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SEMBCORP INDUSTRIES LTD

(Incorporated in the Republic of Singapore)

Company Registration No. 199802418D

ANNOUNCEMENT

PROPOSED DISTRIBUTION IN SPECIE OF ORDINARY SHARES IN THE CAPITAL OF SEMBCORP MARINE LTD

COMPLETION OF THE PROPOSED DISTRIBUTION, UPDATE ON THE DISTRIBUTION AMOUNT AND CORRIGENDUM

The Company refers to its announcements dated 8 June 2020, 22 July 2020, 11 August 2020 (the "**11 August Announcement**"), 14 August 2020 and 7 September 2020, and the circular to SCI Shareholders dated 22 July 2020 (the "**Circular**") in relation to, among others, the Proposed Distribution.

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Circular.

1. COMPLETION OF THE PROPOSED DISTRIBUTION

The Company wishes to announce that, following the issue of 10,462,690,870 SCM Rights Shares and the listing and quotation of the SCM Rights Shares on the Mainboard of the SGX-ST with effect from 9.00 a.m. on 11 September 2020, the Proposed Distribution has been completed today.

Entitled SCI Shareholders who are Depositors will have received their entitlements to SCM Shares pursuant to the Proposed Distribution by the crediting by CDP of their Securities Accounts with the relevant number of SCM Shares today. CDP will also send to each such Depositor, to their address as maintained with CDP, a notification letter confirming the number of SCM Shares that has been credited to their Securities Accounts.

Entitled SCI Shareholders who are not Depositors will have received their entitlements to SCM Shares pursuant to the Proposed Distribution through the entry of their names and the relevant number of SCM Shares into the Register of SCM today, and the share certificates in respect of the SCM Shares will be sent to them by registered post to their address as stated in the Register of SCI in due course.

Entitled SCI Shareholders who are Depositors and who receive odd lots of SCM Shares (that is, lots other than board lots of 100 SCM Shares) pursuant to the Proposed Distribution may wish to refer to paragraph 8.8 of the Letter to Shareholders in the Circular, or to SCM's announcement dated 10 September 2020, for information on the arrangements that have been made for the trading of odd lots of SCM Shares on the Main Board of the SGX-ST.

Following completion of the Proposed Distribution, the resultant direct shareholding of the Company in SCM is 17,224,992 SCM Shares¹, representing approximately 0.14 per cent. of the total number of SCM Shares in issue as at the date of this announcement², and accordingly, SCM has ceased to be a subsidiary of the Company.

2. UPDATE ON DISTRIBUTION AMOUNT

The dividend declared in respect of the Proposed Distribution is a tax exempt (one-tier) special dividend. Based on the closing price of the SCM Shares as at 10 September 2020³ of S\$0.182, the cash equivalent amount of the dividend is S\$1,597 million, equivalent to approximately S\$0.893801028 per SCI Share⁴ (the “**Distribution Amount**”).

As a result of the lower price of SCM Shares on completion of the Distribution, compared to the theoretical ex-rights price of S\$0.308 per SCM Share⁵, a fair value loss of approximately S\$651 million and S\$1,118 million (based on the carrying value of the SCM Shares as at 30 June, 2020, to be adjusted up to 11 September 2020) will be charged to the profit and loss of the Company and the SCI Group respectively, in accordance with fair value accounting. The Company will appropriate approximately S\$1,597 million out of its distributable reserves. Based on balances as at 30 June 2020, the revenue reserves of the Company and the Group are S\$349 million and S\$2,910 million respectively, after taking into account the Distribution Amount and the fair value loss, unchanged from the Circular. The fair value loss is a non-cash, non-recurring accounting loss and does not impact the cash position of the Company or the Group.

3. CORRIGENDUM TO THE ANNOUNCEMENT DATED 11 AUGUST 2020

The Company had announced in the 11 August Announcement that, among others, Dr Teh Kok Peng, who is an SCI Non-Independent Director and a member of the Temasek Concert Party Group, had a direct interest in 20,000 SCM Shares as at the Latest Practicable Date.

Upon further verification and clarification with Dr Teh Kok Peng, the Company would like to clarify that, as at the Latest Practicable Date, Dr Teh Kok Peng had an interest in an aggregate of 40,000 SCM Shares⁶ (instead of 20,000 SCM Shares as previously disclosed in the 11 August Announcement).

¹ Of the 17,224,992 SCM Shares in which the Company has a direct interest, 16,110,756 SCM Shares, representing approximately 0.13 per cent. of the total number of SCM Shares in issue (excluding treasury shares) as at the date of this announcement, represent the entitlements to the Proposed Distribution of certain Overseas SCI Shareholders who, pursuant to the terms of the Proposed Distribution, will receive cash in lieu of SCM Shares. These SCM Shares will be sold by or on behalf of the Company and the net cash proceeds of such sale will be distributed to such Overseas SCI Shareholders in due course, as further detailed in paragraph 8.7 of the Letter to Shareholders in the Circular.

² Calculated based on 12,555,229,044 SCM Shares in issue (excluding treasury shares) as at the date of this announcement.

³ Being the last trading day on which the SCM Shares were traded on the Mainboard of the SGX-ST prior to the Completion Date.

⁴ Calculated based on 1,786,431,697 SCI Shares in issue (excluding 1,116,035 treasury shares) as at the date of this announcement.

⁵ The theoretical ex-rights price of S\$0.308 per SCM Share was used in the preparation of the pro forma financial effects of the Proposed Distribution in the Circular.

⁶ Dr Teh Kok Peng had an interest in these 40,000 SCM Shares prior to the announcement of the Transaction on 8 June 2020.

For the avoidance of doubt, in the event of any conflicts or inconsistencies between the 11 August Announcement and this announcement, the corrections and disclosures set out in this announcement will prevail.

BY ORDER OF THE BOARD

Kwong Sook May
Company Secretary
Singapore, 11 September 2020

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