



Company Registration Number: 196300098Z

DISPOSAL OF INTEREST IN COSCO SHIPYARD GROUP CO., LTD

Singapore, November 15, 2016: The Board of Directors of Sembcorp Marine Limited (the "**Company**", and the Company and its subsidiaries, the "**Group**") wishes to announce that it has today entered into a sale and purchase agreement (the "**SPA**") with China Ocean Shipping (Group) Company ("**COSCO**") to dispose of its 30% equity interest (the "**Disposal**") in Cosco Shipyard Group Co., Ltd ("**CSG**").

CSG is a ship repair, conversion and shipbuilding group in China which owns 6 major shipyards that are located in the key coastal cities stretching from Dalian in the north, Nantong, Shanghai, Qidong and Zhoushan in the centre, to Guangzhou in the south. The Company first announced its acquisition of the 30% stake in CSG in 2004.

Following completion of the Disposal, the Company will cease to have any interest in CSG except via its 4.98% shareholding in Cosco Corporation (Singapore) Ltd, which in turn has a 51% equity interest in CSG.

Rationale and Details of the Disposal

The aggregate consideration of RMB1,059.23 million (approximately S\$220.68 million)¹ for the Disposal was arrived at after taking into account the value of CSG as at 31 October 2016. The net proceeds (after deducting capital gains tax and realisation of foreign currency translation reserves) represent a gain of approximately S\$48.32 million over the carrying value of the investment in CSG of S\$180.10 million. The Disposal is being undertaken by the Group to realise its investment in CSG, which is no longer a strategic investment nor a core asset of the Group, and the Disposal will not affect the nature of the Group's main businesses.

The Company will use the net proceeds from the proposed sale for working capital.

Conditions Precedent and Completion Deliverables

The sale of the shares in CSG under the SPA is conditional upon approvals by the relevant Chinese regulatory authorities, internal approvals and the issuance of a new Foreign-Investment Enterprise Certificate taking place on or before 31 December 2016, or such other date as may be agreed between the Company and COSCO. If any of the conditions are not satisfied on or before 31 December 2016 or such other agreed date, the SPA will be terminated. The aggregate consideration will be paid in full in cash after deducting taxes within 45 days by COSCO, as purchaser, after the new Foreign-Investment Enterprise Certificate is issued.

Relative Figures under Chapter 10 of the Listing Manual

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), using the financial statements ended 30 September 2016 are as follows:-

¹ For purposes of conversion to S\$, the exchange rate of S\$1:RMB4.8 has been applied throughout this announcement. In S\$ terms, the aggregate consideration and the net proceeds might increase or decrease due to the fluctuation of the RMB against the S\$ upon the repatriation of the proceeds.

(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets	7.22%, based on: (i) the net asset value of the CSG shares being disposed of, of S\$180.10 million; and (ii) the Group's net asset value of S\$2,494.11 million
(b)	The net loss ⁽²⁾ attributable to the assets acquired or disposed of, compared with the group's net profits ⁽³⁾	Not meaningful ⁽⁴⁾ : (i) the net loss attributable to the CSG shares being disposed of, of S\$30.69 million; and (ii) the Group's net profits of S\$69.25 million
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	7.74%, based on: (i) consideration of S\$220.68 million; and (ii) market capitalisation of S\$2,851.89 million as at 14 November 2016
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such asset.	Not applicable

(2) Net loss attributable to the CSG shares being disposed of means loss after tax.

(3) Under Rule 1002(3)(b) of the Listing Manual, "net profit" means profit before tax, minority interests and extraordinary items.

(4) The relative figure computed under this test is not meaningful. The Company is seeking confirmation from the SGX-ST that the Disposal may be classified as a "discloseable transaction" under Chapter 10 and that no shareholders' approval is therefore required for the Disposal, as the investment in CSG is no longer a strategic investment nor a core asset of the Group, and the Disposal will not affect the nature of the Group's main businesses.

Financial Effects

The pro forma financial effects of the Disposal on the Company presented below are strictly for illustrative purposes only and do not reflect the actual financial effects or future financial performance and condition of the Company following completion.

The pro forma financial effects of the Disposal are calculated based on the latest audited financial statements of the Company for FY2015 and the following assumptions:

- that completion had taken place on 31 December 2015 for purposes of the financial effect on the net tangible assets ("**NTA**") per share of the Company ("**Share**"); and
- that completion had taken place on 1 January 2015 for purposes of the financial effect on the earnings per Share ("**EPS**").

NTA per Share

	Before the Disposal	After the Disposal
NTA (S\$)	2,464,598,000	2,449,536,000
Number of Shares	2,088,568,000	2,088,568,000
NTA per Share	118.0 cents	117.3 cents

EPS

	Before the Disposal	After the Disposal
Loss after tax attributable to the Shareholders (S\$)	(289,672,000)	(272,046,000)
Weighted average number of shares (excluding treasury shares)	2,088,686,000	2,088,686,000
EPS	(13.87) cents	(13.02) cents

Interests of Directors and Controlling Shareholders

Save for their respective shareholdings in the Company, none of the directors or the controlling shareholder of the Company have any interest, direct or indirect, in the Disposal.

Document Available for Inspection

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company for a period of three months commencing from the date of this announcement.