tr>
</tbody>
</table>

1 Tang Kin Fei retired as Group President & CEO of SCI on March 31, 2017 and retired as Director of SCI on May 31, 2017.
**Directors’ Statement**
Year ended December 31, 2018

**Audit Committee**
The members of the Audit Committee during the year and at the date of this report are:

Yap Chee Keong (Chairman)
Dr Teh Kok Peng
Ajaib Haridass
Jonathan Asherson OBE

The Audit Committee held five meetings during the financial year. In performing its functions, the Audit Committee met with the Company’s external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company’s internal accounting control system.

The Audit Committee performed the functions specified in Section 201B of the Singapore Companies Act, Chapter 50, the Listing Manual of the SGX, and the Code of Corporate Governance.

The Audit Committee also reviewed the following:

- assistance provided by the Company’s officers to the external and internal auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX).

The Audit Committee has full access to the management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

**Auditors**
The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ang Kong Hua
Chairman

Neil McGregor
Director

Singapore
March 4, 2019

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**Independent Auditors’ Report**
Year ended December 31, 2018

**Members of the Company**
Sembcorp Industries Ltd

**Report on the audit of the financial statements**

**Opinion**
We have audited the financial statements of Sembcorp Industries Ltd (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated balance sheets of the Group and the balance sheets of the Company as at December 31, 2018, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 154 to 327.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheets of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”), Singapore Financial Reporting Standards International (“SFRS(I)s”) and International Financial Reporting Standards (“IFRSs”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

**Basis for opinion**
We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.