DIVESTMENT OF YANCHENG CHINA WATER CO

**Shanghai, February 5, 2016** – Sembcorp Industries (the Company) announces that its wholly-owned subsidiary China Water Company (Yancheng) Ltd has signed a conditional sale and purchase agreement to divest its entire 49% stake in Yancheng China Water Co. Ltd to Yancheng City Municipal Utilities Investment Company Ltd for RMB 260 million (approximately S$57 million).

Yancheng China Water Co. Ltd runs a municipal water facility in Jiangsu, China. The consideration for the sale was decided taking into account discounted cash flow of the operations, and will be paid in cash. The carrying value of the asset is RMB 100 million (approximately S$22 million).

Completion of the divestment is expected in mid-2016, subject to the satisfaction of certain conditions precedent, including approval by China’s relevant authorities. A net gain of approximately S$35 million is expected to be recognised upon completion of the transaction. No director or controlling shareholder of the Company had any interest, direct or indirect, in the transaction.