

PRESS RELEASE

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**SEMBCORP COMMENCES CONSTRUCTION OF ITS SEAWATER
DESALINATION EXPANSION PROJECT IN FUJAIRAH, UAE**

***- Expansion will make Sembcorp's facility the largest reverse osmosis
desalination facility in the Middle East***

Fujairah, UAE, June 30, 2013 – Sembcorp Industries (Sembcorp) today celebrated the groundbreaking of its US\$200 million expansion project for its Fujairah 1 Independent Water and Power Plant (IWPP) in the UAE, which will increase the plant's seawater desalination capacity by 30 million imperial gallons per day (MiGD). This additional output will be produced using reverse osmosis technology.

The expansion, which is expected to be completed in the first half of 2015, will enhance Sembcorp's total seawater desalination capacity in the UAE from 100 MiGD to 130 MiGD, of which 67.5 MiGD will be produced using reverse osmosis process. The remaining 62.5 MiGD is produced using multi-stage flash technology. This combined reverse osmosis desalination capacity will make the Fujairah 1 IWPP the largest reverse osmosis desalination facility in the Middle East.

The 30 MiGD water output from the expansion will be sold to the Abu Dhabi Water & Electricity Company (ADWEC) under a 20-year water purchase agreement, signed in January this year. This is in addition to the existing 22-year power and water purchase agreement with ADWEC for the plant's current water and electricity output.

The Fujairah 1 IWPP, one of the world's largest operating hybrid desalination plants, is owned and operated by Emirates Sembcorp Water & Power Company (ESC), which is a joint venture between Sembcorp Gulf Holding Co and Union Power Holding Company, subsidiaries of Sembcorp Utilities and the Abu Dhabi National Energy Company (TAQA) respectively. TAQA is majority-owned by the Abu Dhabi Water and Electricity Authority (ADWEA), while Sembcorp Utilities is a wholly-owned subsidiary of Sembcorp. Sembcorp holds an effective 40% stake in ESC.

Tang Kin Fei, Group President & CEO of Sembcorp, said, "The expansion of our seawater desalination capacity will play an important role in meeting the increasing water demand in

the UAE. Our plant, strategically located in Fujairah, will enable us to produce desalinated water more economically for our customer. The expansion project also enables the use of uncontracted surplus power from the existing plant, hence allowing excess generation capacity to be gainfully utilised to produce the additional water at a competitive cost and enhance our income at the same time.”

Commenting on the project, Nick Carter, Director General of the Regulations and Supervision Bureau (RSB) in Abu Dhabi, who was present at the groundbreaking ceremony, said, “This additional expansion is part of an integrated approach to provide high quality drinking water to the northern Emirates and to satisfy the increasing demand in Abu Dhabi. It is an excellent example of joint co-operation between the UAE’s Federal Electricity & Water Authority and ADWEA, in collaboration with a first-class private sector operator, Sembcorp. RSB has licensed this facility at Fujairah, having been satisfied of the need for a further 30 MiGD of drinking water production and the operational skills and financial standing of the project company, ESC.”

Sembcorp has been operating in the Middle East since 2006, starting with the Fujairah 1 IWPP. Sembcorp also owns and operates the Salalah Independent Water and Power Plant, the largest and most energy-efficient power and water plant in Dhofar, southern Oman. The Group is embarking on its third project in the Middle East with a joint venture with Takamul Investment Company to develop centralised utilities facilities for the Duqm Special Economic Zone in Oman – the first ever centralised utilities model to be implemented in Oman.

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ABOUT SEMBCORP INDUSTRIES

Sembcorp Industries is a leading energy, water and marine group operating across six continents worldwide. With facilities of over 5,800 megawatts of gross power capacity and over seven 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 more than S\$13 billion and employs over 9,000 employees. Listed on the main board of the Singapore Exchange, it is a component stock of the Straits Times Index, several MSCI and FTSE indices as well as the Dow Jones Sustainability Asia Pacific Index.

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.*