This announcement is not for distribution, directly or indirectly, in or into the United States of America including its territories and possessions, any state of the United States and the District of Columbia (the "United States"), Canada or Japan. The provisional allotments of Rights Shares (as defined below), the Rights Shares and the Excess Rights Shares (as defined below) referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state of the United States and, accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, transferred or renounced, directly or indirectly, in the United States except pursuant to an applicable exemption from the registration requirements of the Securities Act. Accordingly, the provisional allotments of Rights Shares, the Rights Shares and the Excess Rights Shares are being offered and sold only outside the United States in "offshore transactions" in reliance on Regulation S. No public offering of securities is being made in the United States.

SEMBCORP MARINE LTD

(Incorporated in the Republic of Singapore)
Company Registration No.: 196300098Z

ANNOUNCEMENT
PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE TO RAISE GROSS PROCEEDS OF APPROXIMATELY S$1.5 BILLION

1. INTRODUCTION

1.1 The directors (the "**Directors**") of Sembcorp Marine Ltd (the "**Company**") wish to announce that the Company proposes to undertake a renounceable underwritten rights issue (the "**Rights Issue**") to raise gross proceeds of approximately S$1.5 billion.[1]

1.2 The principal terms of the Rights Issue are summarised below:

Issue Price	:	S$0.08 per Rights Share
Number of new shares to be issued	:	Up to 18,833,468,826 new ordinary shares in the capital of the Company (the "**Rights Shares**")
Discount	:	The Issue Price represents a discount of approximately: (i) 58.1 per cent. to the last transacted price of the ordinary shares in the capital of the Company (the "**Shares**") on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") of S$0.191 on 23 June 2021, being the last trading day on which trades were done on the Shares prior to this announcement (the "**Last Trading Day**"); and (ii) 35.7 per cent. to the theoretical ex-rights price of S$0.124[2] per Share. The Issue Price and discounts have been determined after

[1] Where applicable, figures and percentages used in this announcement have been rounded to one decimal place for ease of reading.

[2] Such theoretical ex-rights price is the theoretical market price of each Share assuming the completion of the Rights Issue, and is calculated based on the last transacted price of the Shares on the Main Board of the SGX-ST of S$0.191 on the Last Trading Day, and the number of Shares following the completion of the Rights Issue.

		taking into account precedent transactions, the transaction size and discussions with the Sole Financial Adviser, Manager and Underwriter (as defined in paragraph 1.5 below).
Allotment Ratio	:	Three (3) Rights Shares for every two (2) existing Shares held by Entitled Shareholders (as defined in paragraph 7 below) as at a time and date to be determined by the Directors at and on which the register of members and share transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of Entitled Shareholders under the Rights Issue (the "**Record Date**"), fractional entitlements to be disregarded
Use of Proceeds	:	Please refer to paragraph 3.2 below
Purpose of Issue	:	Please refer to paragraph 2 below

1.3 The Rights Issue is subject to, *inter alia*, the approval of the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting (the "**EGM**") to be convened by the Company and the receipt of applicable approvals from the SGX-ST.

1.4 As at the date of this announcement, Temasek Holdings (Private) Limited ("**Temasek**"), through its wholly-owned subsidiary, Startree Investments Pte. Ltd. ("**Startree**"), has an interest in 5,353,126,468 Shares (the "**Relevant Shares**"), representing approximately 42.6 per cent. of the existing issued share capital of the Company. Startree has entered into the Undertaking Agreement (as defined in paragraph 4.2 below) with the Company pursuant to which Startree has irrevocably undertaken to the Company, *inter alia*, to vote in favour of the resolution to approve the Rights Issue and the issue of the Rights Shares (the "**Rights Issue Resolution**"), to subscribe for or procure the subscription of its *pro rata* entitlement to the Rights Shares in relation to the Relevant Shares, and to subscribe for or procure the subscription of such number of Excess Rights Shares[3] which, when aggregated to its *pro rata* entitlement to the Rights Shares in relation to the Relevant Shares, represents not more than 67.0 per cent. of the total number of Rights Shares. No commission or fee will be paid to Temasek or Startree in connection with the provision or execution of the Undertaking Agreement. Please refer to paragraph 4 below for further details.

1.5 In addition to the Undertaking Agreement, pursuant to the terms of a management and underwriting agreement entered into between the Company and DBS Bank Ltd. on 24 June 2021 (the "**Management and Underwriting Agreement**"), the Company has appointed DBS Bank Ltd. as the sole financial adviser, manager and underwriter for the Rights Issue (the "**Sole Financial Adviser, Manager and Underwriter**") and the Sole Financial Adviser, Manager and Underwriter has agreed to underwrite up to 33.0 per cent. of the total number of Rights Shares, on and subject to the terms of the Management and Underwriting Agreement.

3 "**Excess Rights Shares**" means the Rights Shares represented by provisional allotments of Rights Shares not accepted (whether by the persons to which the Rights Shares are provisionally allotted or by the purchasers of "nil-paid" rights), taken up or allotted for any reason and the fractional provisional allotments of Rights Shares not allotted in accordance with the terms of the Rights Issue.

1.6 As a result of the entry into the Undertaking Agreement and the Management and Underwriting Agreement, the Company will have certainty of raising the full S$1.5 billion contemplated from the Rights Issue.

2. RATIONALE FOR THE TRANSACTION

2.1 Industry Context and Background

The Offshore and Marine ("**O&M**") industry has seen a prolonged and severe downturn since 2015 due to major structural changes in the energy industry. In the three years prior to the downturn, the Company and its subsidiaries (the "**Group**") earned healthy pre-tax profits of over S$600 million per year, on the back of strong order books for drilling rigs and other major offshore projects. Since then, order books have decreased and the Group's financial performance has been affected, resulting in pre-tax losses of S$281 million in 2017, S$101 million in 2018 and S$177 million in 2019. This has impacted the Group's liquidity and working capital position.

In 2020, having positioned itself for recovery, the Group was unexpectedly affected by the onset of the COVID-19 pandemic and the sudden drop in oil prices. This led to production shutdowns and delays in the execution of all its major projects, as well as a decline in new orders due to capital expenditure reduction by oil and gas companies and deferrals of investment decisions. As a result, the Group incurred a pre-tax loss of S$671 million in 2020.

The onset of COVID-19 has also accelerated the ongoing energy transition, with growing global demand for low-carbon energy opening opportunities in renewables and other clean energy. The Group believes this is a structural trend and continues to pivot towards this segment.

In June 2020, the Board of Directors of the Company, having considered various financing options, as well as the urgency of the situation and the critical need to maintain sufficient liquidity, recommended a renounceable underwritten rights issue to raise gross proceeds of approximately S$2.1 billion (the "**2020 Rights Issue**"). The completion of the 2020 Rights Issue in September 2020 strengthened the Group's financial position to allow it to pursue its strategic pivot toward renewable and clean energy projects, notably the landmark Sofia offshore wind substation contract. Proceeds from the 2020 Rights Issue reduced the Group's leverage and debt servicing obligations by converting the S$1.5 billion Subordinated Loan owing to Sembcorp Industries Ltd ("**SCI**") into equity in the Group. The balance of approximately S$0.6 billion was to fund the Group's ongoing operations.

Over the course of 2021, with new waves of localised infections, major economies are still combating localised COVID-19 outbreaks and reopening of international borders has been delayed. Global growth is anticipated to remain subdued, with continued weakness in demand conditions for the O&M industry. The financial performance and health of some of the Group's customers have been severely impacted and this will continue to impact the Group's business. However, the growing pace of vaccinations should help accelerate recovery.

The COVID-19 pandemic has also disrupted supply chains. The re-introduction of COVID-19 measures in 2021, including tighter border controls, exacerbated the shortage of skilled manpower. This further impacted the Group's yard operations and scheduled completion of projects. There has been no cancellation to-date of any of the Group's existing projects, but the labour shortage has resulted in project delays and revenue deferrals.

The Group is actively sourcing for skilled workers from non-traditional sources and faces competition in its recruitment given the acute shortage of skilled workers across industries in Singapore. The Group has been exploring alternative sources for skilled workers, which will result in increased manpower and other related costs for some of its ongoing projects.

The delayed recovery for the O&M sector and the COVID-19-led supply chain constraints have necessitated ongoing coordination with the Group's customers to re-schedule project completions. While the Group has not experienced any project cancellations, many customers of the Group's newbuild vessels and offshore structures have accepted deferred deliveries in light of the COVID-19 impact. In June 2021, the Group entered into amendment agreements with Transocean to reschedule the delivery of two drillship construction contracts. The completion of the amendment agreements is a significant step forward and underlines the collaborative spirit of all parties to ensure that the projects continue amidst the challenging environment. However, it resulted in the deferral of cash collection of approximately S$610 million during FY2021 and FY2022 to FY2023 and beyond. This impacted the Group's near-term working capital position and a tightening of funding support from the Group's lenders, and the Group expects an increasing need to repay more debt upon their maturity over the next eighteen months.

As a result, the S$0.6 billion net proceeds from the 2020 Rights Issue is insufficient for the Group to ride through the ongoing industry downturn and continuing COVID-19 impacts.

Reflecting the challenging operating environment, the Group will continue to take decisive action to reduce its monthly operational cash burn rate and to carefully manage its working capital. The Group has also deferred all non-essential capital expenditure and will incur only maintenance spending to ensure yard safety and operability. Additionally, the Group has actively undertaken measures to improve the operating and financial performance of the standalone business. Specifically, the Company has engaged external consultants to develop a holistic Performance Improvement Plan ("**PIP**") to drive operational improvements and optimise its cost structure. The PIP will include strategic cost management initiatives, improved project execution and procurement processes, digitisation and overall reduction of overheads. The PIP aims to deliver significant savings and increase the competitiveness and profitability of the Group.

2.2 S$1.5 billion Recapitalisation: Strengthening Liquidity and Balance Sheet

The Board of Directors of the Company has considered various financing options and believes that an equity rights issue at this point is critically required to strengthen the Group's balance sheet, replenish temporary working capital depletion amidst continuing COVID-19 disruptions, and enhance the Group's liquidity position to meet its projected operational funding requirements until at least the end of 2022. This will better position the Group to successfully execute existing projects, competitively bid for high-value, large-scale projects, continue to augment its technological capabilities, and secure sustainable long-term growth by accelerating its strategic pivot into the fast growing renewable and clean energy segment.

The Rights Issue will also significantly de-lever the Group, and the Group's net gearing as at 31 December 2020 will be reduced from 0.75x to 0.25x on a pro forma basis, and its cash position will be improved by approximately S$1.5 billion.

Startree, a wholly-owned subsidiary of Temasek, has given an irrevocable undertaking to subscribe for its 42.6 per cent. *pro rata* entitlement and apply for Excess Rights Shares, such that in aggregate it has undertaken to subscribe for up to 67.0 per cent. of the Rights Issue, and the remaining 33.0 per cent. is underwritten by the Sole Financial Adviser, Manager and Underwriter. As a result, the Group will have certainty of raising the full S$1.5 billion contemplated from the Rights Issue.

2.3 Summary of Benefits to the Shareholders

In summary, the Shareholders will benefit from the Rights Issue in the following ways:

(i) Strengthens the Group's financial position and replenishes temporary working capital depletion amidst continuing COVID-19 disruptions;

(ii) Reinforces lenders' and customers' confidence in their continued partnerships with the Group;

(iii) Enables the Group to continue to successfully execute existing projects and competitively bid for high-value and large-scale projects;

(iv) Allows the Group to pursue strategic investments to further augment its technological capabilities; and

(v) Accelerates the Group's strategic pivot towards the high-growth renewable and clean energy segment, to secure sustainable long-term growth.

3. THE RIGHTS ISSUE

3.1 Size of Rights Issue

As at the date of this announcement, the issued share capital of the Company (excluding 416,840 treasury shares) comprises 12,555,229,044 Shares (the "**Existing Share Capital**").

Pursuant to the Restricted Share Plan (the "**RSP2010**") and the Performance Share Plan (the "**PSP2010**") approved and adopted by the Shareholders on 20 April 2010, the Company has also granted share awards in respect of 1,167,017 Shares (the "**Awards**") that may be released on or prior to the Record Date. If such Awards are released on or prior to the Record Date, the Company intends to satisfy the release of the Awards by way of transfer of existing Shares (including the treasury shares), and no new Shares will be allotted and issued to satisfy the release of these Awards.

In addition, pursuant to the Restricted Share Plan approved and adopted by the Shareholders on 20 May 2020 (the "**RSP2020**"), the Company has also granted awards in respect of 2,265,500 Shares (the "**Director Awards**") in connection with the payment of Directors' fees for the financial year ended 31 December 2020. The Director Awards will not be released on or prior to the Record Date.

Therefore, as at the Record Date, assuming that:

(i) Awards in respect of 1,167,017 Shares are released under the RSP2010 and the PSP2010;

(ii) the release of the Awards is satisfied by way of transfer of 1,167,017 existing Shares, including the 416,840 treasury shares held by the Company as at the date of this announcement;

(iii) no Director Awards are released under the RSP2020; and

(iv) the Company will no longer have any treasury shares after satisfying the release of the Awards,

the issued share capital of the Company will be 12,555,645,884 Shares and the Company will allot and issue 18,833,468,826 Rights Shares under the Rights Issue.

For the avoidance of doubt, as at the Record Date, the issued share capital of the Company (excluding treasury shares) may be less than 12,555,645,884 Shares as there may be fewer Awards to be released as a result of, among others, resignations of the holders of the Awards. In such circumstance, the number of Rights Shares may be less than 18,833,468,826 Rights Shares.

3.2 Use of Proceeds

The estimated amount of the proceeds (gross and net) from the Rights Issue is approximately S$1.5 billion. The Company intends to utilise the entire net proceeds from the Rights Issue of S$1.5 billion for working capital and general corporate purposes, including debt servicing. Please refer to paragraph 2 for more details.

Pending the deployment of the proceeds from the Rights Issue, the proceeds may be deposited with banks and/or financial institutions as the Directors may deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the proceeds from the Rights Issue, as the funds from the Rights Issue are materially disbursed and provide a status report on the use of the proceeds from the Rights Issue in the Company's annual report, in accordance with the rules of the Listing Manual of the SGX-ST (the "**SGX-ST Listing Manual**").

4. THE UNDERTAKING AGREEMENT

4.1 As at the date of this announcement, Temasek has an interest in 5,354,705,752 Shares through:

(i) its wholly-owned subsidiary, Startree, which holds 5,353,126,468 Shares, representing approximately 42.6 per cent. of the Existing Share Capital, being the Relevant Shares; and

(ii) DBS Group Holdings Limited ("**DBS Group**"), as reported to Temasek by DBS Group, an independently-managed operating company of Temasek, which holds 1,579,284 Shares, representing approximately 0.01 per cent. of the Existing Share Capital.

4.2 Startree has entered into an undertaking agreement with the Company on 24 June 2021 (the "**Undertaking Agreement**") pursuant to which it has irrevocably undertaken to the Company to, *inter alia*:

(i) subscribe and pay in full for, or procure the subscription and payment in full of, its *pro rata* entitlement under the Rights Issue in relation to the Relevant Shares (the "**Undertaken Pro Rata Rights Shares**");

(ii) subscribe and pay in full for, or procure the subscription and payment in full of, up to 4,588,734,411 Excess Rights Shares which, when aggregated with the Undertaken Pro Rata Rights Shares, will not exceed 67.0 per cent. of the total Rights Shares (the "**Undertaken Excess Rights Shares**" and together with the Undertaken Pro Rata Rights Shares, the "**Undertaken Rights Shares**"); and

(iii) to the extent not prohibited under applicable laws and regulations (including the SGX-ST Listing Manual), to vote or procure the voting of all the Relevant Shares in favour of the Rights Issue Resolution.

Allocations of Excess Rights Shares to other Shareholders will rank in priority before allocations of the Undertaken Excess Rights Shares to Startree.

4.3 The Undertaking Agreement is subject to and conditional upon, *inter alia*:

(i) the receipt of the in-principle approval from the SGX-ST for the listing of and quotation for, the Rights Shares on the SGX-ST and if such approval is granted subject to conditions, such conditions being acceptable to the Company and Startree, and such approval not having been withdrawn or revoked on or prior to the completion of the Rights Issue;

(ii) in respect of the obligation described in paragraphs 4.2(i) and (ii), the approval of the Shareholders being obtained at the EGM for the Rights Issue Resolution and the issue of the Rights Shares;

(iii) the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the terms thereof;

(iv) in respect of the obligation described in paragraphs 4.2(i) and (ii), the lodgement of the Offer Information Statement (as defined in paragraph 7 below), together with all other accompanying documents (if applicable) in connection with the Rights Issue with the Monetary Authority of Singapore ("**MAS**"); and

(v) unless otherwise waived by Startree, all government and third party approvals or consents having been obtained by the closing date of the Rights Issue, either unconditionally or on conditions satisfactory to Startree and the Company both acting reasonably and any such consent not having been withdrawn or revoked.

4.4 No commission or fee will be paid to Temasek or Startree in connection with the provision or execution of the Undertaking Agreement.

5. UNDERWRITING OF THE RIGHTS ISSUE

The Sole Financial Adviser, Manager and Underwriter has agreed to underwrite up to 6,215,044,713 Rights Shares, representing up to 33.0 per cent. of the total number of Rights Shares (which excludes the Undertaken Rights Shares) (the "**Underwritten Rights Shares**"), at the Issue Price, on the terms and subject to the conditions of the Management and Underwriting Agreement.

The underwriting obligations of the Sole Financial Adviser, Manager and Underwriter are subject to, *inter alia*, Startree having subscribed and paid in full for (or procured the subscription and payment in full of) all the Undertaken Rights Shares that it has undertaken to subscribe or procure subscriptions for pursuant to the Undertaking Agreement.

Pursuant to the Management and Underwriting Agreement, the Company will pay the Sole Financial Adviser, Manager and Underwriter an underwriting commission of S$2.55 million.

6. POTENTIAL MANDATORY OFFER

6.1 As stated above, as at the date of this announcement, Temasek, through its wholly-owned subsidiary, Startree, has an interest in the Relevant Shares. In the interests of confidentiality, Temasek has not made enquiries in respect of certain other parties who are or may be presumed to be acting in concert with Temasek in relation to the Rights Issue. Further enquiries will be made of such persons after the date of this announcement and relevant disclosures where applicable will be made in the Circular (as defined in paragraph 13 below).

6.2 **Temasek Minimum Resultant Holding after the Rights Issue.** Assuming that:

(i) there is no change in the number of Shares in which Temasek and the Temasek Companies[4] (collectively, the "**Temasek Group**") hold;

(ii) the number of Shares in issue as at the Record Date is 12,555,645,884; and

(iii) all Rights Shares are subscribed for by the Shareholders and investors such that Startree subscribes only for the Undertaken Pro Rata Rights Shares and is not required pursuant to the Undertaking Agreement to subscribe for any Undertaken Excess Rights Shares,

the Temasek Group would hold in aggregate 13,382,816,170 Shares, representing approximately 42.6 per cent. of the Shares in issue immediately following the Rights Issue (the "**Minimum Resultant Holding Scenario**").

6.3 **Temasek Maximum Resultant Holding after the Rights Issue.** Assuming that:

(i) there is no change in the number of Shares in which the Temasek Group holds;

(ii) the number of Shares in issue as at the Record Date is 12,555,645,884; and

(iii) other than Startree which subscribes for the Undertaken Pro Rata Rights Shares, no Shareholder or investor subscribes for any Rights Shares such that Startree is required pursuant to the Undertaking Agreement to subscribe for the Undertaken Excess Rights Shares; and

[4] "**Temasek Companies**" means direct or indirect wholly-owned subsidiaries of Temasek Holdings (Private) Limited whose boards of directors comprise solely of employees or nominees of (i) Temasek Holdings (Private) Limited; (ii) Temasek Pte. Ltd.; and/or (iii) wholly-owned subsidiaries of Temasek Pte. Ltd.

(iv) the Sole Financial Adviser, Manager and Underwriter takes up the full amount of the Underwritten Rights Shares,

the Temasek Group would hold in aggregate 17,971,550,581 Shares, representing approximately 57.3 per cent. of the Shares in issue immediately following the Rights Issue (the "**Maximum Resultant Holding Scenario**").

6.4 For illustrative purposes, the dilution effect to the shareholdings of the existing Shareholders after the issue of the Rights Shares is as set out below:

	Current Shareholding		After completion of the Rights Issue			
	No. of Shares	%(1)	No. of Shares under the Minimum Resultant Holding Scenario	%(2)	No. of Shares under the Maximum Resultant Holding Scenario	%(2)
Temasek Group	5,353,126,468	42.6	13,382,816,170	42.6	17,971,550,581	57.3
Other Shareholders	7,202,102,576	57.4	18,006,298,540	57.4	13,417,564,129	42.7
Total	12,555,229,044	100.0	31,389,114,710	100.0	31,389,114,710	100.0

Notes:

(1) Based on a total of 12,555,229,044 Shares (excluding 416,840 treasury shares) in issue as at the date of this announcement.

(2) Based on a total of 31,389,114,710 Shares in issue immediately following completion of the Rights Issue, including 18,833,468,826 Rights Shares.

6.5 Under Rule 14.1 of the Singapore Code on Take-overs and Mergers (the "**Code**"), where any person (defined to include any body corporate) who, together with persons acting in concert with that person, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company and such person, or any person acting in concert with him, acquires, in any period of six months, additional shares carrying more than one per cent. of the voting rights of the company, such person is required to make a mandatory general offer for all the shares in the company which the person and/or persons acting in concert do not already own or control.

The fulfilment by Startree of its obligations under the Undertaking Agreement may result in Temasek and its concert parties (collectively, the "**Temasek Concert Party Group**") increasing its shareholding in the Company by more than one per cent. (the "**Relevant Event**"). Accordingly, in such event, unless the obligation is otherwise waived by the Securities Industry Council in accordance with the provisions of the Code, the Temasek Concert Party Group would incur an obligation to make a mandatory general offer (the "**Compliance Offer**") for the remaining Shares not already owned or controlled by the Temasek Concert Party Group, in accordance with Rule 14 of the Code, at the highest price at which the Temasek Concert Party Group has acquired Shares in the six months preceding the Compliance Offer and during the period of the Compliance Offer. Based on information available to Temasek as at the date of this announcement, the offer price which the Temasek Concert Party Group will be obliged to offer under the Compliance Offer (if any) will be the Issue Price. Temasek has also informed the Company that, in the event the Compliance Offer is required to be made, the current intention of Temasek is to maintain the listing status of the Company on the SGX-ST but it reserves the right to re-evaluate its position, taking into account, among other things, the level of acceptances received by the offeror and the prevailing market conditions at the relevant time of the Compliance Offer, if and when made.

6.6 Shareholders should note that there is no certainty that the Relevant Event will occur and that the Compliance Offer will be made. Shareholders are advised to trade with caution.

7. ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

The Company proposes to provisionally allot by way of rights to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"), which comprise Entitled Depositors and Entitled Scripholders (each as defined below).

Shareholders whose Shares are registered in the name of The Central Depository (Pte) Limited ("**CDP**") and whose securities accounts ("**Securities Accounts**") with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Record Date ("**Depositors**") will be provisionally allotted entitlements to the Rights Shares on the basis of the number of Shares standing to the credit of their Securities Accounts with CDP as at the Record Date. "**Entitled Depositors**" are Depositors whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three market days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to 5.00 p.m. (Singapore time) on the Record Date by the Company's Share Registrar, KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00 KH Kea Building, Singapore 188721 will be registered to determine the provisional entitlements to Rights Shares of the transferee (a "**Scripholder**", which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights Issue. "**Entitled Scripholders**" are Scripholders whose registered addresses with the Company are in Singapore as at the Record Date or who have, at least three market days prior to the Record Date, provided the Company's Share Registrar with addresses in Singapore for the service of notices and documents.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the rights to the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three market days prior to the Record Date, provided CDP or the Company's Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents, subject to certain limited exceptions and/or unless otherwise reasonably determined by the Directors that the Rights Shares may be offered based on applicable securities legislation ("**Foreign Shareholders**"). Entitlements to provisional allotments of Rights Shares which would otherwise accrue to Foreign Shareholders will, if practicable, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of Rights Shares commence, and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the offer information statement to be issued for the Rights Issue (the "**Offer Information Statement**").

Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be tradeable on the Main Board of the SGX-ST over a period to be determined by the Directors in compliance with the rules of the SGX-ST Listing Manual. Entitled Shareholders will be at liberty to accept, decline, renounce or trade, in whole or in part, their provisional allotments of the Rights Shares and will be eligible to apply for Rights Shares in excess of their respective provisional allotments under the Rights Issue.

Entitlements which are not allotted or taken up for any reason (including any fractional entitlements to the Rights Shares) will be aggregated and used to satisfy applications, if any, for Excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots. Directors, Startree and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with the Sole Financial Adviser, Manager and Underwriter, may deem appropriate. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be despatched or, as the case may be, disseminated by the Company to Entitled Shareholders in due course.

8. PRO FORMA FINANCIAL EFFECTS OF THE RIGHTS ISSUE

For illustrative purposes only, the pro forma financial effects of the Rights Issue on the Group are set out in the Appendix to this announcement.

The pro forma financial effects are for illustrative purposes only and do not reflect the actual financial position of the Group after the Rights Issue.

9. WORKING CAPITAL STATEMENT

The Directors are of the opinion that after taking into consideration the Group's present bank facilities and the net proceeds from the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Rights Issue will strengthen the financial position and capital base of the Group. The Rights Issue will also provide Shareholders with an opportunity to maintain their *pro rata* equity shareholding in the Company. For the reasons outlined in paragraph 2 above, the Directors believe the Rights Issue is in the interest of the Group.

10. APPROVALS

10.1.1 Listing Approval

The Rights Issue is subject to the approval in-principle from the SGX-ST for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST. An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST.

10.1.2 Offer Information Statement

The Rights Issue is subject to the lodgment of the Offer Information Statement together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Rights Issue, by the Company with the MAS.

10.1.3 Other Approvals

The Rights Issue will be subject to and conditional upon, *inter alia*, the satisfaction of the following conditions precedent:

(i) the approval of the Shareholders for the Rights Issue Resolution having been obtained at the EGM and not having lapsed or been withdrawn or revoked; and

(ii) all other necessary waivers, consents and approvals from, *inter alia*, the SGX-ST and other third parties in connection with the Rights Issue having been obtained.

Where appropriate, further details will be disclosed in subsequent announcements.

10.2 General

The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with the Sole Financial Adviser, Manager and Underwriter, may deem appropriate. Further details of the Rights Issue will be made available in the Offer Information Statement to be despatched or, as the case may be, disseminated to Entitled Shareholders, or will be disclosed in subsequent announcements in due course.

11. NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE

The provisional allotments of Rights Shares and the Rights Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

12. PREVIOUS EQUITY FUNDRAISING

On 8 June 2020, the Company announced, *inter alia*, the 2020 Rights Issue. On 11 September 2020, the Company allotted and issued 10,462,690,870 new Shares pursuant to the 2020 Rights Issue.

The proceeds (gross and net) from the 2020 Rights Issue were approximately S$2.1 billion, of which S$1.5 billion was used to set-off the outstanding S$1.5 billion subordinated loan from SCI against the consideration for the rights shares subscribed by SCI pursuant to the 2020 Rights Issue. The remaining net proceeds of approximately S$0.60 billion was intended for working capital and general corporate purposes, including debt servicing, in accordance with the stated use disclosed in the Offer Information Statement dated 14 August 2020. There has been no change to the intended use of the unutilised net proceeds from the 2020 Rights Issue.

As of the date of this announcement, approximately S$0.3 billion of the S$0.6 billion net proceeds from the 2020 Rights Issue has been used for working capital purposes.

13. CIRCULAR

The circular to Shareholders in respect of the Rights Issue, together with a notice of the EGM to be convened (the "**Circular**"), will be despatched or, as the case may be, disseminated in due course to the Shareholders to provide details on the Rights Issue. It is currently envisaged that the EGM will be convened in August 2021 and the Rights Issue will be completed in the third quarter of 2021.

14. NON-BINDING MEMORANDUM OF UNDERSTANDING

The Company has today entered into a non-binding Memorandum of Understanding (the "**MOU**") with Keppel Corporation Limited ("**Keppel Corp**") to enter into exclusive negotiations to explore a potential combination of the Company and Keppel Offshore & Marine Ltd ("**KOM**"), a subsidiary of Keppel Corp (the "**Potential Combination**").

The Potential Combination envisages, subject to due diligence and further negotiation, a combination of the entire operating business of KOM (excluding legacy rig assets and associated receivables) with the Company to create a stronger combined entity (the "**Combined Entity**").

The Company believes that the Potential Combination, if completed, would create a stronger player to capitalise on growing opportunities in the O&M, renewable and clean energy sectors, and the Combined Entity would be able to accelerate the pivot towards O&M renewables opportunities. The Combined Entity would also be better positioned to compete for larger contracts, whilst pursuing the synergies that can arise from the increased operational scale, broader geographic footprint and enhanced capabilities of a larger entity.

Pursuant to the terms of the MOU, the Company and Keppel Corp will undertake mutual due diligence and discuss the terms of the Potential Combination. If the Potential Combination is completed, it is envisaged that the Combined Entity will be a listed entity and the Shareholders will hold shares in the Combined Entity, while Keppel Corp will receive shares in the Combined Entity and a cash consideration of up to S$500 million (or a cash component with the economic equivalent effect).

The Company will update Shareholders in due course in the event of any material developments in relation to the Potential Combination. Shareholders should note that discussions are at a preliminary stage and there is no assurance that the discussions will lead to definitive agreements being entered into nor is there any certainty that the Potential Combination will occur. Any definitive agreements that the respective parties may agree upon may also be conditional in nature and are likely to be subject to the approval of the shareholders of both the Company and Keppel Corp.

15. DIRECTORS' RESPONSIBILITY STATEMENT

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 and the Group which are relevant to the Rights Issue 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.

16. MEDIA RELEASE, INVESTOR PRESENTATION AND TRADING UPDATE

Shareholders are also advised to refer to the following, each of which refers to the Rights Issue and forms part of this announcement:

(i) the media release made by the Company in connection with the Rights Issue and Potential Combination dated 24 June 2021;

(ii) the investor presentation in relation to the Rights Issue and Potential Combination dated 24 June 2021; and

(iii) the trading and liquidity update released by the Company on 24 June 2021.

In relation to the Potential Combination, Shareholders may refer to the joint media release made by the Company and Keppel Corp dated 24 June 2021.

17. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution when dealing with their Shares or other securities of the Company. Shareholders should consult their professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Tan Yah Sze
Company Secretary

24 June 2021

IMPORTANT NOTICE

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 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 MAS. The information contained in this announcement is not for release, publication or distribution to persons in the United States and 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. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

APPENDIX

PRO FORMA FINANCIAL EFFECTS

1. The pro forma financial effects of the Rights Issue as presented herein:

   (i) are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Group immediately after the completion of the Rights Issue;

   (ii) are based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("**FY2020**");

   (iii) are based on the Existing Share Capital and assume, for illustrative purpose only, that on or prior to the Record Date, no awards under the RSP2010, the PSP2010, the RSP2020 and the Performance Share Plan approved and adopted by the Shareholders on 20 May 2020 are released, such that the Company will issue up to 18,832,843,566 Rights Shares under the Rights Issue;

   (iv) assume that the Rights Shares had been allotted and issued on 31 December 2020 in calculating the *pro forma* financial effects on share capital, net tangible assets ("**NTA**") and gearing as at 31 December 2020;

   (v) assume that the Rights Shares had been allotted and issued on 1 January 2020 in calculating the *pro forma* financial effects on earnings or loss per Share ("**EPS**") for FY2020;

   (vi) assume that the amount of net proceeds from the issue of the Rights Shares, after deducting estimated expenses of approximately S$9.0 million incurred in connection with the Rights Issue, is approximately S$1.5 billion and further assuming all of the expenses from the Rights Issue are capitalised; and

   (vii) does not take into account any theoretical ex-rights adjustment factor.

2. **Share Capital**

	Number of Shares	S$' million
Issued share capital (excluding treasury shares) as at the Record Date	12,555,229,044	2,574.6
Add: Rights Shares to be allotted and issued	18,832,843,566	1,497.6
Issued share capital (excluding treasury shares) after the Rights Issue	31,388,072,610	4,072.2

3. Net Tangible Assets ("NTA")

	As at 31 December 2020
NTA	
NTA before the Rights Issue (S$' million)	3,446.4
Net proceeds from the Rights Issue (S$' million)	1,497.6
NTA after adjusting for the Rights Issue (S$' million)	4,944.0
NTA per Share	
Number of Shares (excluding treasury shares) before the Rights Issue	12,555,229,044
NTA per Share before the Rights Issue (Singapore cents)(1)	27.45
Number of Shares (excluding treasury shares) after the Rights Issue	31,388,072,610
NTA per Share after the Rights Issue (Singapore cents)(1)	15.75

Note:

(1) NTA per Share = (Equity attributable to owners – Intangible assets) / Number of Shares outstanding (excluding treasury shares).

4. Gearing

	As at 31 December 2020
Before the Rights Issue	
Total net borrowings (S$' million)	2,777.4
Total equity (S$' million)	3,696.1
Net gearing (times)(1)	0.75x
After the Rights Issue	
Total net borrowings (S$' million)	1,279.7
Total equity (S$' million)	5,193.8
Net gearing (times)(1)	0.25x

Note:

(1) Net Gearing = (Gross Borrowings – Cash) / Total equity.

5. **Earnings Per Share ("EPS")**

	Full year ended 31 December 2020
Before the Rights Issue	
Net profit/(loss) attributable to Shareholders (S$' million)	(582.5)
Weighted average number of Shares (excluding treasury shares) (million)	5,353.2
After the Rights Issue	
Net profit/(loss) attributable to Shareholders (S$' million)(1)	(578.3)
Weighted average number of Shares (excluding treasury shares) (million)	24,186.0
EPS	
Basic EPS before Rights Issue (Singapore cents)(2)	(10.88)
Basic EPS after Rights Issue (Singapore cents)(2)	(2.39)

Notes:

(1) Includes assumed interest income arising from bank deposit of S$1.5 billion, calculated on a post-tax basis.

(2) EPS = Profit/(loss) attributable to Shareholders / Weighted average number of Shares outstanding (excluding treasury shares).