



STATEMENT BY SEMBCORP INDUSTRIES LTD

Singapore, January 20, 2020 – In response to the Business Times commentary by Tay Peck Gek “Sembcorp’s disclosure of China unit’s troubles falls short” dated January 20, 2020, Sembcorp Industries (Sembcorp) reiterates that it has complied with its disclosure obligations and adequately updated the market in relation to the legal proceedings involving its joint venture wastewater treatment company in China. The company had 16 months earlier in September 2018 issued an SGXNet announcement on this matter. The company had further in its 2018 Annual Report disclosed this again together with additional provisions.

The fine of S\$10 million levied on the joint venture company in the fourth quarter of 2019 was fully provided for in the provisions made in 2018 and accordingly had no further financial impact. The fine is just one component of the ongoing legal proceedings which have now progressed to a final stage. However, the civil case has yet to be definitively concluded.

The company had in late December 2019 reached a civil settlement agreement with the local authorities. This agreement is expected to be finalised in February 2020, at which point all legal proceedings would be deemed to have been definitively concluded. The finalisation of the agreement is pending a period of public consultation in China, after which the courts are expected to issue a final mediation agreement document in February 2020. Based on legal advice, the company believes that the provisions made for the legal proceedings are adequate. The company is of the view that there had been no material development since its previous disclosures and that an update would be made to the market when the proceedings are definitively concluded. However, due to media interest in the ongoing legal proceedings and to pre-empt ensuing speculation, the company decided to issue an interim statement ahead of the conclusion of the legal proceedings in China.

As disclosed in its January 17, 2020 announcement, Sembcorp reiterates that apart from the S\$54 million share of fines and cash settlement as well as the S\$45 million of new investments committed to by the joint venture company, there are no further claims pending as suggested by the article. This is in line with the company’s announcement of September 28, 2018 which stated that the group’s proportionate share of the total potential fines and claims could amount to up to S\$100 million.

Sembcorp Industries remains committed to timely and adequate disclosures.