

**SEMBCORP MARINE LTD**  
(Incorporated in Singapore)  
(Company Registration No. 196300098Z)  
(the “Company” or “SCM”)

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD BY  
WAY OF ELECTRONIC MEANS ON TUESDAY, 11 AUGUST 2020 AT 10.00 AM**

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**PRESENT**

Shareholders (who attended via live webcast or audio conference) : Please refer to the attendance records maintained by the Company.

Board of Directors

Tan Sri Mohd Hassan Marican : Chairman (attend via video conference)  
Mr Bob Tan Beng Hai (“BT”) : Director (Chair for Ordinary Resolution 2)  
Mr Wong Weng Sun : Director  
Mr Eric Ang Teik Lim : Director (attended via live webcast)  
Mr William Tan Seng Koon : Director (attended via live webcast)  
Mrs Gina Lee-Wan : Director (attended via live webcast)  
Mr Patrick Daniel : Director (attended via live webcast)  
Mr Tan Wah Yeow : Director (attended via live webcast)  
Mr Koh Chiap Khiong : Director (attended via live webcast)

In Attendance / By Invitation

Mr Goh Khor Boon William : Director, Group Finance  
Ms Tan Yah Sze (“TYS”) : Company Secretary  
Mr Tan Cheng Tat : Chief Financial Officer (attended via live webcast)  
Ms Wong Bee Eng : Independent Financial Adviser, Provenance Capital Pte. Ltd (attended via live webcast)  
Other Advisers / Management / Employees (who attended via live webcast) : Please refer to the attendance records maintained by the Company.

**1 INTRODUCTION**

1.1 TYS welcomed all who had joined the extraordinary general meeting of the Company (the “EGM”) by webcast and audio means. She introduced the directors, the President & CEO, and the Group Finance Director. Representatives from the Provenance Capital Pte Ltd (the independent financial adviser the proposed Whitewash Resolution (as defined in the Circular dated 22 July 2020 (the “Circular”)) and legal advisers had also joined the EGM via webcast.

1.2 The EGM was held to consider the following two ordinary resolutions as set out in the notice of the EGM dated 22 July 2020 (the “EGM Notice”):

- (a) The Proposed Renounceable Underwritten Rights Issue; and
- (b) The Whitewash Resolution,

(collectively the “SCM Resolutions”).

- 1.3 Sembcorp Industries Ltd (“SCI”), the parent company of SCM, would be holding its extraordinary general meeting on 11 August 2020 at 11.30 am (the “SCI EGM”) to consider the SCI Distribution Resolution (as defined in the Circular) relating to the distribution of the SCM shares held by SCI to SCI’s shareholders.
- 1.4 All SCM Resolutions and SCI Distribution Resolution (collectively, the “Three Resolutions”) had to be approved for the Rights Issue (as defined in the Circular) and the SCI Distribution (as defined in the Circular) to proceed. If any of the Three Resolutions were not approved, the proposed Rights Issue and the SCI Distribution (together with the Rights Issue, the “Transaction”) would not proceed.
- 1.5 The Company had on 6 and 10 August 2020 posted its responses to shareholders’ questions submitted in advance of the EGM (attached hereto as Appendix 1 and Appendix 2) on SGXNet as well as on the Company’s website.

## **2 CHAIRMAN’S GREETING**

- 2.1 The Chairman welcomed shareholders who attended the virtual EGM by webcast and audio means.

## **3 QUORUM**

- 3.1 The Chairman noted that there was a quorum and proceeded to call the EGM to order.

## **4 NOTICE OF MEETING**

- 4.1 The Chairman took the EGM Notice, which was sent together with the Circular to shareholders, as read. The EGM Notice and the Circular were also posted on the Company’s website as well as on SGXNet.

## **5 PROXY AND POLLING**

- 5.1 The Chairman informed that due to the current Covid-19 restriction orders, shareholders were not able to attend the EGM in person. Shareholders had appointed the Chairman of the meeting, as their proxy to vote on their behalf. The Chair would vote and abstain from voting according to the shareholders’ specific instructions on each resolution.
- 5.2 The Chairman informed that the Company had appointed T S Tay Public Accounting Corporation as the scrutineer for the vote taking.

## **6 ORDINARY RESOLUTION 1 – THE PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE**

- 6.1 The Chairman proposed the following Ordinary Resolution 1:

“THAT subject to and contingent upon the passing of Ordinary Resolution 2 and the passing of the SCI Distribution Resolution by the SCI Shareholders deemed to be

independent for the purpose of the SCI Distribution Resolution, being the SCI Shareholders other than the Temasek Concert Party Group, at the SCI EGM:

- (i) a renounceable underwritten rights issue of 10,462,690,870 new ordinary shares in the capital of the Company (the "Rights Shares"), at an issue price of S\$0.20 for each Rights Share (the "Issue Price"), 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 (the "Rights Issue"), be and is hereby approved;
- (ii) authority be and is hereby given to the Directors to undertake the Rights Issue, provisionally allot and issue the Rights Shares at the Issue Price on the basis of five (5) Rights Shares for every one (1) existing Share held by the Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded, and allot and issue the Rights Shares at the Issue Price on the terms and conditions set out below and/or on such other terms and conditions (including the basis of provisional allotments of the Rights Shares) as the Directors may in their absolute discretion and from time to time think fit:
  - (a) the provisional allotment of the Rights Shares shall be made on a renounceable basis to Entitled Shareholders;
  - (b) no provisional allotment of the Rights Shares shall be made to Foreign Shareholders unless otherwise determined by the Directors that the Rights Shares may be offered based on applicable securities legislation;
  - (c) the provisional allotment of the Rights Shares which would otherwise accrue to Foreign Shareholders or Shareholders who are restricted or prohibited by the laws of the jurisdiction in which they are located or resident from participating in the Rights Issue may be disposed of, or dealt with, by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the provisional allotment relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) among such Foreign Shareholders or Shareholders who are restricted or prohibited by the laws of the jurisdiction in which they are located or resident from participating in the Rights Issue in proportion to their respective shareholdings as at the Record Date provided that if the amount to be distributed to any single Foreign Shareholder or Shareholder who is restricted or prohibited by the laws of the jurisdiction in which it is located or resident from participating in the Rights Issue or persons acting to the account or benefit of any such persons is less than S\$10.00, such amount shall instead be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
  - (d) fractional entitlements to the Rights Shares shall be aggregated and used with the provisional allotment of the Rights Shares which are not taken up or allotted for any reason to satisfy excess applications for the Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may in their absolute discretion deem fit for the benefit of the Company (including the allotment and issue of Rights Shares to satisfy any

subscription of unsubscribed Rights Shares under the Rights Issue pursuant to the Underwriting and Management Agreement and the Sub-Underwriting Agreement); and

- (e) the Rights Shares when allotted and issued will rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions the record date for which falls before the date of allotment and issue of the Rights Shares; and
  - (iii) the Directors be and are hereby authorised to take such steps, do all such acts and things (including but not limited to finalising, approving and executing all such documents as may be required in connection with the Rights Issue, the issue of the Rights and the issue of the Rights Shares, and making amendments to the terms and conditions of the Rights Issue (including the Issue Price)), and to exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or to give full effect to this resolution, the Rights Issue and the allotment and issue of the Rights Shares.”
- 6.2 The Chairman put the motion to vote. The proposed Ordinary Resolution 1 was passed by a majority of votes as set out in the poll results attached hereto as “Appendix 3” (the “Poll Results”).
- 7 ORDINARY RESOLUTION 2 – THE WHITEWASH RESOLUTION IN RELATION TO THE TEMASEK CONCERT PARTY GROUP**
- 7.1 The Chairman handed over the chair for this agenda item to BT as this item concerned the Whitewash Resolution.
- 7.2 BT proposed the following Ordinary Resolution 2:
- “THAT subject to and contingent upon the passing of Ordinary Resolution 1 and the passing of the SCI Distribution Resolution by the SCI Shareholders deemed to be independent for the purpose of the SCI Distribution Resolution, being the SCI Shareholders other than the Temasek Concert Party Group, at the SCI EGM, the Independent Shareholders do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Temasek Concert Party Group in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers, for all the Shares not already owned or controlled by the Temasek Concert Party Group as a result of the SCI Distribution.”
- 7.3 The Chairman informed that Temasek Concert Party Group (as defined in the Circular) as well as parties not independent of the Temasek Concert Party Group were required to abstain from voting in respect of their shares on this resolution. These parties included SCI as well as its directors, and its subsidiaries’ and associated companies’ directors.
- 7.4 BT put the motion to vote. The proposed Ordinary Resolution 2 was passed by a majority of votes as set out in the Poll Results.
- 7.5 BT returned the chair to Chairman after conducting the proceedings for the agenda item on Ordinary Resolution 2.

## **8 CLOSURE OF MEETING**

8.1 The Chairman thanked shareholders for supporting the two SCM Resolutions.

8.2 As mentioned in paragraph 1.4 above, the Rights Issue was inter-conditional upon the Whitewash Resolution and the SCI Distribution. The Transaction could only proceed if all the resolutions were passed. Accordingly, although the Ordinary Resolution 1 and Ordinary Resolution 2 had been approved and passed by shareholders, the Rights Issue would further depend on the outcome of the proposed SCI Distribution Resolution at the SCI EGM to be held at 11.30 am on the same day as the meeting.

*(Afternote: The SCI Distribution Resolution was approved by SCI shareholders at the SCI EGM on 11 August 2020. The Company had proceeded with the Rights Issue.)*

8.3 There being no other business, the meeting ended at 10.15 am. The Chairman thanked shareholders for their attendance at this virtual EGM.

## **CONFIRMED BY**

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Tan Sri Mohd Hassan Marican  
Chairman of the Meeting

# RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE AND THE WHITEWASH RESOLUTION – SCM EGM

Key Questions & Answers

(6 August 2020)

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## I. TRANSACTION STRUCTURE AND RATIONALE

### 1. How is the rights ratio of 5 Rights Shares for every 1 existing Share and Issue Price of S\$0.20 determined? Why does the Rights Issue need to be so dilutive?

- The rights ratio and Issue Price are functions of the size of funds required as well as the discount to TERP<sup>1</sup> based on market precedents.
- The Rights Issue size is S\$2.1 billion. The immediate recapitalisation of SCM by this S\$2.1 billion will raise additional cash of approximately of S\$0.6 billion to enable us to meet our immediate and foreseeable liquidity needs to fund ongoing operations and ride out the industry downturn. It will also deleverage our balance sheet and reduce interest expense through the conversion of the S\$1.5 billion subordinated loan from SCI into equity in SCM's balance sheet. Our strengthened balance sheet will enable us to be better positioned for the industry recovery and seize new opportunities.
- The rights ratio, Issue Price and discount to TERP were determined after considering precedent transactions, the transaction size and discussions with DBS, as sole financial adviser, lead manager and underwriter for the Rights Issue.
- The Rights Issue will be offered on a *pro rata* basis to allow all existing Shareholders to participate and to maintain their *pro rata* shareholdings.
- As the Rights Issue is renounceable, Entitled Shareholders may accept (partially or fully), decline, renounce or (in the case of Entitled Depositors only) trade on the SGX-ST (during the Rights trading period prescribed by the SGX-ST) their Rights.

#### Footnotes

<sup>1</sup> TERP – Theoretical ex rights price

### 2. Why will Sembcorp Industries shareholders be given Sembcorp Marine shares?

- SCI is currently the parent company of SCM and owns approximately 61.0% of SCM Shares. SCI shareholders therefore have an existing indirect ownership in SCM.
- Pursuant to the Transaction, SCI has irrevocably undertaken to subscribe for its pro-rata entitlement of Rights Shares and excess Rights Shares, up to a total of S\$1.5 billion.
- SCI proposes to effect a demerger of SCM from SCI after the completion of the Rights Issue, via a distribution *in specie* of all the Shares held by SCI to SCI Shareholders on a *pro rata* basis. As a result of the Proposed Distribution, SCI Shareholders will receive Shares.

**3. Will all Directors of Sembcorp Marine accept their Rights? Will the Directors apply for Excess Rights Shares?**

- All SCM Directors including the CEO who are Shareholders have indicated that they will subscribe for their Rights entitlement in full. As Shareholders, SCM Directors are also able to apply for excess Rights Shares. However, we are not able to comment on their behalf whether they wish to do so.

**4. Has any Board member sold their shares since the Rights Issue was announced? Has any Board member increased their shareholdings considerably during the same period?**

- None of the Directors on SCM's Board sold their shares following the Rights Issue announcement on 8 June 2020.
- On 29 June 2020, there was an announcement on a grant of share awards to certain non-executive directors pursuant to the Sembcorp Marine Restricted Share Plan 2020. These share awards form part of the payment of directors' fees for the year ended 31 December 2019. For more information, please refer to the announcement that can be found at the following URL: [https://www.sembmarine.com/scm2016/wp-content/uploads/2019/05/20200629\\_Grant-Share-Awards\\_SCM-RSP-2020.pdf](https://www.sembmarine.com/scm2016/wp-content/uploads/2019/05/20200629_Grant-Share-Awards_SCM-RSP-2020.pdf).

**5. What is the expected Share price of Sembcorp Marine after the Rights Issue?**

- As the price of the Shares is market driven, we are not able to comment on the expected Share price of SCM after the Rights Issue.

**6. Why should Shareholders support the Transaction? What are the pros and cons of the Rights Issue for ordinary shareholders? What is the outcome of subscribing / not subscribing to the Rights Shares?**

- The Rights Issue will provide SCM with the much needed recapitalisation to ride out the industry downturn, to strengthen its balance sheet and reposition the Company for its long term viability. It is beneficial to the Company and all Shareholders.
- As recapitalisation is vital to the Company, SCI has given its undertaking to subscribe for up to S\$1.5 billion of Rights Shares and Temasek will sub-underwrite the remaining S\$0.6 billion. SCM Directors who are also Shareholders have indicated they will subscribe for their Rights entitlement.
- In order to meet SCM's critical need for liquidity, we hope that all Shareholders can submit their Proxy Forms to vote in favour of the Resolutions tabled at the EGM in order for the Transaction to proceed, and to subscribe to the Rights Shares.



- A vote for the Resolutions does not obligate a Shareholder to participate in the Rights Issue, so one can support the essential plan to recapitalise the Company without having to subscribe to the Rights Shares. However, Shareholders who choose not to take up their Rights entitlement should be aware that their shareholdings will be diluted post the Rights Issue.

**7. What will happen to Sembcorp Marine if Shareholders do not approve the recapitalisation transaction? What are the contingency or alternative financing plans?**

- If Shareholders do not approve the Transaction, SCM's strenuous efforts to recapitalise and strengthen its balance sheet will be negated and the critical need to address our liquidity requirements will fail. SCM will need to re-evaluate other financing options to obtain the critical funding it needs.
- The various capital raising alternatives considered include debt financing, equity-linked debt and equity issuance.
- However, the availability, timing and transaction execution risks of the potential alternative sources of funding mentioned above are uncertain.
- Faced with the urgency of the situation to recapitalise SCM, the Rights Issue is the most optimal solution and is in the best interests of Shareholders. The Rights Issue has the support of both SCM's parent company, SCI, which has undertaken to subscribe for up to S\$1.5 billion of Rights Shares under the Rights Issue, and its ultimate holding company, Temasek, which has sub-underwritten the balance S\$0.6 billion of Rights Shares under the Rights Issue.

**8. How does having Temasek as a significant shareholder after the SCI Distribution help the Company?**

- Upon completion of the SCI Distribution, Temasek (currently the single largest shareholder of SCI) will become a direct and significant Shareholder of SCM with a stake (including holdings of its wholly-owned subsidiaries) of more than 30% and potentially up to approximately 58%. We see Temasek as a strong shareholder that will support our Group's strategy and future growth.

**9. Noted from your announcement on 5th June 2020 that there are S\$6.025 billion of loan and trade facilities (including bank guarantees and letters of credit) that may be affected by a Change of Control (as defined in such announcement). Is that under threat? Have you started to reach out to them? If not, could you give an update on this?**

- Only a few of our bank facilities are affected by a change in control. We have since contacted the banks. They are supportive of the Transaction and have indicated the continuation of bank facilities extended to SCM.

**10. Assuming the demerger is not successful, what will be Sembcorp Industries' future plan for Sembcorp Marine?**

- In the event that the Transaction is not successful, we will remain a subsidiary of SCI. We believe SCI will remain supportive of SCM.

**11. What is Temasek's vision for Sembcorp Marine after the demerger? Will Temasek commit to turn the Company around and let Shareholders recoup the loss in share price over the years?**

- 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.

**12. Will Sembcorp Marine be merged with Keppel or be privatised?**

- We are not aware of any proposals to merge or privatise SCM.

**13. According to the 1H2020 Financial Statements, Sembcorp Marine's cash and cash equivalents increased from S\$389 million as at 31 December 2019 to the current S\$1.1 billion as at 30 June 2020.**

**Sembcorp Marine had stated in its 1Q 2020 Business Update and 1H2020 Financial Statements that it expects to have adequate existing loan facilities to refinance current borrowings as they fall due. However, in a response to questions from SIAS, Sembcorp Marine contradicted its earlier assertion with the statement "to request banks to provide additional loan facilities is therefore not realistic and also unlikely to be sufficient to meet our liquidity needs". Please explain.**

- We would like to clarify that there is no contradiction between the statements highlighted. The first statement is on maintaining existing loan facilities and the second is on additional bank facilities.
- With the proposed recapitalisation, SCM expects banks to refinance existing borrowings and provide additional facilities. Without the recapitalisation, we expect banks to refinance existing borrowings but not provide additional financing.

## II. ACTIONS AND STEPS FOR SHAREHOLDERS

### 14. I do not wish to participate in the Rights Issue. How can I go about selling my Rights and when will I be allowed to do so? And at what price can I sell my Rights?

- This is a renounceable Rights Issue and Entitled Shareholders (who are Entitled Depositors) who do not wish to accept their Rights may trade their Rights on the SGX-ST during the Rights trading period prescribed by the SGX-ST.
- Indicatively, the Rights trading period is expected to be from 19 August 2020 to 27 August 2020 (both dates inclusive). More information will be provided in the Offer Information Statement that will be despatched to Entitled Shareholders in due course.
- The price of the Rights will be determined by buying and selling market transactions on the SGX-ST during the Rights trading period.

### 15. After accepting my Rights, will I be able to trade my Rights Shares immediately or do I need to hold onto them for a certain period?

- There is no requirement for anyone to hold onto the Rights Shares.
- Once the Rights Shares are issued and listed on the SGX-ST, Shareholders will be able to trade their Rights Shares, similar to their existing Shares.

### 16. I hold Shares through my Supplementary Retirement Scheme (SRS) account. I have already contributed the maximum possible amount into my SRS account for this year (2020) but still do not have sufficient funds to accept my Rights. What can I do?

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

## III. BUSINESS MANAGEMENT AND OUTLOOK

### 17. Not long ago, Sembcorp Marine CEO was still drawing high income and bonus despite the downturn and Sembcorp Marine not being profitable. Why?

- Since 2017, SCM had implemented a salary freeze with a salary deduction for middle and senior management. This continued into 2018 and 2019. All long term staff incentives were also suspended. In 2019, the aggregate compensation of our CEO and top 5 key management personnel was 59% lower than 2018.

- For the current year, the Company has implemented salary cuts ranging from 15% to 5% for senior management with Mr Wong Weng Sun, our President & CEO, volunteering a 50% pay cut.
- The Board of SCM is also continuing with a 10% reduction in directors' fees this year, similar to 2019.

**18. What long-term plans does the Board have for Sembcorp Marine following the deleveraging exercise? Does it intend to keep Sembcorp Marine in the oil & gas space? What needs to be done to increase Sembcorp Marine's competitiveness and ability to survive under such challenging conditions?**

- Our current priority is to ensure that we have adequate liquidity to sustain operations and ride through this severe downturn. We will take this opportunity to optimise our resources in response to the activities outlook, and to better position ourselves for when the industry recovers.
- While all our business segments have been affected by the current challenging business conditions, our Repairs & Upgrades segment, which generated revenue of over S\$600 million in FY2019, has remained profitable. We will continue to allocate sufficient resources to help maintain and grow this business segment.
- To compete effectively in the global arena and strengthen our position for the future, we have deployed three key strategies. Even before the industry downturn started in 2015, we had already begun implementing these strategies as part of a Group-wide transformation for long-term sustainable growth. The current market challenges have given us added impetus to push these strategies ahead to de-risk our business from an over-reliance on the oil and gas sector, and to create new revenue streams.
- The three key strategies are:
  - Proactive diversification and expansion into new and existing markets;
  - Strategic strengthening of our yard capabilities; and
  - Innovation development through investment in intellectual property, technology and solutions that give us a differentiated edge.
- Together, these three key business strategies will fortify the Group's resilience and competitive edge in the global arena, which will enable us to ride on the industry's eventual recovery and also seize new opportunities in other business sectors.
- In the past several economic cycles, we had adapted and reinvented ourselves successfully to stay relevant and thrive in our ever-changing market environment. We believe we can achieve the same when the industry recovers from the current downturn and new opportunities emerge from the continuing global transition towards clean energy and other green solutions.

**19. What is the industry outlook and business prospect of Sembcorp Marine in the near and mid-term? Is the Company still securing business or contracts? When does the management project that the Company will be profitable again?**

- SCM has a track record of close to 60 years. Up until 2015 when this downturn started, we have been consistently profitable. In the 10 years preceding the downturn, we earned S\$5 billion of net profit after tax and distributed over S\$3 billion of dividends to our Shareholders.
- While the entire oil and gas industry has been affected since the downturn in 2015, and COVID-19 in recent months, we believe that the industry would recover in the foreseeable years.
- There are also emerging opportunities from the continuing global transition towards clean energy and other green solutions. For example, the global offshore wind market alone is forecast to grow to an estimated US\$1.5 trillion by 2050, with the North Sea being one of its key geographies. SCM is currently constructing two substation platform topsides and accompanying jackets for Hornsea 2, the world's largest offshore wind farm with a 1.4 gigawatt (GW) capacity, located in the United Kingdom North Sea.
- 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.
- We have resumed discussions on several project opportunities. On 9 July 2020, SCM, together with our consortium partner GE's Grid Solutions, was appointed by RWE Renewables as the preferred supplier of the HVDC electrical transmission system for the 1.4 GW Sofia Offshore Wind Farm in the UK North Sea.
- Our Repairs & Upgrades business has also resumed ongoing jobs and is negotiating for new projects.
- SCM has been actively tapping into opportunities from the global shift towards cleaner energy use. Last year, some S\$530 million of our new orders – about one-third of the total in 2019 – came from cleaner energy projects. This effectively shows our increasing traction in green energy solutions.
- Please refer to the strategic initiatives that we have taken to diversify into the offshore wind and other businesses. This will strengthen our ability to secure more orders to help contribute to our top and bottom line. We are hopeful that all these measures will help bring us to breakeven and profitability sooner.

# 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](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.



**T S TAY Public Accounting Corporation**  
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**SEMBCORP MARINE LTD**  
 (Incorporated in Singapore)  
 (Company Registration No. 196300098Z)

**Extraordinary General Meeting**  
 Held on 11 August 2020

**SCRUTINEER'S CERTIFICATE**

To: The Chairman  
 Sembcorp Marine Ltd

Dear Sirs,

As Scrutineer appointed for the purpose of the poll taken at the Extraordinary General Meeting of the Company, we certify that the results of the poll in respect of:-

**SUMMARY RESULTS OF POLL**

No	Ordinary resolutions	Total number of shares represented by votes for and against	FOR		AGAINST	
			Number of Shares	%	Number of Shares	%
1	To approve the Rights Issue	1,415,716,971	1,398,168,486	98.76%	17,548,485	1.24%
2	To approve the Whitewash Resolution	138,301,067	121,314,424	87.72%	16,986,643	12.28%

Yours faithfully,

Signed

Scrutineer Firm: T S Tay Public Accounting Corporation