



**Sembcorp Industries Ltd**

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## **TRANSFER OF TRANSMISSION AND DISTRIBUTION PIPELINE ASSETS TO POWERGAS**

**SINGAPORE, September 11, 2008** - As part of the restructuring of the gas industry in Singapore, the gas transportation business is being separated from gas import, trading and retailing at the ownership level.

On September 11, 2008, the Minister for Trade and Industry made a determination under Section 98 of the Gas Act, and directed Sembcorp Gas Pte Ltd ("SembGas") to transfer its transmission and distribution pipeline assets located downstream of the SembGas receiving terminal on Jurong Island ("the Assets") to PowerGas Ltd, the licensed gas transporter under the Gas Act.

As a result, SembGas will receive compensation from the relevant parties as follows:

- 1) the net book value of the Assets with a 40-year depreciation period estimated at approximately S\$90 million as of September 15, 2008 from PowerGas Ltd;
- 2) other compensation of S\$35 million from the Government of Singapore; and
- 3) a remission from the Inland Revenue Authority of Singapore of any tax payable on the compensation to be received by SembGas.



The effective date of transfer of the Assets will be September 15, 2008.

SembGas will thus recognise a one-off gain of approximately S\$25 million in its financial results for 2008. It is estimated that there will be a negative impact of approximately S\$3.6 million per annum to SembGas' after tax profits for subsequent years until 2023. SembGas is a 70%-owned indirect subsidiary of Sembcorp Industries Ltd.

Notwithstanding transfer of the above Assets, SembGas will continue as an importer and retailer of natural gas in Singapore.

By Order of the Board  
Kwong Sook May (Ms)  
Company Secretary

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