

PRESS RELEASE

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SEMBCORP FORMS JOINT VENTURE TO INVEST IN CHONGQING POWER PROJECT

SINGAPORE, December 30, 2015 – Sembcorp Industries (Sembcorp) is pleased to announce that it has formed a joint venture with Chongqing Energy Investment Group's subsidiary to invest in a mine-mouth 1,620-megawatt coal-fired power project in Chongqing municipality.

Sembcorp's wholly-owned subsidiary, Sembcorp (China) Holding Co, now holds 49% stake in the joint venture, ChongQing SongZao Sembcorp Electric Power. Chongqing Songzao Coal and Power LLC, a subsidiary of Chongqing Energy Investment Group, holds the remaining stake. Owned by the Chongqing Municipal Government, Chongqing Energy Investment Group is the largest energy production and supply group in Chongqing.

Approvals from the relevant Chinese authorities were obtained for the formation of the joint venture. Sembcorp has injected equity, amounting to around RMB 925 million (approximately S\$202 million), for its stake in ChongQing SongZao Sembcorp Electric Power, and this amount is financed by internal funds.

ChongQing SongZao Sembcorp Electric Power operates an existing 300-megawatt coal-fired power plant and is currently building an adjacent 1,320-megawatt coal-fired power plant in Qijiang District, Anwen Town. Construction of the plant, which will utilise supercritical technology and be one of the most efficient power plants in Chongqing, is over 50% completed. It is expected to commence commercial operation by first quarter 2017. The total investment value of the two power plants will be approximately RMB 6 billion (approximately S\$1.3 billion), which is financed by a combination of equity and on-shore long-term financing.

The plants are the only mine-mouth coal-fired power plants in Chongqing. This strategic location brings about significant savings in total cost for the delivered coal, enabling the joint venture to be a low cost power producer. It also enables the power plants to have a competitive edge especially with the impending reform of Chongqing's power market which allows power generation suppliers to retail electricity directly to qualified power consumers.



The joint venture strengthens Sembcorp's energy business in China. The company now has 2,757 megawatts of thermal and renewable power capacity in operation and under development. Sembcorp's energy portfolio in China includes a gas-fired power plant in Shanghai and wind power plants in Inner Mongolia and Hebei.

This transaction is not expected to have a material impact on the earnings per share and net asset value per share of Sembcorp Industries for the current financial year.

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ABOUT SEMBCORP INDUSTRIES

Sembcorp Industries is a leading energy, water and marine group operating across five continents worldwide. With facilities with over 10,400 megawatts of gross power capacity and over nine million cubic metres of water per day in operation and under development, Sembcorp is a trusted provider of essential energy and water solutions to both industrial and municipal customers. It is also a world leader in marine and offshore engineering as well as an established brand name in urban development.

The Group has total assets of over S\$19 billion and employs over 8,000 employees. Listed on the main board of the Singapore Exchange, it is a component stock of the Straits Times Index and several MSCI and FTSE indices.

ABOUT SEMBCORP IN CHINA

Sembcorp has invested in the China market for over two decades. From renewable energy and high-efficiency power generation facilities, innovative water and wastewater treatment solutions, as well as sustainable, self-sufficient urban developments, Sembcorp's presence spans 15 provincial regions across the country. The Group has established itself as a leader in the industrial water and wastewater treatment business in China and has over 20 power and water assets across 11 provincial regions.

Note to Editors: Please refer to the company as “**Sembcorp**” (with “**S**” in upper case and “**c**” in lower case), or “Sembcorp Industries” in full. Please also note that “Sembcorp” is not an abbreviation of “Sembawang Corporation” but a brand name in itself, and it is therefore incorrect to refer to our company as “Sembawang”, “Sembawang Corporation” or similar.