



SEMBCORP MARINE LTD

(Incorporated in the Republic of Singapore)

Company Registration No.: 196300098Z

ANNOUNCEMENT

EXTRAORDINARY GENERAL MEETING IN RELATION TO (A) RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE; AND (B) THE WHITEWASH RESOLUTION

ADDITIONAL INFORMATION IN RESPONSE TO QUESTIONS FROM SHAREHOLDERS

Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the Circular (as defined below).

1. INTRODUCTION

The Directors refer to the announcements of Sembcorp Marine Ltd (“**SCM**” or the “**Company**”) and Sembcorp Industries Ltd (“**SCI**”) dated 8 June 2020 and the Company’s circular to Shareholders (the “**Circular**”) dated 22 July 2020, in relation to:

- (a) the proposed renounceable underwritten rights issue by the Company (“**Rights Issue**”) to raise gross proceeds of approximately S\$2.1 billion. Pursuant to the Rights Issue, 10,462,690,870 Rights Shares will be offered at the Issue Price of S\$0.20 for each Rights Share, on the basis of five (5) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded; and
- (b) the Whitewash Resolution for Independent Shareholders to waive their rights to receive a mandatory take-over offer (“**Whitewash Waiver**”) from Temasek Holdings (Private) Limited (“**Temasek**”) (currently the single largest shareholder of SCI) and parties acting in concert with it in relation to the proposed distribution *in specie* by SCI (the “**SCI Distribution**”) of up to all of the Shares held by it to SCI Entitled Shareholders, on a *pro rata* basis, to be undertaken after the completion of the Rights Issue.

2. RESPONSE TO QUESTIONS FROM SHAREHOLDERS

Subsequent to the announcement dated 6 August 2020 wherein the Company had provided responses to questions received in relation to the subject matters of the EGM, the Company has received additional questions on the same. The Company has prepared and is releasing with this announcement, responses to the substantial and relevant additional questions received.

The Company has also received certain questions relating to the SCI Distribution and the de-merger of the Company from SCI; however the Company is not in a position to comment on such questions, which would be more appropriately responded to by SCI.

By Order of the Board

Tan Yah Sze
Company Secretary
10 August 2020
Singapore

IMPORTANT NOTICE

This announcement is not an offer of securities for sale into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada or Japan. The provisional allotments of Rights Shares, the Rights Shares and the Excess Rights Shares referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act), except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

This announcement is for information only and does not constitute or form part of any offer or invitation to sell or issue or subscribe for, or any solicitation of any offer to acquire, any Shares or Rights Shares or to take up any entitlements to Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. No person should acquire any Rights Shares except on the basis of the information contained in an offer information statement to be lodged by the Company with the Monetary Authority of Singapore. The information contained in this announcement should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The issue, exercise or sale of Rights Shares and the acquisition or purchase of the Rights Shares are subject to specific legal or regulatory restrictions in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

The distribution of this announcement into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this announcement and such other documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement, and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue Resolution and the Whitewash Resolution (including the Transaction) and the Group which are relevant to the Rights Issue Resolution and the Whitewash Resolution (including the Transaction), and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE AND THE WHITEWASH RESOLUTION – SCM EGM

Key Questions & Answers

(10 August 2020)

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I. TRANSACTION STRUCTURE AND RATIONALE

1. Would approving the "Whitewash Resolution" to waive my right to receive a mandatory general takeover from Temasek at this EGM waive my rights for a future general takeover offer by Temasek, if any?

- The Whitewash Resolution to be voted at this EGM is in relation to the SCI Distribution only.

2. At what price of oil is this current Rights Issue exercise premised on?

- The Rights Issue is not premised on oil prices. The urgent need for SCM to recapitalise to meet its liquidity needs and strengthen its balance sheet arose from profound structural changes in the oil and gas sector, intensifying international competition, the sudden collapse in oil prices and supply chain disruptions due to COVID-19.

3. Instead of a Rights Issue, can Temasek take over / help re-finance Sembcorp Marine's outstanding loans?

- We are not in a position to comment on behalf of Temasek.

4. Will Sembcorp Marine be debt-free from SCI after the demerger?

- Last year, SCI granted SCM a subordinated loan facility. The outstanding loan principal amount is S\$1.5 billion. Through the Rights Issue, we will repay, including by way of set-off, this S\$1.5 billion. In effect, the \$1.5 billion loan will be converted into equity, or permanent capital on SCM's balance sheet.
- After the \$1.5 billion loan is repaid, SCM will be debt-free from SCI.

5. What corporate actions are the pipeline?

- Should there be any corporate action, we will make the necessary announcements at the appropriate time.

6. If the proposed rights issue goes through and Temasek assumes direct and significant ownership in the Company, will Temasek take a more active role in running the Company and improve the value of SCM Shares / Shareholder value?

- We are not in a position to comment on behalf of Temasek.
- You will note Temasek's commitment and support for SCM via Temasek's sub-underwriting of up to S\$0.6 billion of the Rights Issue. Post the Transaction, SCM can look

to Temasek, which will be the largest Shareholder of SCM, as a strong shareholder to support its future growth.

II. ACTIONS AND STEPS FOR SHAREHOLDERS

7. What are the implications if I do not submit the Proxy Form to vote for the resolutions or if I vote against the resolutions? Will I still be entitled to the Rights Issue if the simple majority votes in favour of the resolutions and the Rights Issue is approved?

- Should the Transaction proceed, Entitled Shareholders will be able to participate in the Rights Issue regardless of their voting decision at the EGM.

8. What is the timeline for the Rights Issue?

- Please refer to the Indicative Timetable for the Rights Issue which can be found on Page 10 of the Circular to Shareholders dated 22 July 2020, which has been mailed to all Shareholders.
- The Circular can also be downloaded from the SCM website at the following URL: https://www.sembmarine.com/scm2016/wp-content/uploads/2020/07/EGM_Circular_Sembcorp-Marine_22-July-2020.pdf

9. Could you please explain “Cum-rights Date”, “Ex-rights Date” and “Record Date”. What should shareholders take note of?

- Below is an explanation of the terms:
 - **“Cum-rights Date” (12 Aug 2020)** – The last date for Shares to trade “cum-rights” to the Rights Issue. When shares trade cum-rights, new buyers will be entitled to receive Rights entitlements that have been declared but not yet provisionally allotted under the Rights Issue.
 - **“Ex-rights Date” (13 Aug 2020)** – The first date for Shares to trade “ex-rights” to the Rights Issue. When shares trade ex-rights, new buyers will not be entitled to receive Rights entitlements that have been declared but not yet provisionally allotted under the Rights Issue.
 - **“Record Date” (5.00 p.m. on 14 August 2020)** – The date on which the Share Transfer Books of the Company will be closed for the purpose of determining the provisional allotments of Rights Shares to Entitled Shareholders of the Company under the Rights Issue.

10. For CPFIS / SRS holders, what do we need to do if the deal goes through? Can I use cash to buy the rights entitled to SCM Shares under my CPFIS / SRS account? Am I able to receive the subsequent proceeds from selling these purchased rights shares in cash or will it be routed to CPF / SRS?

- Subject to applicable CPFIS / SRS rules and regulations, CPFIS / SRS Investors can only use monies standing to the credit of their respective CPF Investment and SRS accounts to pay for the acceptance of their Rights and (if applicable) application for Excess Rights Shares.
- We advise CPFIS / SRS Shareholders with specific questions to consult their CPFIS / SRS Approved Banks or professional advisers.

11. How do I subscribe for excess rights?

- Should the Rights Issue proceed, more information on how to subscribe for excess Rights Shares will be provided in the Offer Information Statement which will be sent to all Shareholders.

12. Are there any financial support schemes that can help provide funding for the Rights Shares?

- We advise shareholders to consult their brokers or professional advisers for specific advice.

III. BUSINESS MANAGEMENT AND OUTLOOK

13. What is the current project and order status?

- As at 30 June 2020, SCM has a net order book of about S\$2.2 billion. To date, there has been no cancellation of any of our existing projects.

14. Will Management be able to share projections of sales and cashflow / cost of capital / budget performance / net tangible assets per share / forecasted earnings per share at the EGM?

- We do not disclose specific financial projections.

15. What was the S\$1.5 billion Subordinated Loan from Sembcorp Industries used for?

- The S\$1.5 billion Subordinated Loan was used to retire around S\$1.5 billion of existing borrowings in order to improve SCM's balance sheet position.

16. Will Sembcorp Marine upgrade its capability to build LNG carriers as this is one of the most sought after needs by customers?

- SCM has existing capabilities in the design and construction of LNG carriers. We will consider all viable project opportunities in our target segments, which include the Gas Value Chain.

17. What is the road map for Sembcorp Marine's yard consolidation strategy and plans for the land space vacant from the consolidation?

- Transformation and consolidation of our yard operations at Tuas Boulevard Yard is ongoing and generally on track.
- In general, after vacating any yard, we will return the land to the Government.

18. Have all the issues in Brazil now been cleared up for a no-issue business as usual?

- Please refer to the various announcements (most recent: 4 June 2020) on the SCM website on this matter.

19. Following the settlement with Sete Brasil announced by Sembcorp Marine in October 2019, the Company retained ownership of five drill ships and apportioned ownership of two uncompleted drill ships. What plans does the Company have for the drill ships, and how will the ownership impact on the financial position and profit and loss statement of the Group? Are there expected to be substantial holding costs from owning the drill ships?

- For the two drillships which we have apportioned ownership, we are presently negotiating with a potential buyer to complete and sell the drillships. As for the remaining 5 drillships, we are exploring possibilities to monetise them.
- Completion and sale of any drillship will translate into revenue and associated margin for SCM. The holding costs for the drillships are not substantial relative to their underlying value.