

POSITIONING FOR GROWTH IN UNPRECEDENTED TIMES



SEMBCORP MARINE LTD
 ("SCM" or the "Company" and together with its subsidiaries, the "Group")
 (Incorporated in the Republic of Singapore)
 (Company Registration No.: 196300098Z)

The information in this gatefold is a summary of the Rights Issue and is qualified by, and should be read in conjunction with, the full information contained in this Circular and the Notice of EGM. In the event of any inconsistency or conflict between the terms of this gatefold and the rest of this Circular, the terms set out in the rest of this Circular shall prevail.

The Chinese version of this gatefold is translated from the English version. If there is any inconsistency or conflict between the English and Chinese versions, please refer to the English version.

此文件的中文版翻译自英文版。若中、英文版本之间存有任何差异或冲突，一切将以英文版为准。

This Circular (together with the Notice of EGM and the Proxy Form) may also be accessed at the following URLs:



<https://www.sembmarine.com/extraordinary-general-meeting>



<https://www.sgx.com/securities/company-announcements>

Sole Financial Adviser, Manager and Underwriter for the Rights Issue



If you are in any doubt about the contents or the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED \$1.5 BILLION RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE

The Directors are of the opinion that the Rights Issue, based on three (3) Rights Shares for every two (2) existing Shares, will address the funding needs of the Company and further strengthen its financial position to accelerate its strategic expansion into the high-growth clean and renewable energy segment; and is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Rights Issue Resolution.

YOUR VOTE COUNTS

Please vote by submitting your proxy form



IMPORTANT DATES AND TIMES FOR SHAREHOLDERS

In view of the current COVID-19 situation, Shareholders will not be allowed to attend the Extraordinary General Meeting ("EGM") in person. Shareholders (whether individual or corporate) must appoint the Chairman of the EGM as their proxy to attend, speak and vote on their behalf at the EGM if such Shareholders wish to exercise their voting rights at the EGM. The EGM will be convened and held by way of electronic means.

Last date and time for lodgement of Proxy Form	20 August 2021 at 2.00 p.m.
Date and time of EGM	23 August 2021 at 2.00 p.m.

If you have sold or transferred all your Shares, please refer to the "Important Notice" section of this Circular on the next actions you should take.

The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

This Circular shall not constitute an offer to sell or a solicitation of an offer to buy shares or other securities, including the Rights and the Rights Shares. This Circular is issued to Shareholders solely for the purpose of providing Shareholders with the information pertaining to the EGM, convening the EGM and seeking Shareholders' approval for the resolution to be proposed at the EGM.

Shareholders who wish to participate in the Rights Issue must ensure that their registered addresses with CDP are in Singapore as at the Record Date. Shareholders are encouraged to submit any request to effect any change in address well in advance of the Record Date, such request to reach CDP no later than three Market Days before the Record Date. Shareholders may wish to refer to <https://www.sgx.com/cdpfaqs> under "Update of Account Information" for further information. Shareholders may also contact CDP during normal business hours by telephone at +65 6535 7511 or by email at asksgx@sgx.com.

All capitalised terms shall, if not otherwise defined, have the same meanings ascribed to them in this Circular.

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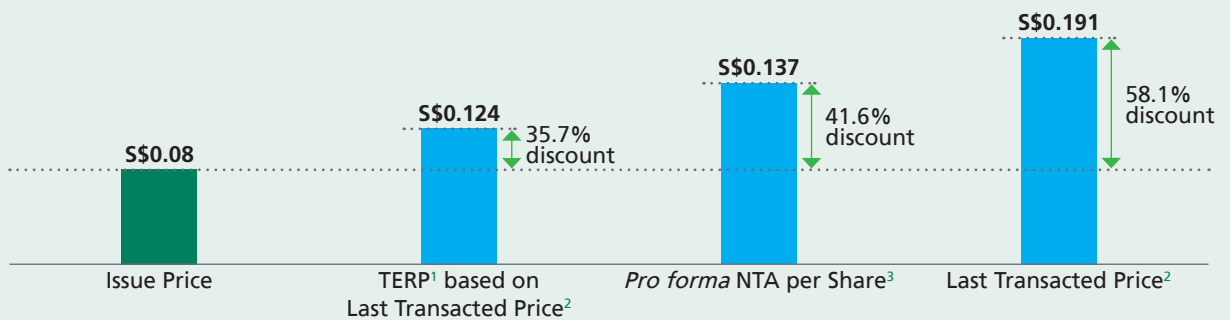
WHAT SHOULD I KNOW ABOUT THIS RIGHTS ISSUE?

Key highlights of the Rights Issue and its rationale:



- Each Rights Share will be issued at the Issue Price of S\$0.08 per share, based on three (3) Rights Shares for every two (2) existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded
- SCM will be seeking the approval of Shareholders for the Rights Issue at an EGM to be convened and held by way of electronic means at 2.00 p.m. on 23 August 2021
 - Startree, an indirect wholly-owned subsidiary of Temasek, has given an irrevocable undertaking to the Company to vote in favour of the Rights Issue Resolution at the EGM

PRICING CONSIDERATIONS



- **SCM will have certainty of raising the full S\$1.5 billion contemplated from the Rights Issue**
 - Startree has given an irrevocable undertaking to subscribe for its 42.6% *pro rata* entitlement to the Rights Shares and apply for such number of Excess Rights Shares which, when aggregated to its *pro rata* entitlement, will represent not more than 67.0% of the total number of Rights Shares⁴
 - Allocations of **Excess Rights Shares to other Shareholders will rank in priority before allocations of the Excess Rights Shares to Startree and the Directors**
 - DBS will underwrite up to 33.0% of the total number of Rights Shares
- **Fulfilment by Startree of its obligations under the Undertaking Agreement may result in the Temasek Concert Party Group incurring an obligation to make a mandatory general offer⁵ (the "Compliance Offer") for the remaining Shares not already owned or controlled by the Temasek Concert Party Group**
 - If the Compliance Offer is required to be made, based on information available to Temasek as at the date of the Announcement, **the offer price which the Temasek Concert Party Group will be obliged to offer under the Compliance Offer will be the Issue Price**
 - There is no certainty that the obligation to launch a mandatory general offer will occur and that the Compliance Offer will be made. Shareholders are advised to exercise caution when dealing with their Shares or other securities of the Company

¹ Theoretical "Ex-Rights" Price

² Last transacted price of S\$0.191 per Share on 23 June 2021, being the Last Trading Day prior to the Announcement

³ NTA per Share = (Equity attributable to owners – Intangible assets) / Number of Shares outstanding (excluding treasury shares). The *pro forma* NTA per Share after the Rights Issue is for illustrative purposes only, based on the unaudited consolidated financial statements of SCM for 1H2021 and assuming that the Rights Shares had been allotted and issued on 30 June 2021

⁴ No commission or fee will be paid to Temasek or Startree in connection with the provision or execution of the Undertaking Agreement

⁵ Please refer to the section titled "Potential Mandatory Offer" of this Circular for more information

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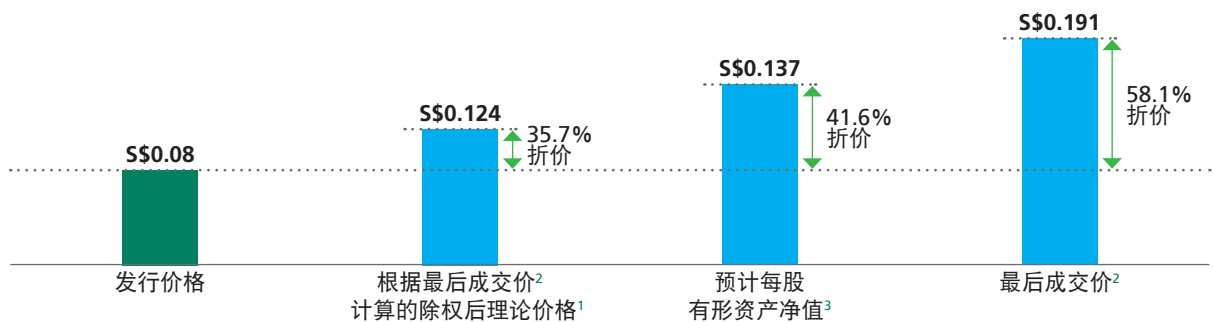
我需知道有关附加股发行的哪些事项？

附加股发行要点和目的：



- 附加股将以每股0.08新元的发行价格发行，合格股东于登记日所持有的每两(2)股股份可获配售三(3)股附加股，不计零碎权益
- 胜科海事将于2021年8月23日下午2点，通过电子方式召开特别股东大会，征询股东批准进行附加股发行
 - 淡马锡间接全资附属子公司Startree已作出不可撤销的承诺，于特别股东大会上针对附加股发行动议投赞成票

定价考量因素



- 胜科海事将有把握从附加股发行中筹集15亿新元全额
 - Startree已作出不可撤销的承诺，认购其按比例所享有的42.6%附加股股份权利，并申请认购额外附加股，但与其按比例所持权益合计将不超过附加股总数之67.0%⁴
 - 在额外附加股分配方面，其他股东将优先与Startree及董事会成员获配售
 - 星展银行将包销多达附加股总数之33.0%
- Startree遵循附加股认购协议履行义务可能导致淡马锡及其一致行动人有义务对剩余未持有或受控于其的股权提出强制性全面收购要约⁵（即“合规收购”）
 - 若需进行合规收购，根据淡马锡于公告日所得信息，淡马锡及其一致行动人在合规收购下有义务提出的收购价将按发行价定夺
 - 强制性全面收购和合规收购会否落实仍未确定。 劝请股东在买卖其股权或本公司其他证券时审慎行事

1 除权后理论价格

2 每股0.191新元为通告前的最后交易日，2021年6月23日的最后成交价

3 每股有形资产净值 = (公司股权持有人应占股本无形资产)/已发行股数(不包括库存股)。附加股发行后的备考每股有形资产净值仅供说明使用，是根据胜科海事2021财年上半年的未经审计合并财务报表计算，假设附加股已于2021年6月30日分配和发行

4 淡马锡或Startree将不会征收任何与附加股认购协议有关的佣金或费用

5 请参阅通告的“潜在强制性收购”段落，以查询更多详情

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WHY IS THE RIGHTS ISSUE PROPOSED?

The prolonged and severe downturn in the Offshore & Marine (“O&M”) industry since 2015, following a collapse in oil prices, and the global energy transition towards renewables has further accelerated major structural changes in the O&M sector

The COVID-19 pandemic in 2020 further delayed the industry recovery and created severe supply chain disruptions and manpower shortages, as well as reductions in capital expenditure by oil majors

These disruptions have extended into 2021 resulting in further delay in project completions and deferral of payments by customers, creating a short-term but significant draw on the Company’s working capital position

Reflecting the challenging operating environment, the Company has in place initiatives to lower its operational cash burn rate and to carefully manage its working capital. Without compromise to yard safety and operability, SCM has deferred all non-essential capital expenditure

SCM has also engaged external consultants to develop a holistic Performance Improvement Plan to drive operational improvements and optimise its cost structure

These measures, however, are insufficient for the Company to ride through the ongoing industry downturn and continuing COVID-19 impacts

The recapitalisation of SCM is required to strengthen the Company’s balance sheet and replenish the temporary working capital depletion, enabling the Company to successfully execute its existing projects and continue to competitively bid for new high-value and large-scale contracts, particularly opportunities in the rapidly growing clean and renewable energy segment

The Board of Directors and management of SCM believe that recapitalisation is required to address the Company’s immediate funding needs, strengthen its financial position and meet projected operational funding requirements through to end-2022



▲ SCM is constructing three battery-operating roll-on/roll-off ferries that will be powered by clean electricity

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为何提议发行附加股？

随着油价暴跌，岸外与海事业自2015年已长期的严重衰退，而全球逐渐迈向可再生能源的趋势，也进一步加速了岸外与海事业的重大结构性变化

2020年的冠病疫情不但延迟了岸外与海事业的复苏，还导致严重的供应链中断和人力短缺的问题，以及石油巨头削减资本支出的现象

这些中断已延续至2021年，促使项目进展和客户付款面临延缓的局面，为公司的营运资本带来短期但显著的压力

面对具挑战性的营运环境，本公司已实施各项措施以减低营运现金消耗率和谨慎处理其营运资本。在不影响船厂的安全和可操作性的情况下，胜科海事已延后所有非必要的资本支出

胜科海事也已聘请外部顾问来制定一项整体绩效改进提升计划，以推动营运改进和优化成本结构

尽管如此，这些措施仍未足以帮助公司度过持续的行业低迷期和冠病疫情的冲击

胜科海事必须进行资本重组，以加强公司的资产负债表和填补临时耗竭的营运资本，并同时给予其能力以继续顺利施行现有项目，以及竞标高值和大型项目，尤其是进军迅速增长的清洁和可再生能源行业的机会

胜科海事的董事会和管理层均相信公司进行资本重组是必要的，以满足其近期的资金需求、加强其财务状况和实现至2022年底的预计营运资金需求



▲ Karmol LNGT Powership Africa underwent FSRU conversion at SCM and will supply cleaner energy to West Africa

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WHAT ARE THE MERITS OF THIS RIGHTS ISSUE?

Strengthens financial position and replenishes temporary working capital depletion amidst continuing COVID-19 disruptions

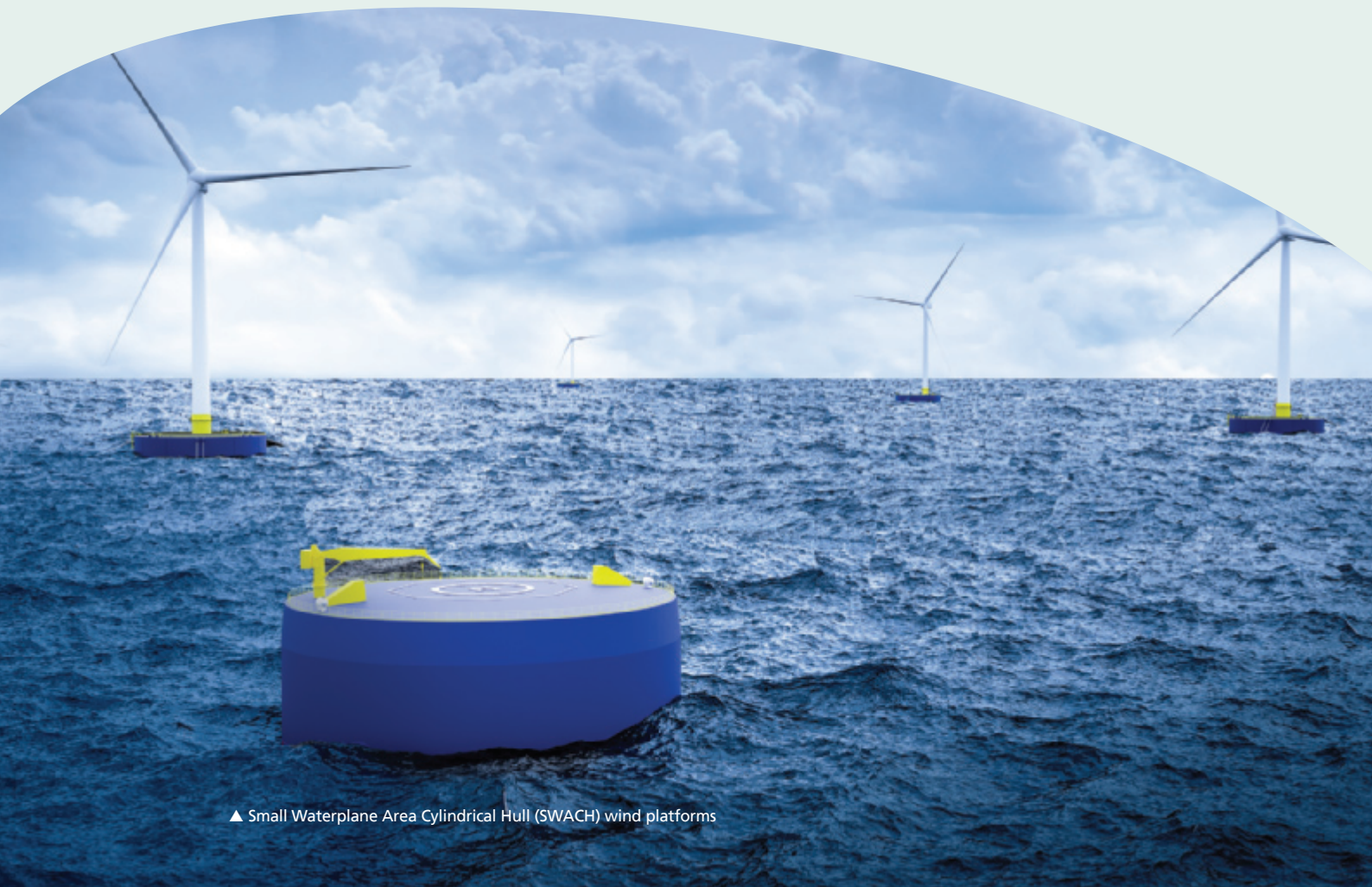
Reinforces lenders' and customers' confidence in their continued partnerships with SCM

Enables SCM to continue to successfully execute existing projects and competitively bid for high-value and large-scale projects

Allows SCM to pursue strategic investments to further augment its technological capabilities

Accelerates SCM's strategic expansion towards the high-growth clean and renewable energy segment, to secure sustainable long-term growth

The Rights Issue will fortify SCM's financial position, and position it as a strong and innovative player with an increasing, strategic focus on clean and renewable energy solutions



▲ Small Waterplane Area Cylindrical Hull (SWACH) wind platforms

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这项附加股发行能带来什么利益？

在冠病疫情持续冲击的环境下，加强财务状况和可填补暂时耗竭的营运资本

提升贷方和客户与我们持续合作的信心

给予胜科海事能力以继续顺利施行现有项目，以及竞标高值和大型的项目

让胜科海事落实进行战略性投资，以加强核心工程和技术实力

加速胜科海事战略性扩展进军高增长的清洁和可再生能源行业，以实现可持续长期增长的趋势

该附加股发行将加强胜科海事的财务状况，并将其定位成一家有实力的创新型企业，从而战略性地关注清洁和可再生能源的方案



▲ From left to right: Jurong Espadon 3T drillship for deep-water deployment; circular hull solution for deployment in harsh environments; and Asuka II, Japan's largest cruise ship which underwent scrubber installation and extensive refurbishment by SCM

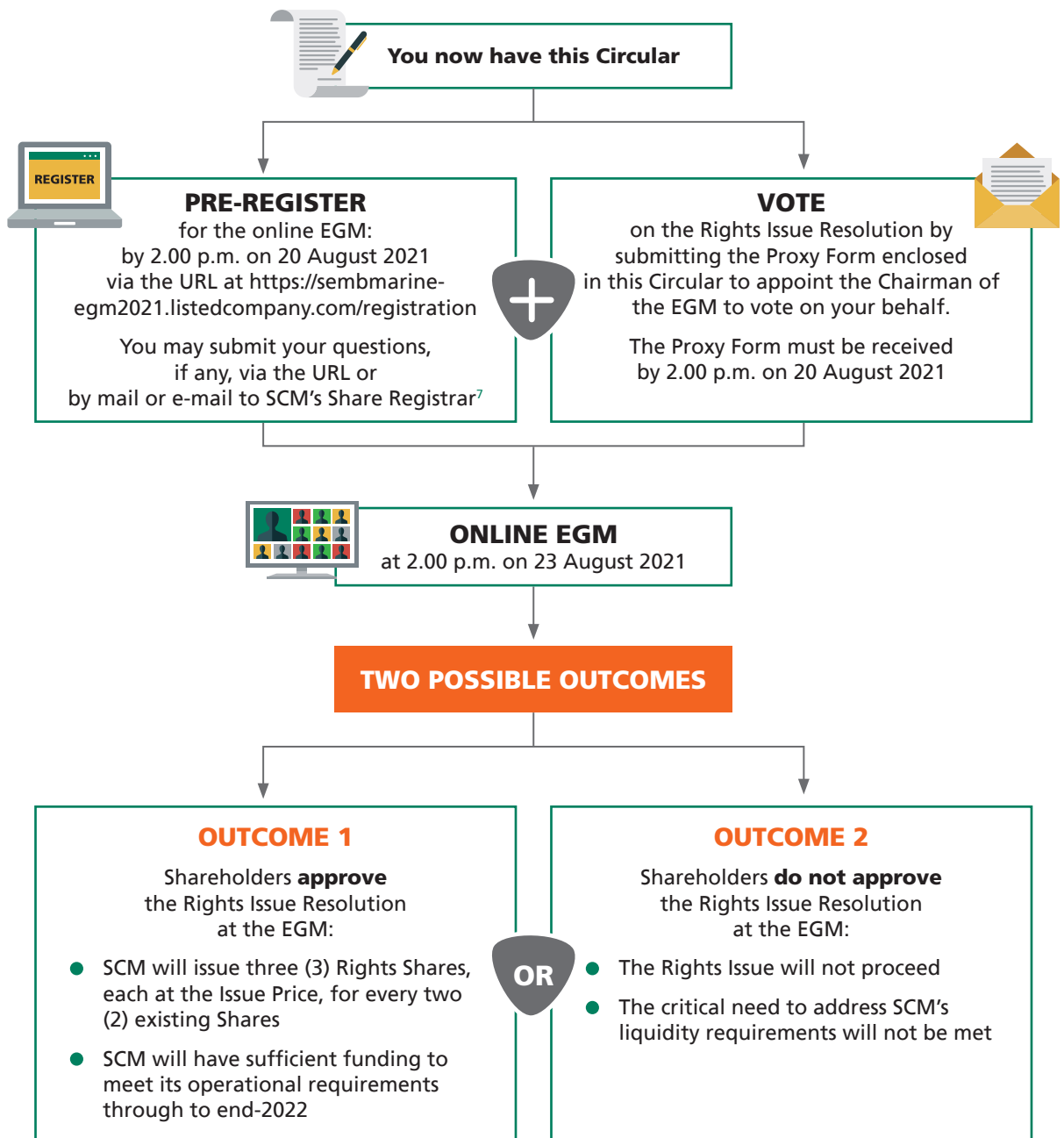
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HOW WILL THE PROCEEDS BE USED?

- The estimated gross and net proceeds from the Rights Issue is approximately S\$1.5 billion
- The Company intends to utilise the entire net proceeds⁶ from the Rights Issue for working capital and general corporate purposes, including debt servicing

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WHAT DO I NEED TO DO?



⁶ For the avoidance of doubt, the net proceeds from the Rights Issue will not be used to fund any payment in relation to the Potential Combination. Further details on the Potential Combination can be found in a joint announcement issued by the Company and KCL on 24 June 2021 and in Appendix 3 of this Circular

⁷ KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00, KH KEA Building, Singapore 188721 or sembmarine-egm@kckcs.com.sg

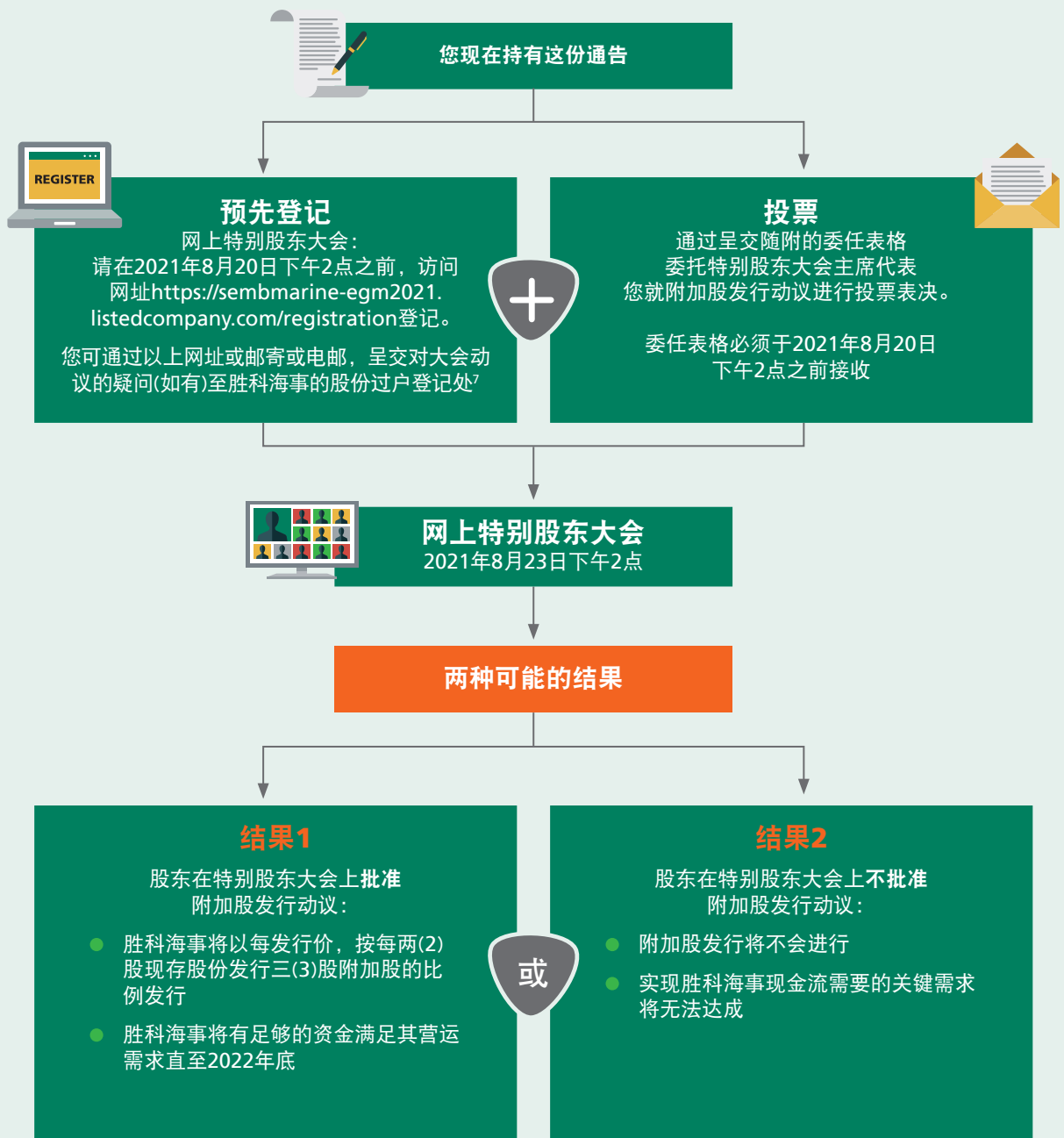
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所得款项将如何被使用?

- 附加股发行的预计所得总额和净额款项将为约15亿新元
- 公司有意将整笔附加股发行所得款项净额⁶用作营运资本和一般公司用途，包括偿还债务

5

我需要做什么?



⁶ 为了免生疑似，附加股发行所得款项净额将不会用于资助任何与潜在合并交易有关的付款。潜在合并详情可于本公司和KCL在2021年6月24日所发布的联合通告，以及本通告的附件3中查询

⁷ KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00, KH KEA Building, Singapore 188721 或 sembmarine-egm@kckcs.com.sg

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HOW CAN I VOTE ON THE RIGHTS ISSUE?

To exercise your votes, you must submit a Proxy Form and appoint the Chairman of the EGM to vote on your behalf.

STEP 1

LOCATE THE PROXY FORM

The Proxy Form is enclosed in this Circular and may be accessed on SCM's website at the URL <https://www.sembmarine.com/extraordinary-general-meeting>. It is also on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>

STEP 2

COMPLETE THE PROXY FORM

PROXY FORM

SEMBCORP MARINE LTD
(Incorporated in the Republic of Singapore)
Company Registration No. 196300098Z

IMPORTANT

1. The Extraordinary General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Extraordinary General Meeting will be sent to members. The Notice of Extraordinary General Meeting may also be accessed at the Company's website at the URL <https://www.sembmarine.com/extraordinary-general-meeting> and is also available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

2. Alternative arrangements relating to attendance at the Extraordinary General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), admission of questions to the Chairman of the Meeting in advance of the Extraordinary General Meeting, addressing of substantial and relevant questions before or at the Extraordinary General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Extraordinary General Meeting, are set out in the accompanying Company's announcement dated 4 August 2021. The announcement may be accessed at the Company's website at the URL <https://www.sembmarine.com/extraordinary-general-meeting-announcements>, and will also be made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

3. Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/hers/its proxy to attend, speak and vote on his/hers/its behalf at the Extraordinary General Meeting. If such member wishes to exercise his/hers/its voting rights at the Extraordinary General Meeting:

4. CPFIS Members/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective approved CPF agent banks or SRS Approved Banks to submit their votes by 5.00 p.m. on 11 August 2021.

5. By appointing an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 4 August 2021.

6. Please read the notes overleaf which contain instructions on, their/its, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/hers/its behalf at the Extraordinary General Meeting.

I/We, _____ (Name) _____ (NRIC / Passport / Co. Regn. No.)
of _____ (Address)
being a member/members* of Sembcorp Marine Ltd (the "Company"), hereby appoint:
The Chairman of the Meeting
as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be convened and held by way of electronic means on 23 August 2021 at 2.00 p.m., and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of Shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)

	For	Against	Abstain
ORDINARY RESOLUTION: To approve the Rights Issue			

Total Number of Shares Held: _____

Signature(s) of Member(s) or Common Seal _____ Date _____

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

- A** Fill in your name and particulars.
- B** You must appoint the Chairman of the EGM as your proxy to attend, speak and vote on your behalf at the EGM if you wish to exercise your voting rights at the EGM.
- C** Indicate in the box labelled **FOR**, **AGAINST** or **ABSTAIN** how the Chairman of the EGM should cast your vote for the Rights Issue Resolution.
- D** Indicate the number of Shares you hold.
- E** If you are an individual, you or your attorney **MUST SIGN** and indicate the date.

STEP 3

SUBMIT THE COMPLETED PROXY FORM



If submitted by post, the Proxy Form must be lodged at the office of the Company's Share Registrar, **KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00, KH KEA Building, Singapore 188721**



If submitted electronically, the Proxy Form must be sent via email to the Company's Share Registrar at sembmarine-egm@kckcs.com.sg

- The Proxy Form must reach the Company's Share Registrar by 2.00 p.m. on 20 August 2021, being 72 hours before the time appointed for the EGM
- CPFIS Members or SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective approved CPF agent banks or SRS Approved Banks to submit their votes by 5.00 p.m. on 11 August 2021

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我能如何投票表决附加股发行动议?

欲行使您的投票权利，您须呈交一份委任表格来委托特别股东大会主席代表您投票。

步骤 1

索取委任表格

委任表格附于本通告中，也可从胜科海事网站和新交所网站下载。网址如下：

URL <https://www.sebmarine.com/extraordinary-general-meeting>

URL <https://www.sgx.com/securities/company-announcements>

步骤 2

填写委任表格

PROXY FORM

SEBMCORP MARINE LTD
(Incorporated in the Republic of Singapore)
Company Registration No. 1963000982

IMPORTANT

- The Extraordinary General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings) (Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Collective Schemes) Order 2020. Printed copies of the Notice of Extraordinary General Meeting will be sent to members. The Notice of Extraordinary General Meeting may also be accessed at the Company's website at the URL <https://www.sebmarine.com/extraordinary-general-meeting> and is also available on the SCDNet at the URL <https://www.sgx.com/securities/company-announcements>.
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- Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting. If such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting.
- CPIFS Members/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective approved CPIF agent banks or SRS Approved Banks to submit their votes by 5.00 p.m. on 11 August 2021.
- By appointing an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 4 August 2021.
- Please read the notes overlaid which contain instructions on, their/its, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting.

I/We, _____ (Name) _____ (NRIC / Passport / Co. Regn. No.)
of _____ (Address)
being a member/members* of Sembcorp Marine Ltd (the "Company"), hereby appoint:
The Chairman of the Meeting
as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company, to be convened and held by way of electronic means on 23 August 2021 at 2.00 p.m., and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of Shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)

	For	Against	Abstain
ORDINARY RESOLUTION: To approve the Rights Issue			

Total Number of Shares Held: _____

Signature(s) of Member(s) or Common Seal _____ Date _____

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

A 请填写您的姓名和资料。

B 若您要在特别股东大会行使您的投票权利，您必须委任特别股东大会的主席为代表来出席、发言和投票。

C 请在赞成、反对或弃权的格子里针对附加股发行动议注明您要特别股东大会的主席如何代表您投票或放弃投票。

D 请注明您所持有的胜科海事股票数量。

E 若您是以个人身份投票，您或您的代理人必须签名和注明日期。

步骤 3

呈交填写的委任表格



若通过邮寄方式呈交，委任表格必须寄至公司的股份过户登记处

KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00, KH KEA Building, Singapore 188721



若通过电子方式呈交，委任表格必须电邮至公司的股份过户登记处

sembmarine-egm@kckcs.com.sg

- 委任表格必须于2021年8月20日下午2点（即特别股东大会举行时间前的72小时）之前呈交至公司的股份过户登记处
- 有意委任特别股东大会主席为代表的公积金投资计划或退休辅助计划投资者需联络各自的获批准公积金代理银行或退休辅助计划的获批准银行，指示他们于2021年8月11日傍晚5点之前提交表决



Your vote counts. Your support will enable SCM to strengthen its financial position, fulfil existing commitments and win new projects, augment its technological capabilities and maintain its competitive edge, and continue to expand strategically into the high-growth clean and renewable energy segment. Please appoint the Chairman of the EGM to vote on your behalf. Thank you.

您的一票至关重要。您的支持将帮助胜科海事加强财务状况、履行现有项目义务和争取新项目合约、加强其核心工程和技术实力并保持竞争优势，以及继续战略性扩展进军高增长的清洁和可再生能源行业。请委任特别股东大会的主席代表您投票表决。谢谢。

WHO CAN I CONTACT FOR ASSISTANCE?

You may get in touch with us at:
Tel: +65 6878 1456
(From 9.00 a.m. to 6.00 p.m.,
Monday to Friday)

我能联系谁来寻求协助?

您能通过以下号码联系我们：
电话：+65 6878 1456
(星期一至星期五，
早上9点至傍晚6点)

The Company continues to be a provider of innovative and sustainable solutions for the offshore, marine and energy industries in tandem with the global transition to cleaner, greener and renewable energy. SCM is engineering growth in strategic areas of Renewable Energy, Gas Value Chain, Process, Ocean Living and Advanced Drilling Rigs, offering engineering solutions that meet evolving international standards, regulatory requirements, global environmental concerns and customers' sustainability needs.

The Company's transformation drive inspired the design of this document. The design showcases our vision of Sustainable Growth and how we have integrated sustainability and innovation across our operations and product development. Our new goliath cranes with 30,000-tonne lifting capacity and 100m hook height enable mega-block integration and help fulfil business objectives of safety, quality, time and cost, deepening SCM's value proposition as a one-stop engineering solutions provider. Operationally, we have integrated clean solar energy into our production processes by installing solar panels on the roof of our steel fabrication facility and a digital energy management system to optimise electrical consumption and reduce our carbon footprint. While SCM continues to service existing customers in oil-related segments with solutions for harsh and deep-water environments, the Company has also expanded into the clean and renewable energy segment. SCM has secured contracts for offshore wind farm structures, battery-operated ferries, including the construction, conversion, upgrading and repair of LNG vessels, and related development of a comprehensive suite of Gas Value Chain solutions.



▲ Sleipnir, the world's strongest and most sustainable semi-submersible crane vessel was built by SCM

IMPORTANT NOTICE

If you have sold or transferred all your ordinary shares (“**Shares**”) in the capital of Sembcorp Marine Ltd (the “**Company**”), please forward this Circular together with the Notice of EGM (as defined herein) and the enclosed Proxy Form (as defined herein) immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. You should also immediately inform the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of EGM and the Proxy Form) may also be accessed at the Company’s website at the URL <https://www.sembmarine.com/extraordinary-general-meeting> and is also available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Rights Shares (as defined herein) on the Main Board of the SGX-ST, subject to certain conditions. The Rights Shares will be admitted to the Official List of the SGX-ST and official quotation is expected to commence after all conditions imposed by the SGX-ST are satisfied, all certificates for the Rights Shares have been issued and the notification letters from The Central Depository (Pte) Limited (“**CDP**”) have been despatched.

The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Circular. Approval in-principle granted by the SGX-ST for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue (as defined herein), the Rights Shares, the Rights (as defined herein), the Company, its subsidiaries and/or the Shares.

This Circular 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, the Rights Shares and the Excess Rights Shares (as defined herein) 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.

This Circular shall not constitute an offer to sell or a solicitation of an offer to buy shares or other securities, including the Rights and the Rights Shares. This Circular may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the Rights and the Rights Shares or make an offer of the Rights and the Rights Shares, and the Rights and the Rights Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction. This Circular is issued to Shareholders (as defined herein) solely for the purpose of providing Shareholders with the information pertaining to the EGM (as defined herein), convening the EGM and seeking Shareholders’ approval for the resolutions to be proposed at the EGM. Shareholders are authorised to use this Circular solely for the purpose of considering the approval sought. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The distribution of this Circular and/or the transfer of the Rights and the Rights Shares into jurisdictions other than Singapore may be prohibited or restricted by law. Persons into whose possession this Circular comes 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 EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. A printed copy of this Circular will NOT be sent to Shareholders but printed copies of the Notice of EGM and the Proxy Form will be sent to Shareholders.

IMPORTANT NOTICE

Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions before or at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the accompanying Company's announcement dated 4 August 2021. The announcement may be accessed at the Company's website at the URL <https://www.sembmarine.com/investor-relations/stock-exchange-announcements>, and will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the EGM in person. A member (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM.

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DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout unless the context requires otherwise:

“1H”	:	The six-month period ended 30 June
“2020 Rights Issue”	:	Has the meaning ascribed to it in paragraph 4.1 of this Circular
“Acceptance Condition”	:	Has the meaning ascribed to it in paragraph 13.6 of this Circular
“Announcement”	:	The announcement made by the Company on 24 June 2021 relating to, <i>inter alia</i> , the Rights Issue and the Potential Combination
“ARE”	:	Application form for Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of their Rights under the Rights Issue
“ARS”	:	Application form for Rights Shares to be issued to Purchasers in respect of their purchase of Rights traded on the SGX-ST through the book-entry (scripless) settlement system
“A*STAR”	:	Agency for Science, Technology and Research in Singapore
“ATM”	:	Automated teller machine of a Participating Bank
“Awards”	:	Has the meaning ascribed to it in paragraph 5 of this Circular
“Board of Directors”	:	The board of Directors of the Company as at the date of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 4 August 2021 in relation to the Rights Issue Resolution
“Closing Date”	:	The time and date to be determined by the Directors, being the last time and date for acceptance of and/or excess application and payment for the Rights Shares under the Rights Issue
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Companies Act”	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company”	:	Sembcorp Marine Ltd
“Compliance Offer”	:	Has the meaning ascribed to it in paragraph 13.6 of this Circular
“Constitution”	:	The constitution of the Company
“CPF”	:	Central Provident Fund
“CPF Funds”	:	CPF investible savings

DEFINITIONS

“CPF Investment Account”	:	The investment account maintained with an approved CPF agent bank for the purpose of investment of CPF Funds under the CPFIS – Ordinary Account
“CPFIS”	:	CPF Investment Scheme
“CPFIS Members”	:	Shareholders who have previously purchased Shares using their CPF Funds under their CPF Investment Accounts
“DBS Group”	:	Has the meaning ascribed to it in paragraph 7.1(ii) of this Circular
“Director Awards”	:	Has the meaning ascribed to it in paragraph 5 of this Circular
“Directors”	:	The directors of the Company as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be convened and held by way of electronic means at 2.00 p.m. on 23 August 2021, notice of which is set out on pages N-1 to N-3 of this Circular
“Entitled Depositors”	:	Shareholders with Shares standing to the credit of their Securities Accounts as at the Record Date and (i) whose registered addresses with CDP are in Singapore as at the Record Date, or (ii) 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, but exclude, subject to certain exceptions, Shareholders located, resident or with a registered address in any jurisdiction outside Singapore
“Entitled Scripholders”	:	Shareholders whose share certificates have not been deposited with CDP as well as transferees who have tendered to the Share Registrar registrable transfers of their Shares and the certificates relating thereto for registration up to the Record Date and (i) whose registered addresses with the Company are in Singapore as at the Record Date, or (ii) who have, at least three Market Days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Shareholders located, resident or with a registered address in any jurisdiction outside Singapore
“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders
“EPS”	:	Earnings/(loss) per Share
“Excess Rights Shares”	:	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
“Existing Share Capital”	:	Has the meaning ascribed to it in paragraph 5 of this Circular

DEFINITIONS

“Foreign Purchasers”	:	Purchasers of the Rights whose registered addresses with CDP are outside Singapore at the time of purchase through the book-entry (scripless) settlement system
“Foreign Shareholders”	:	Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three Market Days prior thereto, provided the Share Registrar or CDP, as the case may be, with addresses in Singapore for the service of notices and documents
“FMPL”	:	Fullerton Management Pte Ltd
“FSRU”	:	Floating storage and re-gasification unit
“FSU”	:	Floating storage unit
“FY”	:	Financial year ended or, as the case may be, ending 31 December
“Group”	:	The Company and its subsidiaries
“GW”	:	Gigawatt
“IFRS”	:	Has the meaning ascribed to it in Appendix 3 of this Circular
“Independent Auditor”	:	KPMG LLP
“Ineligible Shareholders”	:	Shareholders other than the Entitled Depositors and the Entitled Scripholders
“Issue Price”	:	The issue price of the Rights Shares, being S\$0.08 for each Rights Share
“KCL”	:	Has the meaning ascribed to it in paragraph 6.2 of this Circular
“KOM”	:	Has the meaning ascribed to it in paragraph 6.2 of this Circular
“Last Trading Day”	:	23 June 2021, being the last trading day on which trades were done on the Shares prior to the Announcement
“Latest Practicable Date”	:	29 July 2021, being the latest practicable date prior to the issuance of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“LNG”	:	Liquefied natural gas
“Management and Underwriting Agreement”	:	The management and underwriting agreement dated 24 June 2021 entered into between the Company and the Sole Financial Adviser, Manager and Underwriter, pursuant to which the Sole Financial Adviser, Manager and Underwriter will manage the Rights Issue and will underwrite the Underwritten Rights Shares at the Issue Price, on the terms and subject to the conditions therein

DEFINITIONS

“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MAS”	:	The Monetary Authority of Singapore
“Maximum Resultant Holding Scenario”	:	Has the meaning ascribed to it in paragraph 13.3 of this Circular
“Minimum Resultant Holding Scenario”	:	Has the meaning ascribed to it in paragraph 13.2 of this Circular
“Notice of EGM”	:	The notice of EGM set out on pages N-1 to N-3 of this Circular
“NTA”	:	Net tangible assets
“O&M”	:	Offshore and Marine
“OCP”	:	Has the meaning ascribed to it in paragraph 2.3.1 of this Circular
“Offer Information Statement”	:	The offer information statement, together with the ARE, the ARS, the PAL and all other accompanying documents (where applicable, including any supplementary or replacement document thereof) to be issued by the Company and to be lodged with the MAS in connection with the Rights Issue
“PAL”	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out the Rights of such Entitled Scripholders under the Rights Issue
“Participating Banks”	:	The banks that will be participating in the Rights Issue by making available their ATMs to Entitled Depositors and Purchasers whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares and applications for Excess Rights Shares, as the case may be, to be made under the Rights Issue
“per cent.” or “%”	:	Per centum or percentage
“PIP”	:	Has the meaning ascribed to it in paragraph 4.1 of this Circular
“Potential Combination”	:	Has the meaning ascribed to it in the section entitled “Non-Binding Memorandum of Understanding” on page 61 of Appendix 3 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular and which may also be accessed at the Company’s website at the URL https://www.sembmarine.com/extraordinary-general-meeting , and is also available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements
“PSP2010”	:	The Sembcorp Marine Performance Share Plan 2010 approved and adopted by the Shareholders on 20 April 2010
“PSP2020”	:	The Sembcorp Marine Performance Share Plan 2020 approved and adopted by the Shareholders on 20 May 2020

DEFINITIONS

“Purchaser”	:	A purchaser of the Rights traded on the SGX-ST through the book-entry (scripless) settlement system
“Record Date”	:	The time and date (to be announced by the Company) at and on which, subject to the approval of the Rights Issue Resolution being obtained at the EGM, the Register of Members and the Share Transfer Books of the Company will be closed to determine the provisional allotments of Rights Shares of Entitled Shareholders under the Rights Issue. Please also refer to the section entitled “Indicative Timeline” of this Circular for the expected Record Date, which, for the avoidance of doubt, is only indicative
“Register of Members”	:	The register of members of the Company
“Relevant Event”	:	Has the meaning ascribed to it in paragraph 13.6 of this Circular
“Relevant Shares”	:	Has the meaning ascribed to it in paragraph 1.2 of this Circular
“Rights”	:	Rights to subscribe for three (3) Rights Shares for every two (2) existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded
“Rights Issue”	:	The proposed renounceable underwritten rights issue by the Company of up to 18,833,468,826 Rights Shares at the Issue Price, on the basis of three (3) Rights Shares for every two (2) existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded, on the terms and conditions of the Offer Information Statement
“Rights Issue Conditions”	:	Has the meaning ascribed to it in paragraph 3.2 of this Circular
“Rights Issue Resolution”	:	The resolution proposed to approve the issue of Rights Shares pursuant to the Rights Issue, as set out in the Notice of EGM
“Rights Mailing Address”	:	Has the meaning ascribed to it in Appendix 1 of this Circular
“Rights Shares”	:	The new Shares to be allotted and issued by the Company pursuant to the Rights Issue
“RSP2010”	:	The Sembcorp Marine Restricted Share Plan 2010 approved and adopted by the Shareholders on 20 April 2010
“RSP2020”	:	The Sembcorp Marine Restricted Share Plan 2020 approved and adopted by the Shareholders on 20 May 2020
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“SCI”	:	Sembcorp Industries Ltd
“Securities Account”	:	Securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time

DEFINITIONS

“SFRS(I)”	:	Has the meaning ascribed to it in Appendix 3 of this Circular
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	KCK CorpServe Pte. Ltd.
“Share Transfer Books”	:	The share transfer books of the Company
“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shares”	:	The ordinary shares in the capital of the Company
“Singapore”	:	The Republic of Singapore
“Sole Financial Adviser, Manager and Underwriter”	:	DBS Bank Ltd.
“SRS”	:	Supplementary Retirement Scheme
“SRS Approved Banks”	:	Approved banks with whom SRS Investors hold their accounts under the SRS
“SRS Investors”	:	Investors who have previously purchased Shares under the SRS
“Startree”	:	Startree Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that voting share, or those voting shares, is not less than five per cent. of the total votes attached to all the voting shares in the Company (excluding treasury shares)
“Temasek”	:	Temasek Holdings (Private) Limited
“Temasek Companies”	:	Direct or indirect wholly-owned subsidiaries of Temasek whose boards of directors comprise solely of employees or nominees of: (i) Temasek; (ii) Temasek Pte. Ltd.; and/or (iii) wholly-owned subsidiaries of Temasek Pte. Ltd.
“Temasek Concert Party Group”	:	Temasek and its concert parties
“Temasek Group”	:	Has the meaning ascribed to it in paragraph 13.2 of this Circular
“Transocean”	:	Transocean Offshore Deepwater Holdings Limited
“Undertaken Excess Rights Shares”	:	Has the meaning ascribed to it in paragraph 7.2 of this Circular

DEFINITIONS

“Undertaken <i>Pro Rata</i> Rights Shares”	:	Has the meaning ascribed to it in paragraph 7.2 of this Circular
“Undertaken Rights Shares”	:	Has the meaning ascribed to it in paragraph 7.2 of this Circular
“Undertaking Agreement”	:	Has the meaning ascribed to it in paragraph 7.2 of this Circular
“Underwritten Rights Shares”	:	Has the meaning ascribed to it in paragraph 8 of this Circular
“Unit Share Market”	:	The unit share market of the SGX-ST which allows for trading of a single share
“United States” or “U.S.”	:	The United States of America

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

The terms **“acting in concert”**, **“concert parties”** and **“effective control”** shall have the meanings ascribed to them respectively in the Code.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Listing Manual, the Code or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Listing Manual, the Code or such modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of a day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.

Any discrepancies in the figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

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

Any reference to a website or any website directly or indirectly linked to such websites in this Circular is not incorporated by reference into this Circular and should not be relied upon.

INDICATIVE TIMELINE

For illustrative purposes, the following are indicative dates and times for the proposed Rights Issue⁽¹⁾:

<i>Expected date of announcement of the conditional Record Date</i>	:	<i>On or around 18 August 2021</i>
Last date and time for lodgement of Proxy Forms for the EGM	:	20 August 2021 at 2.00 p.m.
Date and time of the EGM	:	23 August 2021 at 2.00 p.m.
<i>Expected last date for Shares to trade “cum-rights” to the Rights Issue</i>	:	<i>On or around 24 August 2021</i>
<i>Expected first date for Shares to trade “ex-rights” to the Rights Issue</i>	:	<i>On or around 25 August 2021</i>
<i>Expected date of lodgement of the Offer Information Statement and accompanying documents (including application forms) with the MAS</i>	:	<i>On or around 26 August 2021</i>
<i>Expected Record Date</i>	:	<i>On or around 26 August 2021 at 5.00 p.m.</i>
<i>Expected first date for commencement of trading of Rights</i>	:	<i>On or around 31 August 2021 from 9.00 a.m.</i>
<i>Expected first date for acceptance of and payment for the Rights Shares and/or applications for Excess Rights Shares⁽²⁾</i>	:	<i>On or around 31 August 2021</i>
<i>Expected last date for splitting and trading of Rights</i>	:	<i>On or around 8 September 2021</i>
<i>Expected last date for acceptance of and payment for Rights Shares and/or applications for Excess Rights Shares⁽²⁾</i>	:	<i>On or around 14 September 2021</i>
<i>Expected date of crediting of Rights Shares</i>	:	<i>On or around 22 September 2021</i>
<i>Expected date of commencement of trading of Rights Shares</i>	:	<i>On or around 22 September 2021</i>

Notes:

- (1) Save for the date and time by which the Proxy Forms must be lodged and the date and time of the EGM, the timetable above is only indicative and the actual dates of the events in italics will be announced by the Company in due course by way of SGXNet announcements released on the SGX-ST.
- (2) This does not apply to CPFIS Members, SRS Investors and investors who hold Shares through a finance company and/or Depository Agent. CPFIS Members, SRS Investors and investors who hold Shares through a finance company and/or Depository Agent should refer to the Offer Information Statement after the lodgement of the Offer Information Statement with the MAS for details relating to the application procedure for them.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of information available as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

Given the risks and uncertainties that may cause the actual results, performance or achievements of the Company and/or the Group to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, Shareholders are advised not to place undue reliance on those statements. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and/or any regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

SEMBCORP MARINE LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 196300098Z)

Directors:

Tan Sri Mohd Hassan Marican (*Chairman and Non-Executive and Non-Independent Director*)
Wong Weng Sun (*President & CEO and Executive and Non-Independent Director*)
Eric Ang Teik Lim (*Non-Executive and Lead Independent Director*)
Bob Tan Beng Hai (*Non-Executive and Independent Director*)
Gina Lee-Wan (*Non-Executive and Independent Director*)
William Tan Seng Koon (*Non-Executive and Independent Director*)
Patrick Daniel (*Non-Executive and Independent Director*)
Tan Wah Yeow (*Non-Executive and Independent Director*)
Koh Chiap Khiong (*Non-Executive and Non-Independent Director*)

Registered Office:

80 Tuas South Boulevard
Singapore 637051

4 August 2021

To: The Shareholders of Sembcorp Marine Ltd

Dear Sir/Madam,

1. INTRODUCTION

1.1 Proposed Rights Issue. On 24 June 2021, the Company announced that it proposes to carry out a renounceable underwritten rights issue of up to 18,833,468,826 new ordinary shares in the capital of the Company at an issue price of S\$0.08 for each Rights Share, on the basis of three (3) Rights Shares for every two (2) existing ordinary shares in the capital of the Company held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded. The gross proceeds from the Rights Issue are expected to be approximately S\$1.5 billion.

The Rights Issue is subject to, *inter alia*, the approval of the Rights Issue Resolution at the EGM.

Please see paragraphs 2 to 12 and 19 of this Circular for further information on the proposed Rights Issue.

1.2 Undertaking. As at the Latest Practicable Date, Temasek, through its indirect wholly-owned subsidiary, Startree, has an interest in 5,353,126,468 Shares (the “**Relevant Shares**”), representing approximately 42.6 per cent. of the Existing Share Capital. Startree has entered into the Undertaking Agreement with the Company pursuant to which Startree has irrevocably undertaken to the Company, *inter alia*, to vote in favour of 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 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.

1.3 Underwriting. In addition to the Undertaking Agreement, pursuant to the terms of the Management and Underwriting Agreement, the Company has appointed DBS Bank Ltd. as the Sole Financial Adviser, Manager and Underwriter for the Rights Issue 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.

LETTER TO SHAREHOLDERS

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.

- 1.4 Approval in-principle.** On 3 August 2021, the Company announced that the SGX-ST had granted approval in-principle for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST, subject to certain conditions, the details of which are set out in paragraph 3.3 of this Circular. The Rights Shares will be admitted to the Official List of the SGX-ST and official quotation will commence after all conditions imposed by the SGX-ST are satisfied.

The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Circular. The approval in-principle granted by the SGX-ST for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Rights, the Company, its subsidiaries and/or the Shares.

- 1.5 EGM.** The purpose of this Circular is to provide Shareholders with information pertaining to, and to seek Shareholders' approval at the EGM for, the Rights Issue Resolution. The Notice of EGM is set out on pages N-1 to N-3 of this Circular.
- 1.6 Legal Advisers.** Allen & Gledhill LLP is the legal adviser to the Company as to Singapore law in relation to the Rights Issue. Rajah & Tann Singapore LLP is the legal adviser to the Sole Financial Adviser, Manager and Underwriter as to Singapore law in relation to the Rights Issue.

2. OVERVIEW OF THE GROUP

2.1 Introduction

The Group provides innovative engineering solutions to the global O&M and energy industries, with an increasing focus on renewable and clean energy solutions. Headquartered in Singapore, the Group has close to 60 years of track record in the design and construction of rigs, floaters, offshore platforms and specialised vessels, as well as in the repair, upgrading and conversion of different ship types. The Group's solutions focus on the following areas: Renewable Energy, Gas Value Chain, Process, Ocean Living and Advanced Drilling Rigs. These are supported by four commercial units within the Group: Rigs & Floaters, Repairs & Upgrades, Offshore Platforms, and Specialised Shipbuilding. Further information on these four business segments and product solutions can be found in Appendix 3 of this Circular.

The Group operates shipyards and other facilities strategically located in Singapore, Indonesia, the United Kingdom, Norway and Brazil. Through its global integrated footprint, the Group has created robust and comprehensive ecosystems to fulfil its supply chain strategy and/or meet the local content requirements of its partners.

2.2 Customers' Partner of Choice

The Group's customers include international oil majors, state-owned oil majors, independent energy players, offshore wind developers, owners of floating production units, shipping companies and cruise and ferry operators. The Group has well-established customer relationships including long-standing partnerships with industry leaders in the global O&M and energy industries. The Group has also created successful multilateral partnerships which have helped it win contracts and projects.

2.3 Transformation and Strategic Thrusts

Since 2015, the Group has embarked on a strategic business transformation to re-balance its product solutions portfolio with an increasing focus on renewables and other green solutions, underpinned by its operational and technology bench strengths. In response to the rapidly changing dynamics of the O&M and energy industries, the Group's transformation and diversification strategy towards a cleaner energy mix has grown steadily. Such diversification and expansion into non-oil products and solutions will diminish the future impact of oil prices on the Group's business, while also allowing the Group to capitalise on the significant growth expected in the renewable and clean energy segment over the long-term. Since embarking on this strategy, the Group has many notable wins which are further elaborated in paragraphs 2.3.1 and 2.3.2 of this Circular.

To remain relevant and stay resilient, the Group continues to augment three key pillars of its strategic thrusts to take it further on its transformation journey. Specifically, the Group has implemented the following:

- (i) proactive diversification and expansion into new and existing markets;
- (ii) strategic strengthening of yard capabilities; and
- (iii) innovation development through investment in intellectual property, technology and solutions that provide a differentiated edge.

2.3.1 Proactive Diversification and Expansion into New and Existing Markets

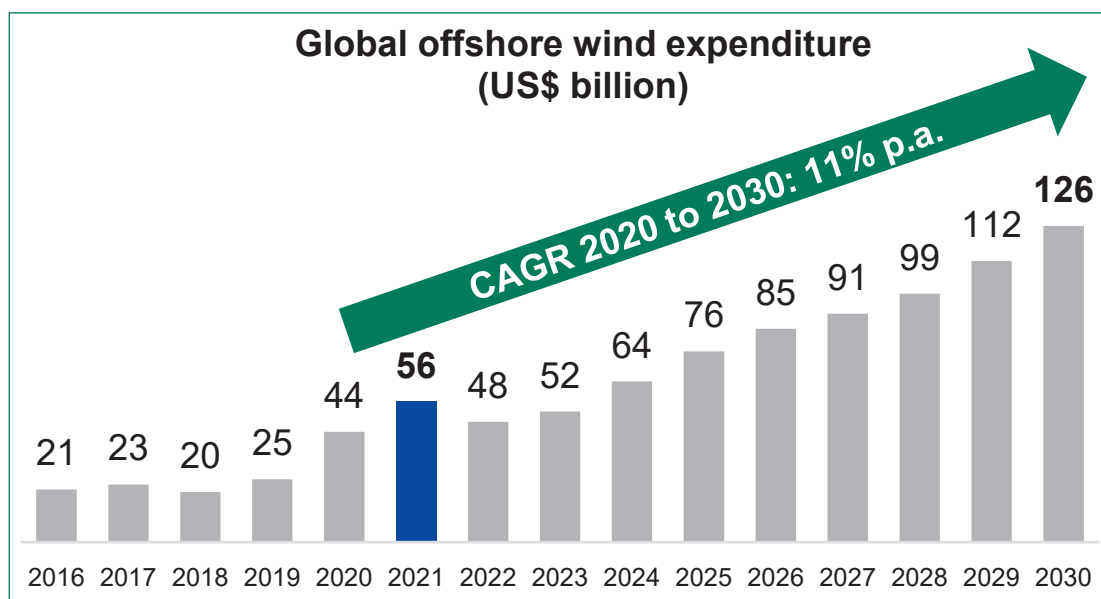
While oil and gas remain a focus, the Group has proactively diversified its business and product segments towards the provision of clean energy solutions, leveraging its integrated O&M engineering capabilities. The Group's range of cleaner product solutions include Wind Farm Solutions, Small Waterplane Area Cylindrical Hull Solutions, Zero-emission Battery-powered & Hydrogen Fuel Cell-powered Vessels, LNG-Battery Hybrid Tugs and Gravitfloat LNG Terminals.

Notably, the Group has made significant inroads into the renewable energy sector with its first win of a design and build contract for the offshore substation platform for Siemen's Dudgeon Offshore Wind Farm located in the United Kingdom North Sea, which had since been successfully completed and delivered in 2016.

In March 2021, RWE Renewables, the owner of the 1.4 GW Sofia Offshore Wind Farm which is also in the United Kingdom North Sea, awarded the Group and its consortium partner GE Renewable Energy's Grid Solutions a S\$1.12 billion contract to supply a High Voltage Direct Current (HVDC) electrical transmission system. The Group's scope of work in this project includes the design, construction, installation and commissioning of an offshore converter platform ("OCP"), which the Group believes to be the most powerful and most remote OCP to be built.

The Group is also currently constructing two substation platform topsides and accompanying jackets for Ørsted Hornsea 2, one of the world's largest offshore wind farm with a 1.4 GW capacity, located in the United Kingdom North Sea, as well as the fabrication of 15 wind turbine jacket foundations for Jan De Nul's Formosa 2 Offshore Wind Farm.

With significant growth expected in the offshore wind market over the next decade and beyond, the Group will focus on gaining further traction in this segment, along with other clean energy solutions.



Notes:

- (1) Source: Rystad Energy publication dated 29 April 2021
- (2) CAGR means Compound Annual Growth Rate
- (3) p.a. means per annum

The Group's diversification and expansion into clean energy solutions segments (including renewable energy and gas value chain) serves to (i) increasingly align its business with the global shift towards cleaner products and solutions and strengthen its market share, (ii) build greater resilience by reducing its exposure to the volatility of the offshore oil exploration and related sector, and (iii) accelerate its transformation to position it for the global shift towards a low-carbon economy.

This proactive diversification and expansion strategy is bearing fruit. Green energy solutions comprised approximately 34 per cent. of the Group's net order book of S\$1.78 billion as at 30 June 2021.

Further, the Group has built on its integrated O&M engineering capabilities to move up the value chain and provide a wider suite of products and solutions for its existing business segments. As example, through its acquisition of Sevan Marine, the Group owns the intellectual property and develops capabilities to offer cylindrical hull solutions that are especially suited for harsh-environment operations. The strategy is aimed at strengthening the Group's competitiveness in winning more orders and improving its overall profitability over the longer term.

2.3.2 Strategic Strengthening of Yard Capabilities

To support its expansion into new and existing markets, the Group continues to strategically augment its yard facilities and infrastructure to enhance its proposition as a one-stop production centre capable of fabricating, assembling and installing larger and heavier integrated structures.

The Group has built differentiating and expert capabilities in engineering, procurement and construction (EPC), integration and commissioning, with optimal production flexibility and efficiency. The Group's flagship Tuas Boulevard Yard in Singapore, a new generation, smart and sustainable yard, is designed to maximise operational synergy, production efficiency and critical mass, with optimised docking and berthing facilities, an improved dock and quay

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ratio, a centralised work-efficient layout and integrated facilities. This reinforces the Group's competitive edge to achieve greater productivity and efficiency to deliver innovative, value-added and cost-efficient solutions to customers.

With 6.6 kilometres of quay length and 206 hectare land area when fully developed, the yard houses 19 berths and seven dry docks, including two with 360 metre by 89 metre and 412 metre by 66 metre dimensions to cater to large-scale projects. The yard boasts of a pair of gantry cranes that are amongst the largest of its kind in the O&M industry, with a total lifting capacity of 30,000 tonnes and 100 metre hook height capable of mega-block integration to help fulfil business objectives of safety, quality, time and cost. These strategic infrastructure investments greatly enhanced the Group's value proposition as a one-stop production centre capable of fabricating, assembling and installing larger and heavier integrated structures.

Tuas Boulevard Yard also has ship repair dry docks of length and depth that can accommodate a wide range of vessels and rigs, including ultra-large 20,000 twenty-foot equivalent unit (TEU) container carriers, mega-size cruise vessels and LNG carriers. In 2020, the Group serviced a total of 146 vessels, including LNG carriers, FSRUs and cruise ships. The Group carried out a total of 18 LNG carriers/FSRUs/FSUs repair and conversion projects. Working with the Group's customers who are major global operators owning more than 15 cruise brands and with a total of 26 cruise liners serviced in 2020, the Group is also recognised as a leading cruise vessel repair and upgrading company in Asia.

2.3.3 Innovation Development through Investment in Intellectual Property, Technology and Solutions

In recent years, the Group has strategically acquired intellectual property, technology and engineering talent that provides access to innovative designs for specialised vessels such as fully battery-operated roll-on, roll-off passenger and vehicle ferries, and other green products and solutions. Coupled with long-term investments in research and development and innovative technologies such as LMG Marin, a naval architecture and ship design firm with over 75 years of history and an extensive portfolio of leading-edge vessel designs, these initiatives position the Group at the forefront with an ability to offer and compete for a wider range of highly customised or repeatable products and solutions in its target business segments.

The Group actively builds strategic alliances to tap best-in-class capabilities of industry players. Through such alliances, the Group hopes to create breakthrough innovative solutions and unparalleled collaborative outcomes. Current partnerships include exploring Digital Design and Advanced Manufacturing with A*STAR, development of carbon capture and storage solutions, and development of maritime hydrogen fuel cells. These collaborations have resulted in the Group earning certifications for Additive Manufacturing, thereby paving the way for the Group to unlock production efficiencies and mitigate external procurement constraints.

The Group's suite of proprietary designs, for various types of ships and offshore engineering solutions, will continue to put it in a strong position to vie for a wide spectrum of projects, including those related to oil and gas, as well as emerging and growing opportunities in the offshore wind, battery and hydrogen fuel cell-powered space. To continue to spearhead technological advancement in these business segments, the Group will continue its selective investment in strategic innovation, technology and production capabilities to further strengthen its competitive edge and capture new orders.

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2.4 Embedding Sustainability into its Operations

The Group recognises that it plays a strategic and pivotal role in supporting the O&M and energy industries towards a lower-carbon future. The Group's commitment to sustainability is integrated into its business strategy and embedded into its operations. The Group's pursuit of sustainability includes energy and resource conservation, waste minimisation, process efficiency enhancement, use of renewable resource to the provision of innovative engineering products and solutions with a focus on sustainability for the marine, offshore and energy industries. The Group's sustainability push is underpinned by innovation as a core enabler.

The Group has also built strategic alliances with government agencies, research institutions, classification societies and other stakeholders to boost sustainable innovation development. Recent collaborations include the signing of a master research collaboration agreement with A*STAR to set up a joint lab at Tuas Boulevard Yard to facilitate test-bedding and commercialisation of digital design and advanced manufacturing capabilities and other industry 4.0 technologies, the development of large-scale maritime hydrogen fuel cell systems for the international market, and the development of commercially-viable carbon capture solutions for maritime transport, offshore discharge, floating storage and CO₂ injection for permanent storage in subsea reservoirs.

The Group has also invested in its flagship Tuas Boulevard Yard and equipped the yard with industry 4.0 technologies and environmentally friendly features that support sustainable operations. In particular, the Group replaced over 5 GW hours of grid-supplied electricity with clean energy harnessed from a solar-panelled roof located above its steel fabrication facility. In June 2021, the Group inked another agreement to further develop and implement a digital energy solution, with the installation of additional 4 megawatt-peak (MWp) of rooftop solar panels across seven rooftops in the yard.

2.5 In the Center of the Global Shift towards a Low-carbon Economy

The Group remains well-placed to support the global energy needs premised on a low-carbon footprint with a balanced portfolio across O&M and energy product solutions. Given the Group's significant transformation and strategic diversification towards the renewable space since 2015, it has built a creditable position and track record.

The Group's key strategies will continue to enhance its competitive edge and enable it to seize opportunities in oil and gas segment, as well as renewable energy and other green solutions which are expected to grow exponentially. These strategies are aimed at improving the Group's financial performance and generating sustainable long-term returns for Shareholders.

3. PROPOSED RIGHTS ISSUE

3.1 Principal Terms. The principal terms of the Rights Issue and the Rights Shares are summarised below.

Number of Rights Shares to be issued : Up to 18,833,468,826 Rights Shares.

Basis of provisional allotment : The Rights Issue will be made on a renounceable underwritten basis to Entitled Shareholders on the basis of three (3) Rights Shares for every two (2) existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.

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Issue Price : S\$0.08 for each Rights Share. The Rights Shares are payable in full upon acceptance and/or application.

The Issue Price represents a discount of approximately:

- (i) 58.1 per cent. to 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
- (ii) 35.7 per cent. to the theoretical ex-rights price of S\$0.124¹ per Share.

The Issue Price and discounts have been determined after taking into account various factors including precedent transactions, the transaction size and discussions with the Sole Financial Adviser, Manager and Underwriter. The 35.7 per cent. discount to theoretical ex-rights price is similar to the 35.1 per cent. discount to the theoretical ex-rights price for the 2020 Rights Issue².

Status of Rights Shares : The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing 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.

Use of proceeds : The estimated amount of the gross proceeds from the Rights Issue is approximately S\$1.5 billion.

The estimated net proceeds from the Rights Issue (after deducting estimated expenses of approximately S\$11.0 million to be incurred in connection with the Rights Issue) are expected to be approximately S\$1.5 billion.

The Company intends to utilise the net proceeds from the Rights Issue for working capital and general corporate purposes, including debt servicing.

For the avoidance of doubt, the net proceeds from the Rights Issue will not be used to fund any payment in relation to the Potential Combination.

Please refer to paragraph 6 of this Circular for details.

Eligibility to participate in the Rights Issue : As there may be prohibitions or restrictions against the offering of Rights Shares in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Rights Issue. Please see Appendix 1 of this Circular for details on the eligibility of Shareholders to participate in the Rights Issue.

¹ 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.

² Such theoretical ex-rights price was the theoretical market price of each Share assuming the completion of the 2020 Rights Issue, and was calculated based on the last transacted price of the Shares on the Main Board of the SGX-ST on 3 June 2020, being the last trading day on which trades were done on the Shares prior to the announcement of the 2020 Rights Issue, which had been S\$0.850, and the number of Shares following the completion of the 2020 Rights Issue.

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Listing and trading of the Rights: Shares

On 3 August 2021, the SGX-ST granted approval in-principle for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST, subject to certain conditions, the details of which are set out in paragraph 3.3 of this Circular. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Rights, the Company, its subsidiaries and/or the Shares.

Upon the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST, the Rights Shares will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) in relation to the Rights Shares effected through the SGX-ST and/or CDP shall be made in accordance with CDP's "*Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited*", as the same may be amended from time to time, copies of which are available from CDP.

For the purposes of trading on the Main Board of the SGX-ST, each board lot of Shares will comprise 100 Shares. Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) are able to trade odd lots of Shares in board lots of one Share on the Unit Share Market.

Acceptance, excess application : and payment

Entitled Shareholders will be at liberty to accept, decline or renounce their Rights and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors will also be able to trade their Rights on the SGX-ST during the Rights trading period prescribed by the SGX-ST.

Fractional entitlements to the Rights Shares will be aggregated with provisional allotments which are not taken up or allotted for any reason to satisfy excess applications for 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.

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 of Directors will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the Rights and for the applications for Excess Rights Shares, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement.

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Use of CPF Funds : CPFIS Members can only use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts to pay for the acceptance of their Rights and (if applicable) application for Excess Rights Shares.

Such CPFIS Members who wish to accept their Rights and (if applicable) apply for Excess Rights Shares using their CPF Funds must have sufficient funds in their CPF Investment Accounts and will need to instruct their respective approved CPF agent banks with whom they hold their CPF Investment Accounts, to accept the Rights and (if applicable) apply for Excess Rights Shares on their behalf in accordance with the terms and conditions of the Offer Information Statement.

In the case of insufficient CPF Funds or stock limit, CPFIS Members could top-up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept their Rights and (if applicable) apply for Excess Rights Shares on their behalf.

CPF Funds cannot, however, be used for the purchase of Rights directly from the market.

Use of SRS Funds : SRS Investors can only use, subject to applicable SRS rules and regulations, 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.

Such SRS Investors who wish to accept their Rights and (if applicable) apply for Excess Rights Shares using their SRS monies will need to instruct their respective SRS Approved Banks with whom they hold their SRS accounts, to accept the Rights and (if applicable) apply for Excess Rights Shares on their behalf in accordance with the terms and conditions in the Offer Information Statement.

SRS Investors who have insufficient funds in their SRS accounts could, subject to the SRS contribution cap, deposit cash into their SRS accounts with their respective SRS Approved Banks before instructing their respective SRS Approved Banks to accept the Rights and (if applicable) apply for Excess Rights Shares on their behalf.

SRS monies cannot, however, be used for the purchase of Rights directly from the market.

Undertaking : Startree has entered into the Undertaking Agreement pursuant to which it has irrevocably undertaken to the Company, *inter alia*, to vote in favour of 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 which, when aggregated to its *pro rata* entitlement to

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the Rights Shares in relation to the Relevant Shares, represents not more than 67.0 per cent. of the total number of Rights Shares. Please refer to paragraph 7 of this Circular for details.

Underwriting : 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), on and subject to the terms of the Management and Underwriting Agreement. Please refer to paragraph 8 of this Circular for details.

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.

Governing law : Laws of Singapore.

The terms and conditions of the Rights Issue are subject to such changes as the Directors may, in consultation with the Sole Financial Adviser, Manager and Underwriter, deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the MAS and despatched or, as the case may be, disseminated by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the Rights Issue Resolution being approved at the EGM.

3.2 Conditions for the Rights Issue. Shareholders should note that the Rights Issue is subject to and conditional upon the satisfaction or waiver of the following conditions precedent (the “**Rights Issue Conditions**”):

- (i) the approval of Shareholders at the EGM for the Rights Issue Resolution, including the allotment and issue of the Rights Shares pursuant to the Rights Issue;
- (ii) 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, such approval not having been withdrawn or revoked as at the date of completion of the Rights Issue;
- (iii) the lodgement of the Offer Information Statement, together with all other accompanying documents, with the MAS; and
- (iv) all other approvals of any government whether Singapore or foreign, any department, ministry or agency of any government and any other governmental, administrative, fiscal, monetary or judicial body, as well as all other third party consents, which the Company reasonably determines are necessary to implement the Rights Issue having been obtained either unconditionally or on conditions satisfactory to the Company acting reasonably and any such approval or consent not having been withdrawn or revoked.

As at the date of this Circular, save for the Rights Issue Conditions set out in paragraphs 3.2(i), 3.2(iii) and 3.2(iv) of this Circular, the other Rights Issue Condition set out in this paragraph 3.2 of this Circular has been satisfied. In this regard, the approval in-principle from the SGX-ST set out in paragraph 3.2(ii) of this Circular was granted on 3 August 2021. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Rights, the Company, its subsidiaries and/or the Shares.

Pursuant to the Undertaking Agreement, Startree has given an irrevocable undertaking to, *inter alia*, vote or procure the voting of all the Relevant Shares in favour of the Rights Issue Resolution at the EGM.

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3.3 SGX-ST Approval. On 3 August 2021, the SGX-ST granted approval in-principle for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST, subject to the following conditions:

- (i) compliance with the SGX-ST's listing requirements for the Rights Shares;
- (ii) Shareholders' approval for the Rights Issue;
- (iii) a written undertaking from the Company that it will comply with Rules 704(30) and 1207(20) of the Listing Manual in relation to the use of proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (iv) a written undertaking from the Company that it will comply with Rule 877(10) of the Listing Manual with regards to the allotment of any Excess Rights Shares; and
- (v) a written confirmation from a financial institution as required under Rule 877(9) of the Listing Manual that the undertaking Shareholder who has given the irrevocable undertaking has sufficient financial resources to fulfil its obligations under its undertaking.

The written undertakings and confirmation referred to in paragraphs 3.3(iii), 3.3(iv) and 3.3(v) of this Circular have been provided to the SGX-ST.

The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Rights, the Company, its subsidiaries and/or the Shares.

4. RATIONALE FOR THE RIGHTS ISSUE

These are unprecedented times for the Group in its close to 60-year track record.

The challenges faced by the Group are real and severe, and have lasted longer than anticipated due to the protracted effects from the COVID-19 pandemic.

The Rights Issue will address the Company's immediate funding needs amid continuing COVID-19 disruptions and is required to strengthen the Group's balance sheet, replenish the temporary working capital depletion and enhance the Company's liquidity position to meet the projected operational funding requirements through to end 2022. Whether a further fund-raising exercise will be required post-2022 would depend on the circumstances at that time. The Group would need to consider various factors, including its funding requirements then, the pace of recovery in the O&M sector, the continued impact of COVID-19 and its own business transition to the high-growth renewable and clean energy segment.

The Company is of the view that it must transition more quickly to the fast-growing renewable and clean energy segment, including offshore renewables. The Rights Issue will allow the Company to accelerate its strategic expansion into the high-growth renewable and clean energy segment, better position the Company to fulfil existing commitments, win new high-value, large-scale projects, continue to augment its technological capabilities, and secure sustainable long-term growth.

The liquidity from the Rights Issue will be vital in fortifying the Company's financial position, and enable the Company to emerge as a strong and innovative player, with an increasing strategic focus on clean, sustainable and renewable energy solutions.

4.1 Industry Context and Background

The global O&M industry has seen a prolonged and severe downturn since 2015 due to a collapse in oil prices and major structural changes in the energy industry. In the three years prior to the downturn, 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

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have decreased and the Group's financial performance has been affected, resulting in pre-tax losses of S\$101 million in FY2018, S\$177 million in FY2019 and S\$671 million in FY2020. This has impacted the Group's liquidity and working capital position.

In 2020, having positioned itself for recovery, the Group was unexpectedly and severely 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.

The Group recorded a net loss attributable to owners of the Company of S\$583 million in FY2020. This was mainly due to disruption from the COVID-19 pandemic causing: (i) delays in projects execution and securing of new projects, resulting in lower overall business volumes; (ii) incurrence of higher overall costs for all projects, especially for Rigs & Floaters and Specialised Shipbuilding projects; as well as (iii) S\$144 million of asset impairments and provisions. Please refer to Appendix 3 of this Circular for further details.

The onset of the COVID-19 pandemic 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 grow this segment.

In June 2020, the Board of Directors, 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 SCI into equity in the Company. The balance of approximately S\$0.6 billion was to fund the Group's ongoing operations. Of the S\$0.6 billion net cash proceeds, approximately S\$0.43 billion has been used for working capital purposes. This includes payment for materials and equipment of approximately S\$212 million, payment for subcontractors' labour services of approximately S\$182 million and payment for employees' payroll expenses of approximately S\$36 million. There is approximately S\$0.16 billion of the net proceeds remaining from the 2020 Rights Issue.

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. As at the Latest Practicable Date, there has been no cancellation of any of the Group's existing projects, but the labour shortage has resulted in project delays, revenue deferrals and increased risk of terminations. To mitigate the risk of project cancellations, the Group has been coordinating with customers to reach mutually beneficial outcomes of project re-scheduling and deferment in payments.

Since the onset of the COVID-19 pandemic, a majority of the Group's projects have been delayed by at least 12 months. Deferral of cash collections from projects has impacted and will continue to impact the near-term liquidity position of the Group. Many customers of the Group's newbuild vessels and offshore structures have negotiated 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

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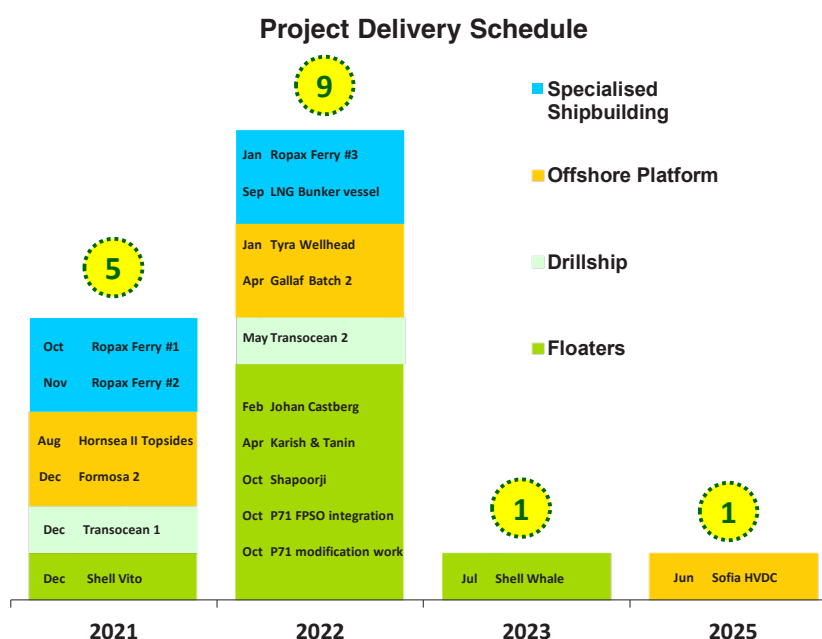
deferral of cash collection of approximately S\$610 million during FY2021 and FY2022 to FY2023 and beyond. This impacted the Group's near-term working capital position and a tightening of funding support from the Group's lenders.

To minimise further delays to complete the projects, the Group has actively sourced for skilled workers from alternative sources and worked with the relevant authorities to expedite their entry into Singapore. The Group has made good progress on this front. However, this has resulted in increased manpower and other related costs to complete the Group's ongoing projects over the next 18 months. On average, recruitment from alternative sources costs more than twice that from the sources the Group used to recruit from. The Group has made full provisions for these projected increases in labour costs, together with the associated re-scheduling of work, extra sub-contract work, additional material usage and other staff turnover related expenses in its 1H2021 financial results. It has progressively become evident that the impact of the COVID-19 pandemic and the industry downturn has been more protracted than originally anticipated and hence the S\$0.16 billion of net proceeds remaining from the 2020 Rights Issue is insufficient.

The Group recorded a substantial net loss attributable to owners of the Company of S\$647 million for 1H2021, a severe deterioration compared to S\$192 million for 1H2020 and was larger than the FY2020 net loss attributable to owners of the Company of S\$583 million. The S\$647 million net loss attributable to owners of the Company took into account the following provisions totalling S\$472 million (post-tax basis): (i) additional labour and other costs to be incurred over the next six to 18 months to complete existing projects of S\$361 million; (ii) an increase in provisions for yards' reinstatement of S\$65 million; and (iii) an increase in asset impairment loss of S\$46 million.

As at end June 2021, the Group has a net order book of S\$1.78 billion. This comprises S\$1.56 billion of projects under execution (with a total original contract sum of S\$6.1 billion) and S\$0.22 billion of ongoing Repairs & Upgrades projects with firm deliveries in 2021. The S\$1.56 billion of projects under execution relate to cruise ship revitalisation (approximately one per cent.), specialised shipbuilding (approximately three per cent.), drillships (approximately 14 per cent.), offshore platforms (approximately 38 per cent.) and floaters (approximately 44 per cent.).

The Group has a total of 16 projects under execution with five scheduled for completion in 2021 and another nine in 2022. The remaining two will progressively be completed by 2025. Further details are set out in the figure below.



Note:

- (1) The three units, Ropax Ferry #1, Ropax Ferry #2 and Ropax Ferry #3 (collectively, "the **Ropax Project**"), are part of the same project. For the purposes of the figure above, the Ropax Project is included in the five projects scheduled for delivery in FY2021, and is not included in the nine projects scheduled for delivery in FY2022.

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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.

4.2 S\$1.5 Billion Recapitalisation: Strengthening Liquidity and Balance Sheet

Given the uncertain recovery trajectory and prolonged cash burn, the Board of Directors has considered various financing options including debt, equity-linked financing and/or other equity financing. Each of these financing options were evaluated taking into consideration its availability, quantum, timing and transaction execution risk. With regards to debt financing, although the Group’s net debt to equity ratio is approximately 0.92x as at 30 June 2021, the challenging business conditions have created increasing pressure on the Group in refinancing its existing maturing debt facilities. As such, obtaining additional debt financing from lenders is unlikely to be available nor sufficient to meet the Group’s funding needs. Adding debt would also increase the pressure on cash flow through higher debt servicing needs, which is not ideal in the current prolonged industry downturn and uncertainty due to the COVID-19 pandemic.

In view of the above, the Board of Directors believes that an equity rights issue at this point is critically required to meet immediate funding needs, strengthen the Group’s balance sheet, replenish temporary working capital depletion amidst continuing COVID-19 disruptions, and enhance the Group’s liquidity position.

The S\$1.5 billion recapitalisation amount was determined based on the Group’s projected operational funding requirements until the end of 2022. These include:

- (i) Additional working capital requirements: Disruption in supply chain and acute shortages of skilled labour due to the COVID-19 pandemic have caused further delays in projects execution and completion. This has resulted in higher negative operating cash flows due to: (a) delays in revenue recognition and deferred payment terms given to customers which reduce cash inflows; and (b) additional manpower and other costs to complete existing projects which increase cash outflows.
- (ii) Additional debt service requirements: Due to the ongoing challenging business conditions, the Group faces increasing challenges to refinance its existing maturing debt. As a result, the Group expects an increasing need to repay more debt upon their maturity over the next 18 months.
- (iii) Other general corporate purposes: For example, costs incurred to maintain the Group’s yard facilities to ensure safe operations.

In addition to addressing the Group’s immediate funding needs, the Rights Issue will allow the Group to pursue its future strategic goals, in particular to accelerate the Group’s transition towards the high-growth renewable and clean energy segment. The Group is actively tendering for more than 10 “green” projects, including in Renewable Energy and Gas Solutions. The Group is also actively working on multiple projects, and has tenders in progress for the Process Solutions segment covering floating production, storage and offloading vessels (FPSOs), floating storage and offloading vessels (FSOs) and floating production units (FPUs).

The Rights Issue will also significantly de-leverage the Group, and the Group’s net gearing as at 30 June 2021 will be reduced from 0.92x to 0.29x on a *pro forma* basis, and its cash position will be improved by approximately S\$1.5 billion. Further information can be found in Appendix 2 of this Circular.

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Startree, an indirect 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.

4.3 Summary of Benefits to the Group. In summary, the Group 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 transition towards the high-growth renewable and clean energy segment, to secure sustainable long-term growth.

5. SIZE OF THE RIGHTS ISSUE

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

As set out in the Announcement, pursuant to the RSP2010 and the PSP2010, there are 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 treasury shares, and no new Shares will be allotted and issued to satisfy the release of these Awards. As at the Latest Practicable Date, the Company has 416,840 treasury shares and may buy back additional Shares on-market to satisfy the release of the Awards.

In addition, pursuant to the RSP2020, there are 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 Latest Practicable Date;
- (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.

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6. USE OF PROCEEDS

- 6.1 The estimated amount of the proceeds (gross and net) from the Rights Issue is approximately S\$1.5 billion.
- 6.2 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.

As at 30 June 2021, the Group had net current liabilities totalling S\$694 million arising mainly from loans maturing in the next twelve months. The Group is in talks with lenders to refinance and re-profile current loans with longer term maturities. For certain loans due, proceeds from the Rights Issue will be utilised to repay them. Further, as mentioned in paragraph 4.1 of this Circular, since the onset of the COVID-19 pandemic, a majority of the Group's projects have been delayed by at least 12 months. Deferral of cash collections from projects has impacted and will continue to impact the near-term liquidity position of the Group. The Group has been working closely with its customers to reach mutually beneficial outcomes for project re-scheduling. As discussions with lenders and customers are ongoing, as of the date of this Circular, the Group has not finalised any specific loans to be repaid using the Rights Issue proceeds and uses for the proceeds for specific projects.

The Company has entered into a non-binding Memorandum of Understanding with Keppel Corporation Limited ("**KCL**") on 24 June 2021 to explore a potential combination of the Group and Keppel Offshore & Marine Ltd ("**KOM**"), a subsidiary of KCL, to create a stronger combined entity, able to capitalise on growing opportunities in the O&M, renewable and clean energy sectors. For the avoidance of doubt, the Potential Combination is not subject to the completion of the Rights Issue and the net proceeds from the Rights Issue will not be used to fund any payment in relation to the Potential Combination. Discussions on the Potential Combination 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. Further details on the Potential Combination can be found in a joint announcement issued by the Company and KCL on 24 June 2021 and on page 61 of Appendix 3 of this Circular.

- 6.3 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.
- 6.4 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.
- 6.5 The Company is of the view that the net proceeds raised from the Rights Issue will be sufficient to meet the Company's present funding requirements and to enable the Company to meet its obligations and continue to operate as a going concern.

7. THE UNDERTAKING AGREEMENT

- 7.1 As at the Latest Practicable Date, Temasek has an interest in 5,355,874,252 Shares through:
- (i) its indirect 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 and operated portfolio company of Temasek, which holds 2,747,784 Shares, representing approximately 0.02 per cent. of the Existing Share Capital.

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7.2 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 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.

7.3 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 obligations described in paragraphs 7.2(i) and 7.2(ii) of this Circular, 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 7.2(i) and 7.2(ii) of this Circular, the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable) in connection with the Rights Issue with the MAS; and
- (v) unless otherwise waived by Startree, all government and third party approvals or consents having been obtained by the Closing Date, either unconditionally or on conditions satisfactory to Startree and the Company both acting reasonably and any such consent not having been withdrawn or revoked.

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

8. UNDERWRITING OF THE RIGHTS ISSUE

The Sole Financial Adviser, Manager and Underwriter has agreed to underwrite up to 6,215,044,713 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 for) all the Undertaken Rights Shares that it has undertaken to subscribe or procure subscriptions for pursuant to the Undertaking Agreement.

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Pursuant to the Management and Underwriting Agreement, the Company will pay the Sole Financial Adviser, Manager and Underwriter a total fee of S\$3.65 million.

9. **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 Appendix 2 of this Circular.

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.

10. **REVIEW OF PAST PERFORMANCE, WORKING CAPITAL, PROSPECTS AND OTHER DEVELOPMENTS**

Further information on the consolidated income statements and the consolidated statements of cash flows of the Group for FY2018, FY2019, FY2020 and 1H2021, the balance sheet and the working capital position of the Group as at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, and the prospects and certain other developments of the Group are set out in Appendix 3 of this Circular. Please refer to the Condensed Interim Financial Statements for the six months ended 30 June 2021 together with the Independent Auditor's review report in relation thereto which has been reproduced in Appendix 4 of this Circular, the bases and assumptions for the Statement of Prospects as set out in Appendix 5 of this Circular and the Independent Auditor's Letter in relation to the Statement of Prospects which is set out in Appendix 6 of this Circular.

11. **RECORD DATE FOR THE RIGHTS ISSUE**

Conditional upon the Rights Issue Resolution being approved at the EGM, the Register of Members and Share Transfer Books of the Company will be closed at a time and date to be announced by the Company, to determine the provisional allotments of Rights Shares of Entitled Shareholders under the Rights Issue. Please also refer to the section entitled "Indicative Timeline" of this Circular for the expected Record Date, which, for the avoidance of doubt, is only indicative.

12. **OTHER MATTERS RELATING TO THE RIGHTS ISSUE**

12.1 **Previous Equity Fund Raising.** 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 then remaining net proceeds of approximately S\$0.6 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 Latest Practicable Date, approximately S\$0.43 billion of the S\$0.6 billion net proceeds from the 2020 Rights Issue has been used for working capital and general corporate purposes, including payment for materials and equipment of approximately S\$212 million, subcontractors' labour services of approximately S\$182 million and employees' payroll expenses of approximately S\$36 million.

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12.2 Statement by the Directors. 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. The Directors are of the opinion that the Rights Issue will further strengthen the financial position and capital base of the Group. The Rights Issue will also provide the Shareholders with an opportunity to maintain their *pro rata* equity shareholding in the Company. For the reasons outlined in paragraph 4 of this Circular, the Directors believe that the Rights Issue is in the interest of the Group.

In this regard, the Directors who have interests in the Shares have indicated to the Company that they intend to subscribe to their Rights entitlements, in accordance with the terms and conditions of the Rights Issue.

12.3 Notification under Section 309B of the SFA. 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).

13. POTENTIAL MANDATORY OFFER

13.1 As stated above, as at the Latest Practicable Date, Temasek, through its indirect wholly-owned subsidiary, Startree, has an interest in the Relevant Shares.

13.2 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 (collectively, the "**Temasek Group**") hold;
- (ii) the number of Shares in issue as at the Record Date is 12,555,645,884;
- (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; and
- (iv) 18,833,468,826 Rights Shares are allotted and issued,

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**").

13.3 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;
- (iii) Startree subscribes for the Undertaken *Pro Rata* Rights Shares and the maximum number of Undertaken Excess Rights Shares which it is required to subscribe for pursuant to the Undertaking Agreement; and
- (iv) 18,833,468,826 Rights Shares are allotted and issued,

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**").

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- 13.4 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 Latest Practicable Date.
- (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.

- 13.5 Under Rule 14.1 of 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.

- 13.6 The fulfilment by Startree of its obligations under the Undertaking Agreement may result in 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 of Singapore in accordance with the provisions of the Code³, 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. Further, pursuant to Rule 14.2 of the Code, if the Temasek Concert Party Group does not hold more than 50 per cent. of the issued shares of the Company when the Compliance Offer is made, the Compliance Offer will be conditional upon the Temasek Concert Party Group receiving such number of acceptances which would result in the Temasek Concert Party Group holding more than 50 per cent. of the issued shares of the Company (the “**Acceptance Condition**”). There is no certainty that the Compliance Offer, if required to be made, will be unconditional at such time it is made, or will turn unconditional at any time thereafter. If the Compliance Offer is required to be made subject to the Acceptance Condition, and the Acceptance Condition is not met and the Compliance Offer does not turn unconditional (i.e. the Temasek Concert Party Group does not receive acceptances which result in the Temasek Concert Party Group holding more than 50 per cent. of the issued shares of the Company), all acceptances tendered in the Compliance Offer will be returned.

- 13.7 Based on information available to Temasek as at the date of the Announcement, the offer price at 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.

³ Startree has informed the Company that no whitewash waiver is intended to be sought from the Securities Industry Council of Singapore.

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13.8 Shareholders should note that there is no certainty that the Relevant Event will occur and that the Compliance Offer will be made. Shareholders should also note that as required under the Code, the Compliance Offer (if any) may be subject to the Acceptance Condition. Further, on the basis described in paragraph 13.7 of this Circular, the offer price at which the Temasek Concert Party Group will be obliged to offer under the Compliance Offer (if any) will be the Issue Price. Shareholders are advised to exercise caution when dealing with their Shares or other securities of the Company. Shareholders should consult their professional advisers if they have any doubt about the actions they should take.

14. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

14.1 Directors' Interests. As at the Latest Practicable Date, the Directors' interests in Shares as recorded in the Register of Directors' Shareholdings are as follows:

Director	Number of Shares				Number of Shares comprised in outstanding share awards
	Direct Interest	% ⁽¹⁾	Deemed Interest	% ⁽¹⁾	
Tan Sri Mohd Hassan Marican	5,076,926	0.040	-	-	-
Wong Weng Sun	22,786,940	0.181	-	-	138,774 ⁽²⁾
Eric Ang Teik Lim	-	-	49,110	n.m. ⁽³⁾	-
Bob Tan Beng Hai	1,450,200	0.012	-	-	-
Gina Lee-Wan	1,032,000	0.008	-	-	-
William Tan Seng Koon	897,600	0.007	-	-	-
Patrick Daniel	555,000	0.004	-	-	-
Tan Wah Yeow	426,600	0.003	-	-	-
Koh Chiap Khiong	5,110,070	0.041	-	-	-

Notes:

- (1) Based on 12,555,229,044 Shares in issue (excluding 416,840 treasury shares) as at the Latest Practicable Date.
- (2) Of the 138,774 Shares:
 - (a) 105,820 Shares are comprised in conditional awards granted to Mr Wong Weng Sun pursuant to the PSP2010. These Shares will vest in 2021; and
 - (b) 32,954 Shares are comprised in awards granted to Mr Wong Weng Sun pursuant to the RSP2010. These Shares will vest in 2021.
- (3) Not meaningful.

14.2 Substantial Shareholders' Interests. As at the Latest Practicable Date, the interests of the Substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders and additionally, in the case of Temasek, based on information made available by Temasek to the Company are as follows:

Substantial Shareholder	Number of Shares			
	Direct Interest	% ⁽¹⁾	Deemed Interest	% ⁽¹⁾
Startree	5,353,126,468	42.6	-	-
FMPL ⁽²⁾	-	-	5,353,126,468	42.6
Temasek ⁽³⁾	-	-	5,355,874,252	42.7

Notes:

- (1) Based on 12,555,229,044 Shares in issue (excluding 416,840 treasury shares) as at the Latest Practicable Date.
- (2) FMPL is deemed to be interested in the 5,353,126,468 shares held by Startree.
- (3) Temasek is deemed to be interested in: (i) 5,353,126,468 Shares held by Startree; and (ii) 2,747,784 Shares held by DBS Group, an independently-managed and operated portfolio company of Temasek.

LETTER TO SHAREHOLDERS

15. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the Undertaking Agreement as described in paragraph 7 of this Circular and save as disclosed in paragraph 14 of this Circular, none of the Directors or Substantial Shareholders or their respective associates has any direct or indirect interest in the Rights Issue other than through their respective shareholdings (direct or indirect) in the Company.

16. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be convened and held by way of electronic means on 23 August 2021 at 2.00 p.m. (or any adjournment thereof), for the purpose of considering, and if thought fit, passing with or without any modifications, the ordinary resolution set out in the Notice of EGM.

17. OFFER INFORMATION STATEMENT

The Offer Information Statement will be despatched or, as the case may be, disseminated by the Company to Entitled Shareholders subject to, *inter alia*, the approval of the Rights Issue Resolution being obtained at the EGM. Acceptances and applications under the Rights Issue can be made on the following (all of which will form part of the Offer Information Statement):

- (i) the PAL, in the case of Entitled Scripholders;
 - (ii) the ARE, in the case of Entitled Depositors; and
 - (iii) the ARS, in the case of Purchasers whose registered addresses with CDP are in Singapore,
- and, in the case of Entitled Depositors or their renounees or Purchasers, additionally, the ATMs of the Participating Banks.

The procedures for, and the terms and conditions applicable to, the acceptances, renunciations and/or sales of the Rights and for the excess applications for the Rights Shares pursuant to the Rights Issue, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement.

18. ADJUSTMENTS TO SHARE AWARDS

The Company's Executive Resource and Compensation Committee may, at its sole discretion, determine whether any adjustments would be required with respect to the share awards granted under the RSP2010, the PSP2010, the RSP2020 and the PSP2020 to take into account the Rights Issue so that the participants under the RSP2010, the PSP2010, the RSP2020 and the PSP2020 will not be adversely affected thereby. Details of such adjustments (if any) will be communicated separately to such participants.

19. ACTION TO BE TAKEN BY SHAREHOLDERS

- 19.1 EGM to be Convened by Electronic Means.** The EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. A printed copy of this Circular will NOT be sent to Shareholders but printed copies of the Notice of EGM and the Proxy Form will be sent to Shareholders. This Circular (together with the Notice of EGM and the Proxy Form) may also be accessed at the Company's website at the URL <https://www.sembmarine.com/extraordinary-general-meeting> and is also available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

LETTER TO SHAREHOLDERS

19.2 Alternative Arrangements relating to Attendance at the EGM. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions before or at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the accompanying Company's announcement dated 4 August 2021. The announcement may be accessed at the Company's website at the URL <https://www.sembmarine.com/investor-relations/stock-exchange-announcements>, and will also be made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

19.3 No Attendance in Person – Appointment of Chairman of the EGM as Proxy. Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the EGM in person. A member (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. A printed copy of the Proxy Form will be sent to Shareholders. The Proxy Form may also be accessed at the Company's website at the URL <https://www.sembmarine.com/extraordinary-general-meeting> and is also available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

CPFIS Members or SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective approved CPF agent banks or SRS Approved Banks to submit their votes by 5.00 p.m. on 11 August 2021.

19.4 Submission of Proxy Forms. The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:

- (i) if submitted by post, be lodged at the office of the Company's Share Registrar, KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00, KH KEA Building, Singapore 188721; or
- (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at sembmarine-egm@kckcs.com.sg,

in either case not less than 72 hours before the time appointed for the EGM.

A Shareholder who wishes to submit a Proxy Form must first download (where necessary), complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In the alternative, a Shareholder may download, complete and authorise the Proxy Form by way of the affixation of an electronic signature, before sending it by email to the email address provided above.

20. DIRECTORS' RECOMMENDATION

20.1 Rights Issue Resolution

The Directors, having considered, *inter alia*, the rationale for the Rights Issue as set out in paragraph 4 of this Circular, are of the opinion that the Rights Issue is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the Rights Issue Resolution, including the allotment and issue of the Rights Shares pursuant to the Rights Issue, to be proposed at the EGM.

The challenges faced by the Group are real and severe, and have lasted longer than anticipated due to the protracted effects from the COVID-19 pandemic.

The Group continues to face supply chain disruptions and shortage of skilled manpower. The labour shortage has resulted in project delays, revenue deferrals and increased risk of terminations. Since the onset of the COVID-19 pandemic, a majority of the Group's projects have been delayed by at least 12 months.

LETTER TO SHAREHOLDERS

The Group has 16 existing projects under execution. To minimise further delays to complete the projects, the Group has actively sourced for skilled workers from alternative sources. On average, recruitment from alternative sources costs more than twice that from the sources the Group used to recruit from. The increased costs to complete its existing projects compounded by the deferral of cash collections from projects which have been delayed, has impacted and will continue to impact, the near-term liquidity position of the Group.

Hence, the Directors believe an equity rights issue at this point is critically required. With the approval of the Rights Issue, there is certainty that the Group will be able to raise the full S\$1.5 billion to meet its critical funding needs and strengthen its financial position to help achieve sustainable long-term growth.

If the Rights Issue Resolution is not approved by the Shareholders, the Rights Issue will not proceed and the critical need to address the Group's liquidity requirements will not be met. The Group will need to re-evaluate other financing options, including debt, equity-linked financing and/or other equity financing. The Group would need to study the availability, quantum, timing and transaction execution risks that relate to such financing options. The challenging business conditions have created increasing pressure on the Group in refinancing its existing maturing debt facilities. Securing additional debt financing from lenders is unlikely to be available nor sufficient to meet the Group's funding needs. In the absence of a recapitalisation, the Group will face challenges to continue operating as a going concern. Please refer to paragraph 4 of this Circular for further details.

20.2 Note to Shareholders

Shareholders are advised to read this Circular carefully in its entirety, including the terms and conditions of the Rights Issue, the rationale for the Rights Issue and the financial effects of the Rights Issue.

In giving the above recommendation, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique constraints of any individual Shareholder. As Shareholders would have different investment objectives, the Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank, solicitor, accountant, tax adviser or other professional advisers.

21. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights Issue (including the Rights Issue Resolution) and the Group which are relevant to the Rights Issue (including the Rights Issue Resolution), and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

22. STATEMENT BY THE SOLE FINANCIAL ADVISER, MANAGER AND UNDERWRITER

To the best of the Sole Financial Adviser, Manager and Underwriter's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights Issue (including the Rights Issue Resolution) and the Group which are relevant to the Rights Issue (including the Rights Issue Resolution), and the Sole Financial Adviser, Manager and Underwriter is not aware of any facts the omission of which would make any statement in this Circular misleading.

LETTER TO SHAREHOLDERS

23. CONSENT

23.1 DBS Bank Ltd., as the Sole Financial Adviser, Manager and Underwriter for the Rights Issue, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and all references to itself in the form and context in which they appear in this Circular.

23.2 KPMG LLP, as the Independent Auditor of the Group, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of: (i) its name and all references to itself; (ii) the review report issued to the Board of Directors dated 29 July 2021 in relation to the Condensed Interim Financial Statements for the six months ended 30 June 2021 as set out in Appendix 4 of this Circular; and (iii) the Independent Auditor's Letter in relation to the Statement of Prospects as set out in Appendix 6 of this Circular, in the form and context in which they appear in this Circular.

24. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection on the Company's website at the URL <https://www.sembmarine.com/extraordinary-general-meeting> up to the date of the EGM:

- (i) the Constitution;
- (ii) the Annual Reports of the Company for FY2018, FY2019 and FY2020; and
- (iii) the letters of consent referred to in paragraph 23 of this Circular.

Yours faithfully
for and on behalf of
the Board of Directors of
Sembcorp Marine Ltd

Tan Sri Mohd Hassan Marican
Chairman

APPENDIX 1

ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

1. **Entitled Shareholders.** Entitled Shareholders will be entitled to participate in the Rights Issue and to receive the Offer Information Statement and accompanying documents, including the ARE or the PAL, as the case may be, at their respective Singapore addresses.

Entitled Depositors who do not receive the Offer Information Statement and the ARE may obtain them from CDP, the Share Registrar or any stockbroking firm during the period from the date the Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PAL may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted Rights Shares under the Rights Issue on the basis of their shareholdings in the Company as at the Record Date. Entitled Shareholders will be at liberty to accept (in full or in part), 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 and are eligible to apply for Excess Rights Shares in excess of their provisional allotments under the Rights Issue. Fractional entitlements to the Rights Shares will be disregarded in arriving at the Shareholders' entitlements and will, together with such Rights Shares that are not validly taken up by Entitled Shareholders or their respective renouncee(s) or Purchaser(s), any unsold Rights of Foreign Shareholders and any Rights Shares that are not otherwise allotted for whatever reason in accordance with the terms and conditions contained in the Offer Information Statement, the ARE, the PAL and (if applicable) the Constitution, be aggregated and used to satisfy Excess Rights Shares applications (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. 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 of Directors will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

All dealings in and transactions of the Rights through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs, which will be issued to Entitled Scripholders, will not be valid for delivery pursuant to trades done on the SGX-ST.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the Rights and for the applications for Excess Rights Shares, including the different modes of acceptance or application and payment, will be contained in the Offer Information Statement to be despatched or, as the case may be, disseminated by, and in the ARE, the ARS and the PAL to be despatched by, the Company in due course.

Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP well in advance of the Record Date so that their Securities Accounts may be credited by CDP with their Shares prior to the Record Date and the Rights. Scripholders should note that their Securities Accounts will only be credited with their Shares on the twelfth (12th) Market Day from the date of lodgement of their share certificates with CDP or such later date as CDP may determine.

Depositors should note that all notices and documents will be sent to their last registered addresses with CDP.

Depositors who wish to maintain a mailing address in Singapore ("**Rights Mailing Address**") with CDP for the purpose of receiving the Rights Issue documents should inform CDP in writing at 11 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138589. Depositors are encouraged to submit any request to register a Rights Mailing Address or to effect any change in address well in advance of the Record Date to be eligible to participate in the Rights Issue. Any such request to register a Rights Mailing Address or to effect any change in address must reach CDP no later than three Market Days before the Record Date.

APPENDIX 1

ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

Shareholders (not being Depositors) who do not presently have an address in Singapore for the service of notices and documents and who wish to be eligible to participate in the Rights Issue should provide such an address in Singapore by notifying in writing the Share Registrar, KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00, KH KEA Building, Singapore 188721, no later than three Market Days before the Record Date.

2. **Foreign Shareholders.** The Offer Information Statement and its accompanying documents have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents, and the purchase, exercise of or subscription for Rights and/or the Rights Shares by any persons who have registered addresses outside Singapore, or who are resident in, or citizens of countries other than Singapore, may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

Foreign Shareholders will not be entitled to participate in the Rights Issue. Accordingly, no provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance or application for the Rights Shares by Foreign Shareholders will be valid. The Company may, in its sole discretion, permit participation in the Rights Issue by certain Foreign Shareholders in certain jurisdictions, subject in all cases to compliance with applicable laws in the relevant jurisdictions.

The Offer Information Statement and its accompanying documents will also not be despatched to Foreign Purchasers. Foreign Purchasers who wish to accept the Rights credited to their Securities Accounts should make the necessary arrangements with their respective Depository Agents or stockbrokers in Singapore.

The Company reserves the right, but shall not be obliged, to treat as invalid any ARE, ARS or PAL which (i) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore or which the Company believes may violate any applicable legislation of such jurisdiction, (ii) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore, or (iii) purports to exclude any deemed representation, warranty or confirmation. The Company further reserves the right to reject any acceptances of the Rights Shares and/or applications for Excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate any applicable legislation of any jurisdiction.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the Rights, which would otherwise have been provisionally allotted to Ineligible Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after commencement of trading in the Rights. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the expenses expected to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Ineligible Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Record Date and sent to them **AT THEIR OWN RISK** by ordinary post, **provided that** where the amount of net proceeds to be distributed to any single Ineligible Shareholder or persons acting to the account or benefit of any such persons is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Ineligible Shareholder or persons acting to the

APPENDIX 1

ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

account or benefit of any such persons shall have any claim whatsoever against the Company, the Sole Financial Adviser, Manager and Underwriter, CDP, the CPF Board or the Share Registrar and their respective officers in connection therewith.

Where such Rights are sold on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Ineligible Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Sole Financial Adviser, Manager and Underwriter, CDP, the CPF Board or the Share Registrar and their respective officers in respect of such sales or the proceeds thereof, the Rights or the Rights Shares represented by such Rights.

If such Rights cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the Rights, the Rights Shares represented by such Rights will be issued to satisfy excess applications or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Ineligible Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Sole Financial Adviser, Manager and Underwriter, CDP, the CPF Board or the Share Registrar and their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Ineligible Shareholders.

Notwithstanding the above, Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

Further details will be set out in the Offer Information Statement.

APPENDIX 2
PRO FORMA FINANCIAL EFFECTS OF THE RIGHTS ISSUE

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 FY2020 in calculating the *pro forma* financial effects as at 31 December 2020;
 - (iii) are based on the unaudited condensed interim financial statements of the Group for 1H2021 in calculating the *pro forma* financial effects as at 30 June 2021;
 - (iv) are based on the Existing Share Capital and assume, for illustrative purposes only, that on or prior to the Record Date, no awards under the RSP2010, the PSP2010, the RSP2020 and the PSP2020 are released, such that the Company will issue up to 18,832,843,566 Rights Shares under the Rights Issue;
 - (v) assume that the Rights Shares had been allotted and issued on 31 December 2020 and 30 June 2021 in calculating the *pro forma* financial effects on share capital, NTA and gearing as at 31 December 2020 and 30 June 2021 respectively;
 - (vi) assume that the Rights Shares had been allotted and issued on 1 January 2020 and 1 January 2021 in calculating the *pro forma* financial effects on EPS for FY2020 and 1H2021 respectively;
 - (vii) assume that the amount of net proceeds from the issue of the Rights Shares, after deducting estimated expenses of approximately S\$11.0 million incurred in connection with the Rights Issue, is approximately S\$1.5 billion and further assumes that all of the expenses for the Rights Issue are capitalised; and
 - (viii) do 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	1,495.6
Issued share capital (excluding treasury shares) after the Rights Issue	31,388,072,610	4,070.2

3. **NTA**

	As at 31 December 2020	As at 30 June 2021
NTA		
NTA before the Rights Issue (S\$' million)	3,446.4	2,806.9
Net proceeds from the Rights Issue (S\$' million)	1,495.6	1,495.6
NTA after adjusting for the Rights Issue (S\$' million)	4,942.0	4,302.5
NTA per Share		
Number of Shares (excluding treasury shares) before the Rights Issue	12,555,229,044	12,555,229,044
NTA per Share before the Rights Issue (cents) ⁽¹⁾	27.45	22.36
Number of Shares (excluding treasury shares) after the Rights Issue	31,388,072,610	31,388,072,610
NTA per Share after the Rights Issue (cents) ⁽¹⁾	15.74	13.71

Note:

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

APPENDIX 2
PRO FORMA FINANCIAL EFFECTS OF THE RIGHTS ISSUE

4. **Gearing**

	As at 31 December 2020	As at 30 June 2021
Before the Rights Issue		
Total net borrowings (S\$' million)	2,777.4	2,803.5
Total equity (S\$' million)	3,696.1	3,043.1
Net gearing (times) ⁽¹⁾	0.75x	0.92x
After the Rights Issue		
Total net borrowings (S\$' million)	1,281.7	1,307.9
Total equity (S\$' million)	5,191.8	4,538.7
Net gearing (times) ⁽¹⁾	0.25x	0.29x

Note:

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

5. **EPS**

	Full year ended 31 December 2020	Half year ended 30 June 2021
Before the Rights Issue		
Loss attributable to owners of the Company (S\$' million)	(582.5)	(647.2)
Weighted average number of Shares (excluding treasury shares) (million)	5,353.2	12,555.2
After the Rights Issue		
Loss attributable to owners of the Company (S\$' million) ⁽¹⁾	(578.3)	(646.2)
Weighted average number of Shares (excluding treasury shares) (million)	24,186.0	31,388.1
EPS		
Basic EPS before Rights Issue (cents) ⁽²⁾	(10.88)	(5.16)
Basic EPS after Rights Issue (cents) ⁽²⁾	(2.39)	(2.06)

Notes:

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

(2) EPS = Loss attributable to owners of the Company / Weighted average number of Shares outstanding (excluding treasury shares).

APPENDIX 3

REVIEW OF PAST PERFORMANCE, WORKING CAPITAL, PROSPECTS AND OTHER DEVELOPMENTS

OVERVIEW OF BUSINESS SEGMENTS

The Group provides innovative engineering solutions to the global O&M and energy industries, with an increasing focus on renewable and other clean energy solutions. Headquartered in Singapore, the Group has close to 60 years of track record in the design and construction of rigs, floaters, offshore platforms and specialised vessels, as well as in the repair, upgrading and conversion of different ship types.

The Group's solutions focus on the following areas: Renewable Energy, Gas Value Chain, Process, Ocean Living and Advanced Drilling Rigs. These are supported by four commercial units within the Group: Rigs & Floaters, Repairs & Upgrades, Offshore Platforms, and Specialised Shipbuilding. Further information on these four business segments is set out below.

Rigs & Floaters

By harnessing the Group's globally-integrated design and execution capabilities, Rigs & Floaters provides turnkey solutions for complex projects.

The product areas include design, engineering, procurement, construction and commissioning of:

- (i) Offshore newbuildings and conversions, including floating storage and offloading vessels (FSO), floating production, storage and offloading vessels (FPSO), floating drilling, production, storage and offloading vessels (FDPSO), floating production units (FPU) and mobile offshore production units (MOPU);
- (ii) Gas terminals (including Gravifloat nearshore modular terminal solutions), floating liquefied natural gas vessels (FLNG) and FSRU;
- (iii) Jack-ups, semi-submersibles and drillships; and
- (iv) Sevan SSP cylindrical hull solutions, tension leg platforms (TLP) and SPARs (floating oil platforms typically used in very deep waters).

Repairs & Upgrades

Repairs & Upgrades offers one-stop repair and upgrade solutions for all types of O&M vessels and structures.

The product areas include:

- (i) Repair, refurbishment, retrofitting and life-extension of vessels, including gas carriers (LNG/liquefied petroleum gas), cruise ships, ferries, mega-yachts, naval vessels, conventional tankers, container carriers and bulk carriers;
- (ii) Turnkey upgrading and conversion of FPSOs, FSUs, FSRUs, as well as O&M structures (including floating production vessels and mobile offshore drilling units (MODU));
- (iii) Green technology retrofits, including scrubbers, ballast water management systems and fuel saving technologies;
- (iv) Specialised projects, including jumboisation and dejumboisation; and
- (v) Full range of afloat and emergency repairs and services, including underwater cleaning and repairs as well as riding crew and voyage repairs.

APPENDIX 3

REVIEW OF PAST PERFORMANCE, WORKING CAPITAL, PROSPECTS AND OTHER DEVELOPMENTS

Offshore Platforms

Offshore Platforms provides design and construction solutions for a wide range of offshore platforms, catering to the highest technical specifications for a global customer base.

The product areas include turnkey engineering, procurement, construction, transportation, installation, offshore hook-up, commissioning and brownfield solutions for:

- (i) Offshore wind energy fixed platforms (including substation platforms and wind turbine foundations);
- (ii) Offshore oil and gas fixed platforms (including integrated production facilities, utility and living quarters, compression and power generation, well head and risers, and jackets); and
- (iii) Onshore LNG and process modules.

Specialised Shipbuilding

Specialised Shipbuilding provides design and construction solutions for high-performance, specialised vessels.

The product areas include:

- (i) Gas value chain vessels (compressed gas liquid and LNG);
- (ii) Renewable energy support vessels and offshore support vessels (heavy-lift, pipe-lay and accommodation);
- (iii) Passenger and car ferries, expedition ships and cruise vessels;
- (iv) Naval support and security vessels; and
- (v) Research and scientific survey vessels.

The solutions of the Group's four commercial units are underpinned by a number of technology subsidiaries in the Group's global network, including:

- (a) LMG Marin, a naval architecture and ship design firm with over 75 years of history and an extensive portfolio of leading-edge vessel designs, including zero-emission vessel designs;
- (b) Sevan SSP, known in the industry for its cylindrical hull solutions that are especially suited for harsh-environment operations; and
- (c) Gravifloat, with its unique modular nearshore solutions such as LNG export and import terminals for the gas value chain.

APPENDIX 3
REVIEW OF PAST PERFORMANCE, WORKING CAPITAL, PROSPECTS AND OTHER DEVELOPMENTS

CONSOLIDATED INCOME STATEMENTS

The audited consolidated income statements of the Group for FY2018, FY2019 and FY2020 and the unaudited consolidated income statements of the Group for 1H2020 and 1H2021 are set out below.

	← Audited →			← Unaudited →	
	FY2018 S\$'000	FY2019 S\$'000	FY2020 S\$'000	1H2020 S\$'000	1H2021 S\$'000
Turnover	4,887,866	2,882,560	1,510,280	906,199	844,186
Cost of sales	(4,884,772)	(2,974,378)	(2,000,743)	(1,100,784)	(1,432,433)
Gross profit/(loss)	3,094	(91,818)	(490,463)	(194,585)	(588,247)
Other operating income	49,608	44,879	146,136	93,150	68,163
Other operating expenses	(2,811)	(6,325)	(143,931)	(24,511)	(143,950)
General and administrative expenses	(102,214)	(85,526)	(93,287)	(46,827)	(44,898)
Operating loss	(52,323)	(138,790)	(581,545)	(172,773)	(708,932)
Finance income	55,026	93,275	51,625	29,909	22,882
Finance costs	(101,356)	(130,027)	(141,802)	(79,000)	(42,133)
Non-operating income	141	185	501	501	-
Share of results of associates and joint ventures, net of tax	(2,385)	(1,603)	513	550	663
Loss before tax	(100,897)	(176,960)	(670,708)	(220,813)	(727,520)
Tax credit	22,531	36,773	83,500	26,476	78,013
Loss for the year/period	(78,366)	(140,187)	(587,208)	(194,337)	(649,507)
Loss attributable to:					
Owners of the Company	(74,131)	(137,174)	(582,510)	(192,146)	(647,242)
Non-controlling interests	(4,235)	(3,013)	(4,698)	(2,191)	(2,265)
Loss for the year/period	(78,366)	(140,187)	(587,208)	(194,337)	(649,507)

A review of the past performance of the Group from FY2018 to 1H2021 is set out below.

FY2019 compared to FY2018

Turnover

The Group's revenue for FY2019 totalled S\$2.88 billion, compared with S\$4.89 billion booked in FY2018. This was mainly due to lower revenue recognition from Rigs & Floaters and Offshore Platforms projects, mitigated by higher revenue from Repairs & Upgrades.

On a segmental basis:

- (i) Revenue for Rigs & Floaters was S\$2.07 billion in FY2019, compared with S\$4.15 billion in FY2018. The higher revenue in FY2018 had been due to revenue recognition on delivery of seven jack-up rigs to Borr Drilling, one jack-up to BOT Lease and the sale of a semi-submersible rig. Revenue in FY2019 was mainly contributed by higher percentage recognition from ongoing drillship and floater projects. They included the two Transocean drillships, the Shell Vito FPU, the Johan Castberg FPSO and the Karish FPSO projects.
- (ii) Offshore Platforms revenue was S\$131 million in FY2019 with revenue recognition from the Hornsea 2 wind farm substations and Tangguh gas modules projects. FY2018 revenue of S\$184 million was higher on contributions from the Culzean platform projects, which were completed and delivered in June 2018.

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- (iii) Revenue from Repairs & Upgrades totalled S\$605 million in FY2019, which was 27% higher than the S\$476 million in FY2018 with higher revenue per vessel at S\$2.16 million (as compared to S\$1.61 million in FY2018) on improved vessel mix of higher-value works. A total of 280 vessels were repaired or upgraded at the Group's yards in the year (as compared to 296 units in FY2018).

In FY2019, Rigs & Floaters continued to account for the largest share of revenue at 72%; Offshore Platforms contributed 5%; Repairs & Upgrades contributed 21%; Specialised Shipbuilding contributed 1% and other activities contributed the remaining 1%.

Earnings

The Group's operating loss for FY2019 was S\$139 million, compared with FY2018's operating loss of S\$52 million. While margins continued to be recognised from newly secured floater projects, FY2019's operating loss was mainly due to continued low overall business volumes, and accelerated depreciation of S\$48 million arising from the Group's transformation and yard consolidation strategy.

The Group incurred net finance costs of S\$37 million, lower compared with S\$46 million for FY2018, due to higher interest income earned in FY2019.

FY2019's net loss attributable to owners of the Company was S\$137 million, compared to the net loss attributable to owners of the Company of S\$74 million reported in FY2018. This was due mainly to the accelerated depreciation for the Tanjong Kling Yard of S\$48 million and continued low overall business volume. It was partly offset by profits from the Repairs & Upgrades business, which rose on improved margins and better product mix.

FY2020 compared to FY2019

Turnover

The Group's turnover for FY2020 was S\$1.51 billion, a decrease of 48%, due to the adverse impact of the COVID-19 pandemic on the macro-environment and the resulting oil price volatility. Delays in execution of existing projects and the securing of new projects contributed to the lower turnover. FY2020 revenue recognition was lower for Rigs & Floaters and Repairs & Upgrades businesses, mitigated by higher revenue recognition for Specialised Shipbuilding and Offshore Platforms businesses, which included renewable energy solutions.

On a segmental basis:

- (i) Rigs & Floaters business earned S\$674 million in revenue during FY2020, compared with the S\$2.07 billion for the previous year. The lower revenue was due to production stoppages from April to July 2020 as a result of COVID-19 restrictions, and lower rig-building activity, a reflection of weak oil prices. Rig-building revenue totalled S\$158 million in FY2020, with most of the revenue booked from the two Transocean advanced drillship projects. Revenue from floaters was S\$517 million in FY2020, a 59% decrease from FY2019. Revenue was recognised from Johan Castberg FPSO, Karish FPSO, P-71 FPSO, Shell Vito and Whale FPU's and FPSO conversion for Shapoorji.
- (ii) Turnover for Offshore Platforms more than doubled to S\$310 million in FY2020 from S\$131 million in FY2019. Besides Fixed Production Platforms projects such as Tyra and Gallaf, the improved revenue came from notable renewable solutions projects under execution. These included: Ørsted Hornsea 2 Wind Farm Offshore Substation and Reactive Compensation Station Topsides; Jan De Nul Formosa 2 Offshore Wind Farm Wind Turbine Jacket Foundations; and early design works for RWE Renewables Sofia Offshore Wind Farm High Voltage Direct Current (HVDC) offshore converter platform. The Group delivered the Tangguh LNG modules in June 2020 and the Offshore Wind Farm Jacket Foundations for the Hornsea 2 project in August 2020.

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- (iii) Repairs & Upgrades were similarly affected by production stoppages associated with COVID-19 measures. Revenue from this segment declined by 30% to S\$425 million in FY2020. While overall revenue decreased, revenue per vessel increased to S\$2.91 million compared to S\$2.16 million for the prior year, due to improved product mix. The Group continues to benefit from the new IMO regulations on ballast water treatment and fuel sulphur reduction. In 2020, the Group completed 34 Ballast Water Management Systems retrofit projects and 16 scrubber projects. The Group will continue to drive its growth in these green technology retrofit solutions and related works. The Repairs and Upgrades team serviced a total of 146 vessels in FY2020 including FSRU, as well as cruise ships.
- (iv) Specialised Shipbuilding revenue was S\$55 million in FY2020, up from S\$35 million in FY2019. Ongoing projects include three units of battery-operated Ropax (Roll-on/Roll-off Passenger) ferries as well as a 12,000 cbm LNG bunker vessel project.

In FY2020, Rigs & Floaters continued to account for the largest share of revenue at 45%; Offshore Platforms contributed 21%; Repairs & Upgrades contributed 28%; Specialised Shipbuilding contributed 4% and other activities contributed the remaining 2%.

Earnings

The Group recorded a net loss attributable to owners of the Company of S\$583 million in FY2020. This was mainly due to the disruption from the COVID-19 pandemic causing (i) delays in projects execution and securing of new projects, resulting in lower overall business volumes; (ii) incurrence of higher overall costs for all projects, especially for Rigs & Floaters and Specialised Shipbuilding projects; as well as (iii) S\$144 million of asset impairments and provisions. The loss was partly offset by profit from Repairs & Upgrades and Offshore Platforms businesses, which included Renewable Solutions; and government grants for the COVID-19 pandemic.

The S\$144 million impairments and provisions, which on a pre-tax basis, amounted to S\$162 million, included (i) an increase in provisions of S\$74 million for reinstating the Group's vacated Tanjong Kling Yard; (ii) an impairment loss of S\$49 million on a marine vessel; (iii) a write down of inventory relating to jack-up equipment amounting to S\$34 million; and (iv) an expected credit loss on receivables from a customer of S\$5 million.

1H2021 compared to 1H2020

Turnover

The Group's turnover for 1H2021 was S\$844 million, a decrease of 7% from 1H2020, mainly due to lower revenue recognition from Rigs & Floaters, Repairs & Upgrades and Specialised Shipbuilding projects, mitigated by higher revenue recognition from Offshore Platforms projects. The lower revenue recognition was mainly attributed to the ongoing COVID-19 disruptions that caused delays in the execution and completion of existing projects.

On a segmental basis:

- (i) Revenue for Rigs & Floaters was S\$269 million in 1H2021, compared with S\$459 million in 1H2020. The decline in revenue reflected significantly lower offshore rig building activity and the production stoppages due to COVID-19 manpower constraints.
- (ii) Offshore Platforms revenue more than doubled to S\$296 million for 1H2021 from S\$130 million in 1H2020. This included revenue derived from ongoing renewable solution projects under execution such as Ørsted Hornsea 2 Wind Farm Reactive Compensation Station Topsides, Jan De Nul Formosa 2 Offshore Wind Farm Wind Turbine Jacket Foundations and RWE Renewables Sofia Offshore Wind Farm.

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- (iii) Revenue from Repairs & Upgrades was S\$238 million in 1H2021, which was 8% lower than S\$258 million in 1H2020 with lower revenue per vessel, despite larger number of vessels serviced.
- (iv) Specialised Shipbuilding revenue was S\$14 million in 1H2021, which declined from S\$35 million in 1H2020. Ongoing projects includes three units of battery-operated Ropax (Roll-on/Roll-off Passenger) ferries as well as a 12,000 cbm LNG bunker vessel project.

In 1H2021, Offshore Platforms segment was the largest contributor, constituting 35% of total turnover, followed by Repairs & Upgrades at 28%, Rigs & Floaters at 32%, Specialised Shipbuilding at 2%, and Other activities at 3%.

Earnings

Reflecting the push-out of delivery dates for its ongoing projects, as well as significantly higher provisions of manpower and other costs to complete its ongoing projects over the next 6 to 18 months, the Group registered a net loss attributable to owners of the Company of S\$647 million for 1H2021. This was a severe deterioration compared to the net loss attributable to owners of the Company of S\$192 million for 1H2020.

The S\$647 million net loss attributable to owners of the Company took into account the following provisions totalling S\$472 million (post-tax basis): (i) additional labour and other costs to be incurred over the next 6 to 18 months to complete existing projects of S\$361 million; (ii) an increase in provisions for yards' reinstatement of S\$65 million; and (iii) an increase in asset impairment loss of S\$46 million.

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BALANCE SHEET

The audited balance sheet of the Group as at 31 December 2018, 31 December 2019 and 31 December 2020 and the unaudited balance sheet of the Group as at 30 June 2021 are set out below.

	← Audited →			Unaudited
	31 December 2018 ⁽¹⁾ S\$'000	31 December 2019 ⁽²⁾ S\$'000	31 December 2020 S\$'000	
Non-current assets				
Property, plant and equipment	4,179,257	4,250,971	4,114,919	4,005,308
Right-of-use assets	-	253,304	251,016	247,436
Interests in associates and joint ventures	66,533	14,887	15,423	16,142
Other financial assets	2,881	11,342	4,570	2,791
Trade and other receivables	1,136,124	1,087,631	1,105,551	1,123,955
Contract assets	-	-	-	431,812
Intangible assets	208,934	246,341	220,999	209,782
Deferred tax assets	23,223	29,195	117,283	205,004
	5,616,952	5,893,671	5,829,761	6,242,230
Current assets				
Inventories	80,171	113,108	94,361	94,852
Trade and other receivables	690,550	483,300	618,103	282,717
Contract costs	328,690	88,640	52,703	51,870
Contract assets	998,666	1,462,340	1,551,913	1,338,953
Tax recoverable	10,568	11,658	17,117	18,549
Assets held for sale	1,657	985	-	-
Other financial assets	12,283	15,820	33,840	13,611
Cash and cash equivalents	837,724	389,250	772,426	788,293
	2,960,309	2,565,101	3,140,463	2,588,845
Total assets	8,577,261	8,458,772	8,970,224	8,831,075

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	← Audited →		Unaudited	
	31 December 2018 ⁽¹⁾ S\$'000	31 December 2019 ⁽²⁾ S\$'000	31 December 2020 S\$'000	30 June 2021 S\$'000
Current liabilities				
Trade and other payables	1,532,746	1,341,010	1,052,269	1,426,063
Contract liabilities	139,731	60,186	154,288	169,305
Provisions	16,875	16,433	38,005	37,493
Other financial liabilities	9,809	7,703	4,742	4,064
Current tax payable	7,591	3,758	7,056	10,654
Interest-bearing borrowings	1,055,496	1,421,620	2,121,394	1,614,037
Lease liabilities	483	23,978	22,100	21,714
	2,762,731	2,874,688	3,399,854	3,283,330
Net current assets/(liabilities)	197,578	(309,587)	(259,391)	(694,485)
Non-current liabilities				
Deferred tax liabilities	52,808	28,989	26,852	30,231
Provisions	120,861	106,821	142,800	229,565
Other financial liabilities	10,162	2,204	722	-
Interest-bearing borrowings	3,172,500	1,479,172	1,428,400	1,977,767
Subordinated loan	-	1,500,000	-	-
Lease liabilities	951	254,120	269,467	263,364
Other long-term payables	108,813	6,000	5,982	3,703
	3,466,095	3,377,306	1,874,223	2,504,630
Total liabilities	6,228,826	6,251,994	5,274,077	5,787,960
Net assets	2,348,435	2,206,778	3,696,147	3,043,115
Equity attributable to owners of the Company				
Share capital	484,288	486,217	2,575,374	2,575,374
Other reserves	(51,027)	(44,996)	(57,555)	(60,794)
Revenue reserve	1,878,423	1,732,087	1,149,577	502,060
	2,311,684	2,173,308	3,667,396	3,016,640
Non-controlling interests	36,751	33,470	28,751	26,475
Total equity	2,348,435	2,206,778	3,696,147	3,043,115

Notes:

- (1) In 2018, the Group adopted the Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and International Financial Reporting Standards (“**IFRS**”) frameworks, as well as the new accounting standards that are effective on 1 January 2018. SFRS(I) and IFRS are issued by the Accounting Standards Council and the International Accounting Standards Board respectively. SFRS(I) comprises standards and interpretations that are equivalent to IFRS. The new framework and accounting policies had been applied in preparing the financial statements for FY2018, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.
- (2) The Group applied SFRS(I) 16 *Leases* on 1 January 2019, using the modified retrospective approach. The Group recognises its existing operating lease arrangements as right-of-use assets with corresponding lease liabilities under SFRS(I) 16.

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A review of the financial position of the Group as at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021 is set out below.

31 December 2019 compared to 31 December 2018

The Group's Shareholders' funds decreased to S\$2.17 billion as at 31 December 2019, from S\$2.31 billion as at 31 December 2018.

On 1 January 2019, the Group applied SFRS(I) 16 *Leases*. It thus recognised land leases as right-of-use assets and lease obligations as lease liabilities in the balance sheet.

The Group's total assets of S\$8.46 billion as at 31 December 2019 were 1% lower as compared with S\$8.58 billion as at 31 December 2018. This was mainly due to a decrease in trade and other receivables from collections and a decrease in cash and cash equivalents, arising from capital expenditures and working capital for the ongoing projects. This was offset by an increase in contract assets mainly due to revenue recognised during the period and timing of billings to customers.

The Group's total liabilities of S\$6.25 billion as at 31 December 2019 were similar as compared with S\$6.23 billion as at 31 December 2018.

31 December 2020 compared to 31 December 2019

The Group's Shareholders' funds increased by 69% to S\$3.67 billion as at 31 December 2020, largely resulting from the S\$2.1 billion raised in the 2020 Rights Issue. The Group's 2020 Rights Issue and demerger of the Company from SCI were successfully completed in September 2020. The 2020 Rights Issue strengthened the Group's liquidity position and balance sheet, while the demerger allowed the Group to be more focused in executing its business strategy. Of the S\$2.1 billion raised from the 2020 Rights Issue, S\$1.5 billion was used to settle the outstanding principal of S\$1.5 billion under the subordinated loan from SCI by effectively converting it into equity. Of the balance S\$0.6 billion, S\$0.1 billion was mainly used for working capital purposes.

Net debt as at 31 December 2020 was S\$2.78 billion, an improvement of 31%. Net gearing improved to 0.75 times as at 31 December 2020, from 1.14 times a year earlier (excluding the subordinated loan).

As at 31 December 2020, the Group had net current liabilities totalling S\$259 million arising mainly from loans maturing in the next twelve months. The Group has adequate loan facilities to settle or refinance current borrowings as they fall due.

30 June 2021 compared to 31 December 2020

The Group's Shareholders' funds decreased by 18% to S\$3.02 billion as at 30 June 2021, from S\$3.67 billion as at 31 December 2020.

The Group's total assets of S\$8.83 billion as at 30 June 2021 were 2% lower as compared with S\$8.97 billion as at 31 December 2020 mainly due to depreciation and impairment of property, plant and equipment.

The Group's total liabilities of S\$5.79 billion as at 30 June 2021 was 10% higher as compared with S\$5.27 billion as at 31 December 2020 mainly due to higher accrued payables and provision for additional reinstatement costs.

As at 30 June 2021, the Group had net current liabilities totalling S\$694 million arising mainly from loans maturing in the next twelve months. The Group is in talks with lenders to refinance and re-profile current loans with longer term maturities. For certain loans due, proceeds from the Rights Issue will be utilised to repay such loans.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

The audited consolidated statements of cash flows of the Group for FY2018, FY2019 and FY2020 and the unaudited consolidated statement of cash flows of the Group for 1H2021 are set out below.

	← Audited →		Unaudited	
	FY2018 ⁽¹⁾	FY2019	FY2020	
	S\$'000	S\$'000	S\$'000	
			1H2021	
			S\$'000	
Cash flows from operating activities:				
Loss for the year/period	(78,366)	(140,187)	(587,208)	(649,507)
Adjustments for:				
Finance income	(55,026)	(93,275)	(51,625)	(22,882)
Finance costs	101,356	130,027	141,802	42,133
Depreciation of property, plant and equipment, and right-of-use assets	170,752	214,938	173,800	84,869
Amortisation of intangible assets	24,694	27,530	27,929	12,863
Share of results of associates and joint ventures, net of tax	2,385	1,603	(513)	(663)
(Gain)/loss on disposal of property, plant and equipment	(2,371)	2,428	(947)	(2,425)
Loss on termination of lease liabilities	-	-	2	-
Gain on disposal of intangible assets	(106)	-	-	-
Gain on disposal of a joint venture	-	(185)	-	-
Gain on disposal of assets held for sale	-	-	(501)	-
Gain on disposal of other financial assets	(27)	-	-	-
Negative goodwill	-	(4,999)	-	-
Changes in fair value of financial instruments	2,405	(2,619)	(19,764)	19,850
Net change in fair value of financial assets measured through profit or loss	(114)	-	-	-
Impairment losses on property, plant and equipment	4,663	541	48,989	45,776
Impairment losses on right-of-use assets	-	-	74,191	66,477
Share-based payment expenses	5,833	2,268	1,461	-
Property, plant and equipment written off	58	3,042	43	5
Inventories written down/(back), net	432	(651)	34,179	88
Allowance for/(write-back of) doubtful debts and bad debts, net	2,673	(338)	9,020	2,039
Tax credit	(22,531)	(36,773)	(83,500)	(78,013)
Operating profit/(loss) before working capital changes	156,710	103,350	(232,642)	(479,390)

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	← Audited →		Unaudited	
	FY2018 ⁽¹⁾	FY2019	FY2020	
	S\$'000	S\$'000	S\$'000	
			1H2021	
			S\$'000	
Changes in working capital:				
Inventories	15,170	(32,286)	(15,432)	(579)
Contract costs	2,157,763	190,539	35,937	833
Contract assets	(346,305)	(463,674)	(89,573)	(218,852)
Contract liabilities	(1,071,427)	(79,545)	94,102	15,017
Trade and other receivables	(1,023,301)	272,328	(119,253)	330,340
Trade and other payables	(10,076)	(245,898)	(261,980)	300,085
Provisions	-	-	-	86,176
Cash (used in)/generated from operations	(121,466)	(255,186)	(588,841)	33,630
Interest income received	55,107	68,555	9,135	1,259
Interest paid	(97,899)	(108,192)	(162,309)	(31,907)
Tax paid	(5,726)	(1,346)	(7,876)	(4,937)
Net cash used in operating activities	(169,984)	(296,169)	(749,891)	(1,955)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(343,395)	(316,270)	(89,220)	(23,712)
Proceeds from sale of property, plant and equipment	7,643	1,919	2,025	2,727
Purchase of intangible assets	-	-	(2,411)	(1,523)
Proceeds from sale of intangible assets	168	-	-	-
Acquisition of subsidiary and intellectual property rights, net of cash acquired	(54,594)	-	-	-
Proceeds from disposal of equity investments at fair value through other comprehensive income	6,861	-	-	-
Proceeds from disposal of equity investments at fair value through profit or loss	835	-	-	-
Proceeds from disposal of asset held for sale	-	-	1,467	-
Proceeds from disposal of a joint venture	-	55	-	-
Dividend received from associate	-	160	-	-
Dividend received from joint venture	-	2,404	-	32
Net cash used in investing activities	(382,482)	(311,732)	(88,139)	(22,476)

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	←	Audited	→	
	FY2018 ⁽¹⁾	FY2019	FY2020	Unaudited
	S\$'000	S\$'000	S\$'000	1H2021
				S\$'000
Cash flows from financing activities:				
Proceeds from borrowings	1,101,622	2,732,839	2,397,351	1,052,887
Repayment of borrowings	(990,635)	(2,547,941)	(1,736,533)	(1,001,636)
Proceeds from rights issue, net	-	-	586,587	-
Payment of lease liabilities	(512)	(20,732)	(21,704)	(10,384)
Payment on termination of lease liabilities	-	-	(50)	-
Purchase of treasury shares	(916)	-	-	-
Dividends paid to owners of the Company	(20,888)	-	-	-
Dividends paid to non-controlling interests of subsidiaries	(78)	(78)	(103)	-
Capital contribution by non-controlling interests of subsidiaries	-	-	17	-
Unclaimed dividends	30	-	-	-
Net cash generated from financing activities	88,623	164,088	1,225,565	40,867
Net (decrease)/increase in cash and cash equivalents	(463,843)	(443,813)	387,535	16,436
Cash and cash equivalents at beginning of the year/period	1,301,000	837,173	389,250	772,426
Effect of exchange rate changes on balances held in foreign currencies	16	(4,110)	(4,359)	(569)
Cash and cash equivalents at end of the year/period	837,173	389,250	772,426	788,293

Note:

- (1) In 2018, the Group adopted the SFRS(I) and IFRS frameworks, as well as the new accounting standards that are effective on 1 January 2018. SFRS(I) and IFRS are issued by the Accounting Standards Council and the International Accounting Standards Board respectively. SFRS(I) comprises standards and interpretations that are equivalent to IFRS. The new framework and accounting policies had been applied in preparing the financial statements for FY2018, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

A review of the cash flow and liquidity of the Group from FY2018 to 1H2021 is set out below.

FY2018

The Group's total cash and cash equivalents stood at S\$837 million as at 31 December 2018.

Cash flows generated from operating activities before changes in working capital were S\$157 million in FY2018, compared with S\$489 million in FY2017 due to the effects of the termination of five rig contracts with customers in FY2017. Net cash used in operating activities for FY2018 at S\$170 million was mainly working capital for ongoing projects, offset by receipts from ongoing and completed projects.

Net cash used in investing activities for FY2018 was S\$382 million, mainly for the purchase of property, plant and equipment for Tuas Boulevard Yard, acquisition of subsidiary and intellectual property rights. This was offset by proceeds from disposal of equity investments at fair value through other comprehensive income and proceeds from sale of property, plant and equipment.

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Net cash generated from financing activities for FY2018 was S\$89 million. This related mainly to net proceeds from borrowings, offset by dividends paid.

FY2019

As at 31 December 2019, the Group's cash and cash equivalents stood at S\$389 million.

The Group's operating cash flow generated before working capital changes was S\$103 million in FY2019 compared with S\$157 million in FY2018. Net cash used in operating activities in FY2019 was S\$296 million, mainly for working capital for ongoing projects, offset by receipts for completed projects.

Net cash used for investing activities in FY2019 was S\$312 million, mainly due to the installation of certain new capabilities and completion of the Group's corporate office building at Tuas Boulevard Yard.

Net cash generated from financing activities in FY2019 was S\$164 million. This related mainly to net proceeds from borrowings.

FY2020

As at 31 December 2020, the Group's cash and cash equivalents amounted to S\$772 million.

Net cash used in operating activities for FY2020 was S\$750 million. This was mainly due to the impact of COVID-19, with lower operating cash inflows from less operating activities, and increased costs, resulting in higher net working capital needs.

Net cash used in investing activities for FY2020 was S\$88 million, significantly lower than FY2019's S\$312 million. This was the result of ongoing Group-wide discipline to defer all non-essential capital expenditures to preserve cash flow and manage overall liquidity prudently.

Net cash generated from financing activities for FY2020 was S\$1.23 billion. This related mainly to the net proceeds of S\$0.6 billion from the 2020 Rights Issue, as well as drawdown of existing facilities as part of liquidity management due to the uncertain circumstances in FY2020.

Cash and cash equivalents increased in FY2020 to S\$772 million, again due mainly to net proceeds from borrowings, and the 2020 Rights Issue. The increase is offset by capital expenditures and net working capital for ongoing projects.

1H2021

As at 30 June 2021, the Group's cash and cash equivalents amounted to S\$788 million.

Cash flows used in operating activities before changes in working capital were S\$479 million in 1H2021. Net cash used in operating activities for 1H2021 was S\$2 million, mainly due to working capital for ongoing projects and net interest paid, offset by receipts from completed projects.

Net cash used in investing activities for 1H2021 was S\$22 million, mainly due to purchase of property, plant and equipment.

Net cash generated from financing activities for 1H2021 was S\$41 million. It related mainly to net proceeds from borrowings, offset by payment on lease liabilities.

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REVIEW OF WORKING CAPITAL

The working capital of the Group as at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021 were as follows:

	← Audited →			
	31 December 2018	31 December 2019	31 December 2020	Unaudited 30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Total current assets	2,960,309	2,565,101	3,140,463	2,588,845
Total current liabilities	2,762,731	2,874,688	3,399,854	3,283,330
Net current assets/(liabilities)	197,578	(309,587)	(259,391)	(694,485)

A review of the working capital position of the Group as at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021 is set out below.

31 December 2019 compared to 31 December 2018

The Group's current assets decreased year-on-year by S\$0.39 billion from S\$2.96 billion as at 31 December 2018 to S\$2.57 billion as at 31 December 2019 mainly due to a decrease in contract costs, upon the delivery and sale of a rig under deferred payment terms and cash used for capital expenditures, offset by an increase in contract assets mainly due to revenue recognised during the period and timing of billings to customers. The Group's current liabilities increased year-on-year by S\$0.11 billion from S\$2.76 billion as at 31 December 2018 to S\$2.87 billion as at 31 December 2019 mainly due to reclassification of non-current borrowings maturing in FY2020 to current liabilities, offset by lower trade and other payables on payments made.

As at 31 December 2019, the Group had net current liabilities totalling S\$310 million, arising mainly from loans maturing in FY2020. The Group has adequate existing loan facilities to refinance current borrowings as they fall due.

31 December 2020 compared to 31 December 2019

The Group's current assets increased year-on-year by S\$0.58 billion from S\$2.57 billion as at 31 December 2019 to S\$3.14 billion as at 31 December 2020 mainly due to billings to customers upon project milestones achieved, net proceeds from borrowings, proceeds from the 2020 Rights Issue and receipts from customers, offset by capital expenditures and working capital for ongoing projects.

The Group's current liabilities increased year-on-year by S\$0.53 billion from S\$2.87 billion as at 31 December 2019 to S\$3.40 billion as at 31 December 2020 mainly due to drawdown of new and existing facilities to strengthen liquidity position during this COVID-19 period, offset by loan repayments and lower trade and other payables on payments made.

As at 31 December 2020, the Group had net current liabilities totalling S\$259 million arising mainly from term loans maturing in the next twelve months. The Group has adequate loan facilities to repay or refinance current borrowings as they fall due.

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30 June 2021 compared to 31 December 2020

The Group's current assets decreased by S\$0.55 billion from S\$3.14 billion as at 31 December 2020 to S\$2.59 billion as at 30 June 2021 mainly due to decrease in account receivables as a result of receipts from customers for completed projects and reclassification of contracts assets to non-current assets arising from deferred delivery payment terms agreed with a customer.

The Group's current liabilities decreased by S\$0.12 billion from S\$3.40 billion as at 31 December 2020 to S\$3.28 billion as at 30 June 2021 mainly due to refinancing of current borrowings that fell due into longer term maturities.

As at 30 June 2021, the Group had net current liabilities totalling S\$694 million arising mainly from loans maturing in the next twelve months. The Group is in talks with lenders to refinance and re-profile current loans with longer term maturities. For certain loans due, proceeds from the Rights Issue will be utilised to repay such loans.

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PROSPECTS AND OTHER DEVELOPMENTS

EXTRACT FROM THE COMPANY'S ANNOUNCEMENT DATED 29 JULY 2021 – “Sembcorp Marine reports 1H2021 net loss of S\$647 million, including provisions of S\$472 million, on revenue of S\$844 million”

Sembcorp Marine Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) posted a net loss of S\$647 million for the six months ended 30 June 2021 (“**1H2021**”), reflecting the significant impact of the ongoing COVID-19 disruptions which have caused delays and increases in manpower and other related costs to complete its projects.

Continuing Impact of COVID-19 Pandemic

1. Since the onset of the COVID-19 pandemic, a majority of the Group's projects have been delayed by at least 12 months. The re-introduction of COVID-19 measures in early 2021, including tighter border controls, have disrupted supply chains and exacerbated the shortage of skilled manpower. This further impacted the Group's yard operations and scheduled completion of projects with increased risk of terminations.
2. The Group has been working closely with our customers to reach mutually beneficial outcomes for project re-scheduling. This remains a key priority, together with the health and safety of our workers as well as customers, vendors and partners. While discussions are ongoing, there has been no cancellation to-date of any of our existing projects.
3. To minimise further delays to complete the projects, the Group has actively sourced for skilled workers from alternative sources and worked with the relevant authorities to expedite their entry into Singapore. The Group has made good progress on this front. However, this has resulted in increased manpower and other related costs to complete the Group's ongoing projects over the next 18 months. On average, recruitment from the alternative sources costs more than twice that from the sources the Group used to recruit from. The Group has made full provisions for these projected increases in labour costs, together with the associated re-scheduling of work, extra sub-contract work, additional material usage and other staff turnover related expenses in its 1H2021 financial results.
4. The Group remains focused on completing 16 ongoing projects and on securing new projects which the Group is actively working on. Nevertheless, uncertainties remain.

Financial Review

5. Reflecting the push-out of delivery dates for its ongoing projects, as well as significantly higher provisions of manpower and other costs to complete its ongoing projects over the next 6 to 18 months, the Group registered a net loss of S\$647 million for the six months ended 30 June 2021. This was a severe deterioration compared to the net loss of S\$192 million for 1H2020.
6. The S\$647 million net loss takes into account the following provisions totaling S\$472 million (post tax basis):
 - (i) Additional labour and other costs to be incurred over the next six to 18 months to complete existing projects of S\$361 million;
 - (ii) An increase in provisions for yards' reinstatement of S\$65 million; and
 - (iii) An increase in asset impairment loss of S\$46 million.
7. The Group recorded revenue of S\$844 million for the six months ended 30 June 2021. This was S\$62 million lower or a decline of 7.0% compared to the corresponding period of the prior year because of COVID-19-related re-scheduling of project deliveries.

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REVIEW OF PAST PERFORMANCE, WORKING CAPITAL, PROSPECTS AND OTHER DEVELOPMENTS

Table A: Financial Highlights

Group (S\$ million)	1H2021	1H2020	+ / (-) %
Turnover	844	906	(7)
Gross Loss	(588)	(195)	n.m.
EBITDA	(611)	(72)	n.m.
Operating Loss	(709)	(173)	n.m.
Loss before tax	(728)	(221)	n.m.
Net Loss	(647)	(192)	n.m.
EPS (basic) (cts)	(5.16)	(8.83)	(42)
NAV (cts)	24.03	29.21	(18)

Cash Flow and Liquidity Management

8. The Group's near-term liquidity position has been affected by higher negative operating cash flows, as a result of a significant reduction in revenue receipts and an increase in costs.
9. The Group has actively undertaken actions to reduce its monthly operational cash burn rate and 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.
10. The challenging business conditions have created increasing pressure on the Group in refinancing its existing maturing debt facilities. Securing additional debt financing from lenders is unlikely to be available nor sufficient to meet the Group's funding needs. In fact, the Group expects an increasing need to repay more debt upon their maturity over the next 18 months.
11. The S\$2.1 billion Rights Issue in 2020 raised S\$0.6 billion net cash proceeds. Of this, S\$0.43 billion has been used for working capital purposes. This includes approximately S\$0.13 billion used in July 2021 for materials and equipment of S\$44 million, subcontractors' labour services of S\$72 million and employees' payroll expenses of S\$14 million.
12. It has progressively become evident that the impact of COVID-19 and the industry downturn has been more protracted than originally anticipated and hence the S\$0.6 billion of net proceeds from last year's rights issue is insufficient.

Operations Review

13. A majority of the Group's projects have been delayed by at least 12 months since the onset of the COVID-19 pandemic in 2020.
14. The re-introduction of COVID-19 measures in 2021, including tighter border controls, has further disrupted supply chains and exacerbated the shortage of skilled manpower. This further impacted the Group's yard operations and scheduled completion of projects.

Successful Delivery of Projects

15. Despite operational challenges encountered due to the acute manpower shortage, the Group managed to complete a number of projects successfully. These include:
 - The fabrication of two wellhead and one riser topsides and two bridges for deployment to TotalEnergies' Tyra Redevelopment Field with a sailaway ceremony on 25 July 2021;
 - A 125,000 cubic metre floating storage regasification unit (FSRU), KARMOL's first FSRU, deployed in March 2021 to Senegal to bring cleaner LNG-powered electricity to locations where domestic gas production or infrastructure are not yet available;

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- Major upgrade of heavy-lift vessel Aegir for Heerema Marine Contractors for deployment to Changhua Offshore Wind Project in Taiwan in 1H2021;
- Major upgrade of Floating Production Storage and Offloading (FPSO) Ningaloo Vision; and
- Major repairs of 10 LNG carriers and repairs and upgrades of 22 cruise ships.

Ongoing Project Execution and Related Developments

16. In June 2021, the Group entered into Amendment Agreements with Transocean Offshore Deepwater Holdings Limited to revise the delivery dates of two ultra-deepwater drillships it has contracted to build for Transocean, which took into due consideration work disruptions arising from the COVID-19 pandemic. The drillships, Deepwater Atlas and Deepwater Titan, are the first set of next-generation drillships with ultra-deepwater drilling capability to be constructed in Singapore. They are also the only drillships in the world with three million pound hook-load and capable of 20,000 psi drilling operations. They are designed and equipped to optimise fuel consumption and reduce emissions.
17. The Group also secured an Amendment Contract from Tupi B.V. valued at approximately S\$230 million for modification work to be completed on the FPSO P71 oil and gas vessel. The vessel is expected to be delivered in the last quarter of 2022.
18. In March 2021, the Group made another notable inroad into the renewable energy market with a new contract to design, construct, install and commission the Offshore Converter Platform (OCP) for RWE Renewables' Sofia Offshore Wind Farm, in the UK. Sofia will be the world's most remote OCP.
19. As at end-June 2021, the Group has a net order book of S\$1.78 billion. This comprises S\$1.56 billion of projects under execution (with a total original contract sum of S\$6.1 billion) and S\$0.22 billion of ongoing Repairs & Upgrades projects with firm deliveries in 2021.
20. The Group has a total of 16 projects under execution with five scheduled for completion in 2021 and another nine in FY2022. The remaining two will progressively be completed by 2025.

Projects Under Execution as at 30 June 2021

Renewables Solutions

- Ørsted - Hornsea 2 Offshore Wind Farm: Offshore Substation and Reactive Compensation Station Topsides
- Jan De Nul - Formosa 2 Offshore Wind Farm: Wind Turbine Jacket Foundations
- RWE Renewables - Sofia Offshore Wind Farm: Offshore Converter Platform

Process Solutions

- Equinor - Johan Castberg: Newbuild Floating Production, Storage and Offloading Vessel (FPSO)
- Shell Vito: Newbuild Floating Production Unit (FPU)
- Shell Whale: Newbuild FPU
- NOC - Gallaf Batch 2: Wellhead Platforms
- Tupi P-71: FPSO Modification, Integration and Topside Modules Fabrication
- Shapoorji: FPSO Conversion

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Projects Under Execution as at 30 June 2021

Gas Solutions

- MOL - LNG Bunker Vessel
- TotalEnergies - Tyra Redevelopment Project: Topsides and Bridges
- Technip Energies – Karish: Newbuild FPSO
- KARMOL - Karmol LNGT Powership Asia: Floating Storage & Regasification Unit (FSRU) Conversion and Upgrade
- Gasfin/NYK - Torman II: Floating Storage Unit (FSU) Conversion and Upgrade

Ocean Living Solutions

- Full Battery-operating Roll-on/Roll-off Passenger Ferries (Three units)

Advanced Drilling Rig Solutions

- Transocean Deepwater Atlas Drillship
- Transocean Deepwater Titan Drillship

21. Green energy solutions comprise approximately 34% of the Group's net order book as at 30 June 2021, and the Group's range of cleaner product solutions include Wind Farm Solutions, Small Waterplane Area Cylindrical Hull Solutions, Zero-emission battery-powered & Hydrogen Fuel Cell Powered Vessels, LNG-Battery Hybrid Tugs and Gravifloat LNG Terminals.
22. The Group is currently executing the following wind farm projects:
- The fabrication of two wind farm substation topsides for Ørsted to be deployed at the UK Hornsea 2 Offshore Wind Farm;
 - The fabrication of 15 jacket foundations for the Formosa 2 Offshore Wind Farm; and
 - The design, construction, installation and commissioning of the offshore converter platform, comprising an 18,000-tonne topside and jacket foundation structure for the landmark RWE Renewables Sofia Offshore Wind Farm.

New Order Developments

23. The Group is actively tendering for more than 10 Green projects, including Renewable Energy and Gas Solutions.
24. The Group is also actively working on multiple projects with tenders in progress for the Process Solutions segment covering FPSOs, FSOs and FPU's.
25. In 2019, the Group entered into an exclusive Front-End Engineering and Design (FEED) contract with Siccar Point Energy E&P Ltd to deliver a FPSO design solution for the Cambo field in the UK Continental Shelf. The solution is based on our proprietary Sevan geostationary circular hull, a cost-effective alternative to traditional ship-shaped and turret-moored designs. The Group is continuing with pre-final investment decision work on the Cambo FPSO in anticipation of a final investment decision scheduled in 2H2021.

Workplace Safety & Health

26. The Group is committed to ensuring a safe and secure work environment at all times for its employees, customers, vendors and partners. The win of 24 awards at the Workplace Safety and Health (WSH) 2021 Awards presentation on 29 July 2021 is a testament to the Group's hallmark

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of high standards of workplace health and safety. These wins are especially meaningful given the heightened health and safety requirements brought on by the ongoing COVID-19 pandemic challenges.

27. The Group has a robust and audited Health, Safety and Environment (HSE) integrated management system aimed at the elimination of harm to people, property and the environment. Together with a hosts of other programmes, initiatives and frameworks, the Group strives to provide a safe and conducive work environment for all our stakeholders.

Striving for Growth in Unprecedented Times

28. Within its existing markets, the Group continues to build on its integrated O&M engineering capabilities to move up the value chain and provide a wider suite of products and solutions for its existing business segments. This strategy is aimed at strengthening the Group's competitiveness in winning more orders and improving its overall profitability over the longer-term.
29. With significant growth expected in renewables and other clean energy segments over the next decade and beyond, the Group will also focus on accelerating its transformation to gain further traction in this segment and strengthen its market share.
30. To support its expansion into new and existing markets, the Group will strategically augment its yard facilities and infrastructure to enhance its proposition as a one-stop production centre capable of fabricating, assembling and installing larger and heavier integrated structures.
31. The Group entered into a partnership agreement with SP Group (SP) to enhance the sustainability credentials of its flagship Tuas Boulevard Yard with a further deployment of 4.0 MWp of solar energy across seven rooftops at its yard.
32. At the same time, the Group has also built strategic alliances with government agencies, research institutions, classification societies and industry partners to boost innovation development. In April 2021, the Group signed a Memorandum of Understanding with Shell and Penguin International to jointly explore the viability of hydrogen as a marine fuel, potentially paving the way for emission-free shipping in the future, a first for Singapore. The Group aims to champion decarbonisation in the marine industry.

Outlook

33. The Group still faces uncertainties arising from the COVID-19 led measures of border controls, as well as workforce supply and quarantine restraints.
34. Continuing efforts to resolve the skilled manpower shortage on a timely basis is a key priority to address the risk of further project delays or terminations. The Group has also actively undertaken measures to improve project execution, replenish temporary working capital depletion and enhance the Group's liquidity position. However the Group expects to incur losses in 2H2021 because of insufficient revenues to cover overhead costs.

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NON-BINDING MEMORANDUM OF UNDERSTANDING⁴

The Company had entered into a non-binding Memorandum of Understanding (the “**MOU**”) with KCL on 24 June 2021 to enter into exclusive negotiations to explore a potential combination of the Company and KOM, a subsidiary of KCL (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 Potential Combination is in response to dramatic changes in the global O&M engineering and energy sectors, which are seeing a major global transition away from oil. Several global peers of the Company and KOM have pursued consolidations to create scale, retain talent, more effectively use their asset bases, and position themselves for new opportunities arising from the energy transition.

The Company believes that if completed, the Potential Combination would create a stronger single entity to seize the growing opportunities especially in the renewable and clean energy sectors. The Combined Entity would be better positioned to compete for larger contracts, whilst pursuing synergies that can arise from the increased operational scale and broader geographic footprint.

The Potential Combination is subject to, among others, satisfactory due diligence, further negotiations between parties, execution of definitive agreements, receipt of the relevant regulatory approvals and the approval of shareholders (if and where required) of the respective parties. Pursuant to the terms of the MOU, 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 KCL 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). For the avoidance of doubt, the Potential Combination is not subject to the completion of the Rights Issue and the net proceeds from the Rights Issue will not be used to fund any payment in relation to the Potential Combination.

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 KCL.

⁴ Certain information in this section has been extracted from the Company’s announcements dated 24 June 2021 and 29 July 2021.

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DEVELOPMENTS ON “OPERATION CAR WASH” IN BRAZIL

Developments on “Operation Car Wash” in Brazil

Part of the Group’s business activity is conducted in Brazil and there are ongoing investigations being conducted in connection with corruption allegations in Brazil, known as “Operação Lava Jato” (“**Operation Car Wash**”), as described below.

Chronology of Events

In 2012, the Group secured a number of drill rig construction contracts (the “**Contracts**”) with the subsidiaries of Sete Brasil. Companies connected to Mr Guilherme Esteves de Jesus (“**GDJ**”) were engaged by the Group as consultants in Brazil.

In February 2015, there were various media reports that, *inter alia*, Mr Pedro Jose Barusco (“**PJB**”), Petrobras’ former engineering manager, had made statements to the effect that payments had been made in connection with contracts entered into by Petrobras and/or Sete Brasil.

On 30 March 2015, the Group announced that it had received a copy of a plea bargain entered into between PJB and the Brazilian authorities in which PJB made allegations against GDJ in connection with the Contracts, and that GDJ was arrested by the Brazilian authorities in late March 2015. All contracts for consultancy services provided to the Group by companies connected to GDJ were suspended and remain suspended by the Group indefinitely. The Group has not had any dealings with GDJ or the companies connected to GDJ following such suspension.

In April 2017, GDJ was charged by the Brazilian authorities and he defended the charges when his trial commenced in 2018.

On 3 July 2019, the Group announced that the Brazilian authorities had executed a search warrant on Estaleiro Jurong Aracruz Ltda (“**EJA**”), the Group’s Brazilian subsidiary, in connection with the ongoing investigations related to Operation Car Wash and against GDJ.

The Group also learnt that the investigations which led to the execution of the search warrant on EJA had been expanded to include Mr Martin Cheah Kok Choon (“**MCKC**”), the former president of EJA whose employment with the Group had been terminated in June 2015. EJA co-operated fully with the Brazilian Federal Police and provided material within the scope of the warrant. In light of the investigation by the Brazilian authorities into the activities of MCKC during the time he was in the Group’s employment, the Group lodged a suspicious transaction report in respect of MCKC with the Commercial Affairs Department of the Singapore Police Force.

On 3 February 2020, the Group also announced that it had come to its attention on 1 February 2020 that the Ministério Público Federal in Brazil had filed new charges against GDJ for money laundering. The Group also learnt that the Ministério Público Federal in Brazil had filed charges against MCKC for money laundering and corruption in connection with the Contracts. In light of these developments, the Group lodged a further suspicious transaction report in respect of MCKC with the Commercial Affairs Department of the Singapore Police Force.

On 21 February 2020, the Group announced that it had come to its attention on 20 February 2020 that GDJ had been convicted by the Federal Court of Curitiba of the crimes of corruption, money laundering and participation in a criminal organisation. GDJ was sentenced to 19 years and 4 months in prison and was also fined.

On 4 June 2020, the Group announced that it had come to its attention that the Federal Court of Curitiba accepted the complaint offered by the Ministério Público Federal in Brazil against MCKC for money laundering and corruption in connection with the Contracts. The court also accepted the additional complaint against GDJ for money laundering.

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The Group is continuing to monitor developments in Brazil on this matter.

SCM Board Special Committee

Since early 2015, the Group had formed a Special Committee to conduct independent investigations on the allegations, and to recommend decisions as considered appropriate in connection with the independent investigations.

Due to the evolving nature of the matters in Brazil, the internal investigations being conducted by the Company are still ongoing and have not yet been concluded. These internal investigations remain legally privileged.

The Group's Position

The above charges filed against MCKC and GDJ by the Ministério Público Federal are in their personal capacities and not against EJA or the Company. Other than MCKC, the Group is not aware of any other of its employees past or present that is a subject of the current investigations being conducted by the Brazilian authorities in relation to Operation Car Wash. As at the Latest Practicable Date, the Brazil investigations are still ongoing and the Group's directors have determined that it is premature to predict the eventual outcome of this matter.

As stated in the Group's announcements on 3 July 2019, 8 July 2019, 3 February 2020 and 21 February 2020, the Group is committed to the highest standards of compliance with anti-corruption laws and does not condone, has not condoned and will not tolerate any improper business conduct. The Group has a strict compliance programme and continuously works to ensure that policies and procedures are in place to prevent any violation of any anti-corruption laws applicable to its operations.

Potential Outcome

The potential outcome of Operation Car Wash as well as other ongoing corruption-related investigations against other persons unconnected to the Group is uncertain and the outcome of any such investigations may have a negative impact on the Group's operations in Brazil, and on investor sentiments towards the Group's operations in Brazil. The Group has no control over and cannot predict the outcome of such investigations or allegations. The Group also has no control over and cannot predict whether such investigations by the Brazilian authorities will lead to new allegations or investigations.

At this point in time, the Group can give no assurance that such investigations will not result in fines and/or penalties imposed on the Group or whether such fines and/or penalties will not have a material adverse effect on the Group's operating results, businesses, assets, financial condition, performance or prospects.

Audit Opinion

As announced on 15 July 2020, KPMG Auditores Independentes ("**KPMG AI**"), the Independent Auditors for EJA have issued a disclaimer of opinion in their Independent Auditors' Report dated 13 July 2020 in relation to the financial statements of EJA for FY2019 ("**EJA FY2019 Financial Statements**") ("**KPMG AI Opinion**"). It was noted that the Brazilian authorities executed a search warrant at the Company's facilities on 3 July 2019, which was connected with the on-going investigations being conducted in connection with Operation Car Wash in Brazil. As the internal investigation being conducted by external counsel under the supervision of the Special Committee of the Group is still in progress, the KPMG AI Opinion was issued as KPMG AI was unable to obtain sufficient appropriate audit evidence from the ongoing work and from other sources about the potential impact of this matter on the EJA FY2019 Financial Statements.

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As also announced on 15 July 2020, the KPMG AI Opinion does not have a material impact on the Group's financial position or consolidated financial statements for FY2019. As stated in the announcement on 15 July 2020, the KPMG AI Opinion does not change the audit opinion issued by KPMG LLP, the Independent Auditors of the Group, on 3 March 2020 on the Group's consolidated financial statements for FY2019.

Since January 2021, Premiumbravo Auditores has replaced KPMG AI as auditors of EJA. The independent auditor's opinion issued in relation to the financial statements of EJA for FY2020 is unqualified.

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CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT



SEMBCORP MARINE LTD
Registration Number: 196300098Z

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE
2021 & RELATED ANNOUNCEMENT

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APPENDIX 4
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT



SEMBCORP MARINE LTD
 Registration Number: 196300098Z

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

A. CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Note	Group		+ / (-) %
		1H 2021 \$'000	1H 2020 \$'000	
Turnover	3	844,186	906,199	(6.8)
Cost of sales	4	(1,432,433)	(1,100,784)	30.1
Gross loss		(588,247)	(194,585)	n.m.
Other operating income	5	68,163	93,150	(26.8)
Other operating expenses	5	(143,950)	(24,511)	n.m.
General and administrative expenses	6	(44,898)	(46,827)	(4.1)
Operating loss		(708,932)	(172,773)	n.m.
Finance income	7	22,882	29,909	(23.5)
Finance costs	7	(42,133)	(79,000)	(46.7)
Non-operating income	8	-	501	n.m.
Share of results of associates and joint ventures, net of tax		663	550	20.5
Loss before tax		(727,520)	(220,813)	n.m.
Tax credit	10	78,013	26,476	n.m.
Loss for the period		(649,507)	(194,337)	n.m.
Loss attributable to:				
Owners of the Company		(647,242)	(192,146)	n.m.
Non-controlling interests		(2,265)	(2,191)	3.4
Loss for the period		(649,507)	(194,337)	n.m.
Earnings per ordinary share (cents)	12			
Basic		(5.16)	(8.83)	(41.6)
Diluted		(5.16)	(8.83)	(41.6)

n.m.: not meaningful

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CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	1H 2021	1H 2020	+ / (-)
	\$'000	\$'000	%
Loss for the period	(649,507)	(194,337)	n.m.
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations	(6,692)	30,778	n.m.
Net change in fair value of cash flow hedges	4,592	(32,254)	n.m.
Net change in fair value of cash flow hedges transferred to profit or loss	(1,429)	2,200	n.m.
Realisation of reserve upon disposal of subsidiaries	4	-	n.m.
Other comprehensive income for the period, net of tax	<u>(3,525)</u>	<u>724</u>	n.m.
Total comprehensive income for the period	<u>(653,032)</u>	<u>(193,613)</u>	n.m.
Total comprehensive income attributable to:			
Owners of the Company	(650,756)	(191,464)	n.m.
Non-controlling interests	<u>(2,276)</u>	<u>(2,149)</u>	5.9
Total comprehensive income for the period	<u>(653,032)</u>	<u>(193,613)</u>	n.m.

APPENDIX 4
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

C. CONDENSED INTERIM BALANCE SHEETS

	Note	Group		Company	
		As at	As at	As at	As at
		30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	13	4,005,308	4,114,919	3,249	5,720
Right-of-use assets	14	247,436	251,016	2,036	2,543
Investment properties		-	-	42,670	47,182
Investments in subsidiaries	15	-	-	3,586,152	3,586,155
Interests in associates and joint ventures		16,142	15,423	-	-
Other financial assets		2,791	4,570	-	-
Trade and other receivables		1,123,955	1,105,551	324,700	127,700
Contract assets		431,812	-	-	-
Intangible assets		209,782	220,999	133	122
Deferred tax assets		205,004	117,283	28,490	16,559
		6,242,230	5,829,761	3,987,430	3,785,981
Current assets					
Inventories		94,852	94,361	-	-
Trade and other receivables		282,717	618,103	39,689	31,719
Contract costs		51,870	52,703	-	-
Contract assets		1,338,953	1,551,913	-	-
Tax recoverable		18,549	17,117	-	-
Other financial assets		13,611	33,840	-	-
Cash and cash equivalents		788,293	772,426	305,836	499,024
		2,588,845	3,140,463	345,525	530,743
Total assets		8,831,075	8,970,224	4,332,955	4,316,724
Current liabilities					
Trade and other payables		1,426,063	1,052,269	43,228	20,614
Contract liabilities		169,305	154,288	-	-
Provisions		37,493	38,005	-	-
Other financial liabilities		4,064	4,742	-	-
Current tax payable		10,654	7,056	1,694	12,227
Interest-bearing borrowings	17	1,614,037	2,121,394	50,000	50,000
Lease liabilities		21,714	22,100	9,232	9,073
		3,283,330	3,399,854	104,154	91,914
Net current (liabilities)/assets		(694,485)	(259,391)	241,371	438,829
Non-current liabilities					
Deferred tax liabilities		30,231	26,852	-	-
Provisions		229,565	142,800	152,077	85,498
Other financial liabilities		-	722	-	-
Interest-bearing borrowings	17	1,977,767	1,428,400	-	-
Lease liabilities		263,364	269,467	47,658	51,773
Other long-term payables		3,703	5,982	1,731	4,002
		2,504,630	1,874,223	201,466	141,273
Total liabilities		5,787,960	5,274,077	305,620	233,187
Net assets		3,043,115	3,696,147	4,027,335	4,083,537
Equity attributable to owners of the Company					
Share capital	18	2,575,374	2,575,374	2,575,374	2,575,374
Other reserves		(60,794)	(57,555)	(22,861)	(22,861)
Revenue reserve		502,060	1,149,577	1,474,822	1,531,024
		3,016,640	3,667,396	4,027,335	4,083,537
Non-controlling interests		26,475	28,751	-	-
Total equity		3,043,115	3,696,147	4,027,335	4,083,537

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CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
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D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

i. Statements of Changes in Equity of the Group

	Attributable to owners of the Company							Non-controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
1H 2021									
At 1 January 2021	2,575,374	(771)	(1,683)	(32,334)	(22,767)	1,149,577	3,667,396	28,751	3,696,147
Total comprehensive income									
Loss for the period	-	-	-	-	-	(647,242)	(647,242)	(2,265)	(649,507)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(6,681)	-	-	(6,681)	(11)	(6,692)
Net change in fair value of cash flow hedges	-	-	-	-	4,592	-	4,592	-	4,592
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(1,429)	-	(1,429)	-	(1,429)
Realisation of reserves upon disposal of subsidiaries	-	-	-	260	19	(275)	4	-	4
Total other comprehensive income	-	-	-	(6,421)	3,182	(275)	(3,514)	(11)	(3,525)
Total comprehensive income	-	-	-	(6,421)	3,182	(647,517)	(650,756)	(2,276)	(653,032)
Transactions with owners of the Company, recognised directly in equity									
Total transactions with owners	-	-	-	-	-	-	-	-	-
At 30 June 2021	2,575,374	(771)	(1,683)	(38,755)	(19,585)	502,060	3,016,640	26,475	3,043,115
1H 2020									
At 1 January 2020	486,217	(771)	(1,683)	(27,455)	(15,087)	1,732,087	2,173,308	33,470	2,206,778
Total comprehensive income									
Loss for the period	-	-	-	-	-	(192,146)	(192,146)	(2,191)	(194,337)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	30,736	-	-	30,736	42	30,778
Net change in fair value of cash flow hedges	-	-	-	-	(32,254)	-	(32,254)	-	(32,254)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	2,200	-	2,200	-	2,200
Total other comprehensive income	-	-	-	30,736	(30,054)	-	682	42	724
Total comprehensive income	-	-	-	30,736	(30,054)	(192,146)	(191,464)	(2,149)	(193,613)
Transactions with owners of the Company, recognised directly in equity									
Issue of new shares	2,570	-	-	-	(2,104)	-	466	-	466
Share-based payments	-	-	-	-	733	-	733	-	733
Total transactions with owners	2,570	-	-	-	(1,371)	-	1,199	-	1,199
At 30 June 2020	488,787	(771)	(1,683)	3,281	(46,512)	1,539,941	1,983,043	31,321	2,014,364

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D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Cont'd)

ii. Statements of Changes in Equity of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1H 2021						
At 1 January 2021	2,575,374	(771)	960	(23,050)	1,531,024	4,083,537
Total comprehensive income						
Loss for the period	-	-	-	-	(56,202)	(56,202)
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(56,202)	(56,202)
Transactions with owners of the Company, recognised directly in equity						
Total transactions with owners	-	-	-	-	-	-
At 30 June 2021	2,575,374	(771)	960	(23,050)	1,474,822	4,027,335
1H 2020						
At 1 January 2020	486,217	(771)	960	(22,412)	1,495,694	1,959,688
Total comprehensive income						
Profit for the period	-	-	-	-	1,164	1,164
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,164	1,164
Transactions with owners of the Company, recognised directly in equity						
Issue of new shares	2,570	-	-	(2,104)	-	466
Share-based payments	-	-	-	484	-	484
Cost of share-based payment issued to employees of subsidiaries	-	-	-	249	-	249
Total transactions with owners	2,570	-	-	(1,371)	-	1,199
At 30 June 2020	488,787	(771)	960	(23,783)	1,496,858	1,962,051

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E. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1H 2021 \$'000	1H 2020 \$'000
Cash flows from operating activities:		
Loss for the period	(649,507)	(194,337)
Adjustments for:		
Finance income	(22,882)	(29,909)
Finance costs	42,133	79,000
Depreciation of property, plant and equipment, and right-of-use assets	84,869	86,633
Amortisation of intangible assets	12,863	13,970
Share of results of associates and joint ventures, net of tax	(663)	(550)
(Gain)/loss on disposal of property, plant and equipment	(2,425)	119
Loss on termination of lease liabilities	-	14
Gain on disposal of asset held for sale	-	(501)
Changes in fair value of financial instruments	19,850	24,270
Impairment losses on property, plant and equipment	45,776	-
Impairment losses on right-of-use assets	66,477	-
Share-based payment expenses	-	733
Property, plant and equipment written off	5	-
Inventories written down, net	88	1
Allowance for doubtful debts and bad debts, net	2,039	214
Tax credit	(78,013)	(26,476)
Operating loss before working capital changes	(479,390)	(46,819)
Changes in working capital:		
Inventories	(579)	(19,056)
Contract costs	833	(5,394)
Contract assets	(218,852)	(188,568)
Contract liabilities	15,017	36,918
Trade and other receivables	330,340	158,688
Trade and other payables	300,085	16,260
Provisions	86,176	(3,985)
Cash generated from/(used in) operations	33,630	(51,956)
Interest income received	1,259	1,332
Interest paid	(31,907)	(70,490)
Tax paid	(4,937)	(858)
Net cash used in operating activities	(1,955)	(121,972)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(23,712)	(57,801)
Proceeds from sale of property, plant and equipment	2,727	103
Proceeds from disposal of asset held for sale	-	1,467
Purchase of intangible assets	(1,523)	(196)
Dividend received from joint venture	32	-
Net cash used in investing activities	(22,476)	(56,427)
Cash flows from financing activities:		
Proceeds from borrowings	1,052,887	2,018,582
Repayment of borrowings	(1,001,636)	(1,110,201)
Payment of lease liabilities	(10,384)	(9,352)
Payment on termination of lease liabilities	-	(49)
Net cash generated from financing activities	40,867	898,980
Net increase in cash and cash equivalents	16,436	720,581
Cash and cash equivalents at beginning of the period	772,426	389,250
Effect of exchange rate changes on balances held in foreign currencies	(569)	(2,800)
Cash and cash equivalents at end of the period	788,293	1,107,031

APPENDIX 4

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Domicile and activities

Sembcorp Marine Ltd (the “Company”) is a company incorporated in the Republic of Singapore and has its registered office at 80 Tuas South Boulevard, Singapore 637051, and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

The principal activities of the Company are the provision of management services and investment holding.

The principal activities of the Group are the provision of innovative engineering solutions to the global offshore, marine and energy industries.

2. Basis of preparation

2.1. Going concern basis of accounting

The condensed interim financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its debt obligations as and when they fall due within the next twelve months.

The outbreak of the COVID-19 pandemic and the measures adopted by the Singapore Government to mitigate the pandemic’s spread have impacted the Group. The onset of the COVID-19 pandemic in 2020 delayed the industry recovery and created severe disruptions, including reductions in capital expenditure by oil majors and disruptions in global supply chains. These disruptions have extended into 2021 with the re-imposition of COVID-19 restrictions to combat new waves of localised infections, including tighter border controls which exacerbated the shortages of skilled manpower for the Group. As a result, disruptions to yard operations have impacted the execution and completion of projects, along with deferrals of deliveries and payments by customers. This has adversely affected the Group’s working capital position.

The Group’s \$2.1 billion rights issue completed in September 2020 had strengthened the Group’s financial position and allowed the Group to continue to pursue its strategic expansion towards the renewable and clean energy segments. The proceeds were used to reduce the Group’s leverage and debt servicing obligations by converting the \$1.5 billion Subordinated Loan owing to Sembcorp Industries Ltd into equity in Sembcorp Marine with the balance of approximately \$0.6 billion to fund ongoing operations. However, the prolonged disruptions from COVID-19 have created further near-term liquidity challenges for the Group.

On 24 June 2021, the Group announced a renounceable underwritten rights issue to raise proceeds of approximately \$1.5 billion to meet immediate funding needs, strengthen the Group’s balance sheet, replenish temporary working capital depletion amidst continuing COVID-19 disruptions, and enhance the Group’s liquidity position.

As at 30 June 2021, the Group recorded net current liabilities of \$694,485,000 and incurred a loss of \$649,507,000 and negative operating cash flows of \$1,955,000 for the six months ended 30 June 2021. The Group is in talks with lenders to refinance and re-profile current loans with longer term maturities. For certain loans due, proceeds from the rights issue announced in June 2021 will be utilised to repay them.

There is uncertainty over how the future development of the COVID-19 pandemic will impact the Group’s business including customers’ demand for its products. The appropriateness of the going concern basis of accounting is dependent on the continued availability of borrowings or alternative sources of capital or liquidity to meet its financial obligations as they fall due.

Management of the Group is confident that the continuing use of the going concern assumption in the preparation of the financial statements is appropriate.

APPENDIX 4

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

2.2. Statement of compliance

The condensed interim financial statements are prepared in accordance to Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs). All references to SFRS(I)s and IFRSs are referred to as SFRS(I)s in these condensed interim financial statements unless otherwise specified.

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting*. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

Except as disclosed in Note 2.3. below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as the most recent audited financial statements for the year ended, and as at, 31 December 2020.

The condensed interim financial statements are presented in Singapore dollars which is the Company's functional currency.

2.3. New and amended standards

The Group has applied the following SFRS(I)s, interpretations of SFRS(I) and requirement of SFRS(I) which are mandatorily effective from 1 January 2021:

- *Interest Rate Benchmark Reform – Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The adoption of the above standards do not have any significant impact on the financial statements.

2.4. Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as at and for the year ended 31 December 2020.

3. Segment and revenue information

The Group has two reportable segments, which are the Group's strategic business units. They are: (i) rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding; and (ii) ship chartering. The strategic business units are managed separately because of their different business activities. The results of all projects related to shipbuilding and repairs are reviewed as a whole and form the basis for resource allocation decisions of the shipyard activities.

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, intangible assets, current assets and exclude inter-segment balances. Segment liabilities comprise mainly operating liabilities and exclude inter-segment balances. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's President & CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Other operations include bulk trading in marine engineering related products, collection and treatment of used copper slag, and the processing and distribution of copper slag for blast cleaning purposes.

The Group operates principally in the Republic of Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

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F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

3.1. Operating segments

(i) Business segments:

1H 2021	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
Turnover					
Sales to external parties	832,926	9,267	1,993	-	844,186
Inter-segment sales	-	-	17,303	(17,303)	-
Total	832,926	9,267	19,296	(17,303)	844,186
Results					
Segment results	(660,172)	(47,838)	(922)	-	(708,932)
Finance income	27,501	-	26,777	(31,396)	22,882
Finance costs	(54,053)	(847)	(18,629)	31,396	(42,133)
Share of results of associates and joint ventures, net of tax	31	-	632	-	663
(Loss)/profit before tax	(686,693)	(48,685)	7,858	-	(727,520)
Tax credit/(expense)	79,300	(857)	(430)	-	78,013
(Loss)/profit for the period	(607,393)	(49,542)	7,428	-	(649,507)
Capital expenditure					
	19,369	3,785	56	-	23,210
Significant non-cash items					
Depreciation and amortisation	91,667	5,788	277	-	97,732
Changes in fair value of financial instruments	(2,319)	-	22,169	-	19,850
Inventories written down, net	88	-	-	-	88
Allowance for doubtful debts and bad debts, net	2,039	-	-	-	2,039
Impairment losses on property, plant and equipment	-	45,718	58	-	45,776
Impairment losses on right-of-use assets	66,477	-	-	-	66,477
Property, plant and equipment written off	5	-	-	-	5
As at 30-Jun-2021					
Assets					
Segment assets	9,221,822	185,405	2,415,843	(3,231,690)	8,591,380
Interests in associates and joint ventures	4,296	-	11,846	-	16,142
Deferred tax assets	204,312	692	-	-	205,004
Tax recoverable	18,549	-	-	-	18,549
Total assets	9,448,979	186,097	2,427,689	(3,231,690)	8,831,075
Liabilities					
Segment liabilities	6,398,420	49,361	2,099,172	(2,799,878)	5,747,075
Deferred tax liabilities	29,331	900	-	-	30,231
Current tax payable	5,736	1,453	3,465	-	10,654
Total liabilities	6,433,487	51,714	2,102,637	(2,799,878)	5,787,960

(ii) Geographical segments:

	1H 2021		1H 2021		As at 30-Jun-2021		As at 30-Jun-2021	
	Turnover from external customers		Capital expenditure		Non-current assets ⁽¹⁾		Total assets	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	102,245	12	9,158	40	4,268,103	71	6,932,322	78
Rest of Asia, Australia & India	87,677	10	297	1	116,299	2	145,021	2
Qatar	113,215	13	-	-	-	-	-	-
Rest of Middle East & Africa	1,066	-	-	-	-	-	-	-
United Kingdom	117,621	14	13	-	2,209	-	3,973	-
Norway	81,687	10	-	-	37,493	1	49,956	1
The Netherlands	22,300	3	-	-	79,532	1	83,112	1
Rest of Europe	93,843	11	5	-	133	-	3,594	-
Brazil	40,076	5	13,737	59	1,530,416	25	1,612,657	18
U.S.A.	184,351	22	-	-	250	-	440	-
Other countries	105	-	-	-	-	-	-	-
Total	844,186	100	23,210	100	6,034,435	100	8,831,075	100

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, right-of-use assets, interests in associates and joint ventures, trade and other receivables, contract assets and intangible assets.

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F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

3.1. Operating segments (Cont'd)

(i) Business segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
1H 2020					
Turnover					
Sales to external parties	893,110	11,863	1,226	-	906,199
Inter-segment sales	-	-	40,955	(40,955)	-
Total	893,110	11,863	42,181	(40,955)	906,199
Results					
Segment results	(161,674)	(7,536)	(3,563)	-	(172,773)
Finance income	45,488	-	52,460	(68,039)	29,909
Finance costs	(97,233)	(991)	(48,815)	68,039	(79,000)
Non-operating income	501	-	-	-	501
Share of results of associates and joint ventures, net of tax	300	-	250	-	550
(Loss)/profit before tax	(212,618)	(8,527)	332	-	(220,813)
Tax credit/(expense)	26,531	757	(812)	-	26,476
Loss for the period	(186,087)	(7,770)	(480)	-	(194,337)
Capital expenditure					
	52,978	-	-	-	52,978
Significant non-cash items					
Depreciation and amortisation	93,353	6,929	321	-	100,603
Gain on disposal of asset held for sale	(501)	-	-	-	(501)
Changes in fair value of financial instruments	(1,492)	-	25,762	-	24,270
Inventories written down, net	1	-	-	-	1
Allowance for doubtful debts and bad debts, net	214	-	-	-	214
As at 31-Dec-2020					
Assets					
Segment assets	9,493,478	240,673	2,134,105	(3,047,855)	8,820,401
Interests in associates and joint ventures	4,209	-	11,214	-	15,423
Deferred tax assets	116,578	705	-	-	117,283
Tax recoverable	17,117	-	-	-	17,117
Total assets	9,631,382	241,378	2,145,319	(3,047,855)	8,970,224
Liabilities					
Segment liabilities	6,212,052	53,514	2,022,458	(3,047,855)	5,240,169
Deferred tax liabilities	25,952	900	-	-	26,852
Current tax payable	3,448	609	2,999	-	7,056
Total liabilities	6,241,452	55,023	2,025,457	(3,047,855)	5,274,077

(ii) Geographical segments:

	1H 2020		1H 2020		As at 31-Dec-2020		As at 31-Dec-2020	
	Turnover from external customers \$'000	%	Capital expenditure \$'000	%	Non-current assets ⁽¹⁾ \$'000	%	Total assets \$'000	%
Singapore	112,417	12	33,412	63	3,874,972	68	6,959,615	78
Rest of Asia, Australia & India	131,734	15	456	1	122,299	2	157,200	2
Middle East & Africa	24,083	3	-	-	-	-	-	-
United Kingdom	48,162	5	5	-	2,315	-	4,345	-
Norway	102,580	11	13	-	46,050	1	55,848	1
France	74,349	8	37	-	127	-	2,268	-
The Netherlands	13,799	2	-	-	128,179	2	134,147	1
Rest of Europe	80,872	9	-	-	34	-	802	-
Brazil	87,530	10	19,055	36	1,533,461	27	1,654,327	18
U.S.A.	228,478	25	-	-	471	-	1,672	-
Other countries	2,195	-	-	-	-	-	-	-
Total	906,199	100	52,978	100	5,707,908	100	8,970,224	100

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, right-of-use assets, interests in associates and joint ventures, trade and other receivables and intangible assets.

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F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

3.2. Disaggregation of revenue

	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
1H 2021					
Turnover					
Sales to external parties	832,926	9,267	1,993	-	844,186
Inter-segment sales	-	-	17,303	(17,303)	-
Total	832,926	9,267	19,296	(17,303)	844,186
Major product and service lines					
Ship and rig building or conversion	269,216	-	-	-	269,216
Repair, maintenance and related services	237,935	-	-	-	237,935
Offshore platforms	295,540	-	-	-	295,540
Specialised shipbuilding	13,944	-	-	-	13,944
Charter hire	-	9,267	-	-	9,267
Sale of goods	-	-	1,993	-	1,993
Others	16,291	-	-	-	16,291
Total	832,926	9,267	1,993	-	844,186
Timing of revenue recognition					
Control transferred over time	820,143	9,267	-	-	829,410
Control transferred at a point in time	12,783	-	1,993	-	14,776
Total	832,926	9,267	1,993	-	844,186
1H 2020					
Turnover					
Sales to external parties	893,110	11,863	1,226	-	906,199
Inter-segment sales	-	-	40,955	(40,955)	-
Total	893,110	11,863	42,181	(40,955)	906,199
Major product and service lines					
Ship and rig building or conversion	458,684	-	-	-	458,684
Repair, maintenance and related services	258,063	-	-	-	258,063
Offshore platforms	130,261	-	-	-	130,261
Specialised shipbuilding	35,421	-	-	-	35,421
Charter hire	-	11,863	-	-	11,863
Sale of goods	-	-	1,226	-	1,226
Others	10,681	-	-	-	10,681
Total	893,110	11,863	1,226	-	906,199
Timing of revenue recognition					
Control transferred over time	853,908	11,863	-	-	865,771
Control transferred at a point in time	39,202	-	1,226	-	40,428
Total	893,110	11,863	1,226	-	906,199

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F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

4. Cost of Sales

	Group	
	1H 2021 \$'000	1H 2020 \$'000
Cost of sales	(1,432,433)	(1,100,784)
<i>Included in cost of sales:</i>		
Depreciation and amortisation	(93,298)	(95,856)
Inventories written down, net	(88)	(1)
Property, plant and equipment written off	(5)	-

5. Other operating income/(expenses)

	Note	Group	
		1H 2021 \$'000	1H 2020 \$'000
Other operating income		68,163	93,150
Other operating expenses		(143,950)	(24,511)
		<u>(75,787)</u>	<u>68,639</u>
<i>Included in other operating income/(expenses):</i>			
Changes in fair value of financial instruments		(19,850)	(24,270)
Foreign exchange gain, net		23,354	36,962
Gain/(loss) on disposal of property, plant and equipment, net		2,425	(119)
Impairment losses on property, plant and equipment	13	(45,776)	-
Impairment losses on right-of-use assets	14	(66,477)	-
Restoration costs		(11,806)	-
Rental income		5,392	5,311
Grant income		22,851	42,191
Other income		14,141	8,686
Other expenses		(41)	(122)
		<u>(75,787)</u>	<u>68,639</u>

6. General and administrative expenses

	Group	
	1H 2021 \$'000	1H 2020 \$'000
General and administrative expenses	(44,898)	(46,827)
<i>Included in general and administrative expenses:</i>		
Depreciation and amortisation	(4,434)	(4,747)
Allowance for doubtful debts and bad debts, net	(2,039)	(214)

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F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

7. Finance income and finance costs

	Group	
	1H 2021	1H 2020
	\$'000	\$'000
Finance income	22,882	29,909
Finance costs	(42,133)	(79,000)
	(19,251)	(49,091)
<i>Included in finance income/(costs):</i>		
Interest income	22,882	29,909
Interest paid and payable to bank and others	(29,712)	(65,784)
Amortisation of capitalised transaction costs	(5,177)	(2,763)
Unwind of discount on restoration costs	(758)	(664)
Interest expense on lease liabilities	(6,486)	(9,789)
	(19,251)	(49,091)

8. Non-operating income

The non-operating income in 1H 2020 relates to a gain on disposal of a workshop in Malaysia.

9. Seasonality of operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

10. Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated income statement are:

	Group	
	1H 2021	1H 2020
	\$'000	\$'000
Current tax expense	(7,192)	(7,109)
Over/(under) provided in prior years	186	(42)
Deferred tax credit	85,235	33,499
(Under)/over provided in prior years	(216)	128
Tax credit	78,013	26,476

Sources of estimation uncertainty on current tax

The Group is subject to taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for taxes. In determining the amount of current and deferred taxes, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The Group believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxes and deferred tax provisions in the period in which such determination is made.

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10. Tax (Cont'd)

Sources of estimation uncertainty on deferred tax assets

Certain subsidiaries of the Group have tax benefits arising from unutilised tax losses, tax credits and deductible temporary differences, which are available for set-off against future taxable profits. Of these, the utilisation of these tax benefits, for which deferred tax asset was recognised, is presumed on the Group's ability to generate taxable profits in the foreseeable future. This is, however, highly dependent on macroeconomic conditions impacting the offshore and marine sector, expected movements and recovery of oil prices, and financial strength of the Group's customers, which would then significantly affect the realisability of these deferred tax assets. Information about the assumptions and their risk factors relating to the profit forecasts are disclosed in Note 13.

11. Dividend

There is no dividend recommended for the period ended 30 June 2021 (30 June 2020: Nil).

12. Earnings per ordinary share

	Group	
	1H 2021	1H 2020*
(i) Based on the weighted average number of shares (cents)	(5.16)	(8.83)
- Weighted average number of shares ('000)	12,555,229	2,176,872
(ii) On a fully diluted basis (cents)	(5.16)	(8.83)
- Adjusted weighted average number of shares ('000)	12,555,229	2,176,872

* With the completion of the issuance of rights shares on 11 September 2020, prior period comparatives for earnings per share were restated per SFRS(I)1-33 through retrospective application of a bonus factor to the weighted average number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.

13. Property, Plant and Equipment

During the six months ended 30 June 2021, the Group acquired property, plant and equipment with an aggregate cost of \$21,687,000 (30 June 2020: \$52,761,000).

The property, plant and equipment comprise mainly marine vessels and shipyard assets attributable to the "rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding" operating segment. Within this operating segment, there are two key cash generating units in Singapore and Brazil. These property, plant and equipment, together with right of-use assets and certain intangible assets, were tested for impairment.

Impairment assessment of the Group's accommodation vessel

Due to the increasingly challenging and competitive market environment, worsened by the impact from the COVID-19 pandemic, management assessed that there were indicators of impairment for the vessel in the current period.

As the Group expects to recover the value of the accommodation vessel through continuing use on a charter basis, the Group used the discounted cash flow projections to determine the recoverable amount. The cash flows projection considered different outcomes that took into account the expected renewal rates based on prevailing and foreseeable market conditions. The renewal rates (taking into consideration prevailing rates) have been adjusted downwards, assuming a certain level of discount from the contractual rates under the last long term charter contract, but factored a 2% inflationary adjustment till the end of the economic useful life of the vessel. The assumed operating cost is based on approved budget and adjusted for inflation at 2% per annum throughout the cash flow periods. The average utilisation rate is assumed at 85% (per assessment performed as at 31 December 2020); and the terminal value is based on expected scrap value at the end of the economic useful life of the vessel. These cash flows are then discounted using the pre-tax weighted average cost of capital determined to be at 8.14% (31 December 2020: 9.13%).

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F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

13. Property, Plant and Equipment (Cont'd)

Impairment assessment of the Group's accommodation vessel (Cont'd)

Based on the Group's assessment of the recoverable amount of the marine vessel of \$79,919,000 (31 December 2020: \$129,716,000) using a range of probability-weighted possible outcomes at period end, an impairment loss of \$45,718,000 (1H 2020: \$nil) was recognised in the current period's profit or loss. An impairment loss of \$48,989,000 was recognised in the financial year ended 31 December 2020.

The above assumptions are inherently judgemental. The forecasted charter rates and utilisation assumed in the value in use is subject to estimation uncertainties. A further 5% decrease in charter rate and utilisation rate throughout the cash flow periods from the weighted outcomes would lead to additional impairment of \$15,959,000 and \$12,687,000 respectively.

Impairment assessment of the Group's shipyard assets

Owing to the continuing difficult market conditions impacting the offshore and marine sector, and the negative impact to the Group's financial performance and liquidity arising from the resurgence of COVID-19 infections and the re-introduction of COVID-19 measures adopted by the Singapore Government to mitigate the pandemic's spread, there were indications that the Group's shipyards (the "cash generating units") might be impaired. Under the Group's impairment assessment of the individual cash generating units in: (i) Singapore (yards in Singapore, together with their sub-contracting yards in Indonesia and the United Kingdom); and (ii) Brazil, the recoverable amounts for the Group's individual cash generating units were determined using the value in use calculations.

The value in use calculation for the Group's cash generating units used discounted cash flow projections which took into account management's assessment of the forecasted order book over a period of 5 years for Singapore and Brazil (the "projection periods"), with applicable growth rates for Singapore and Brazil beyond the projection periods (up to a maximum of 40 years). The value in use calculations are updated to reflect the most recent developments on the economic impacts of the COVID-19 pandemic on gross domestic product and inflation as at the review date. Due to the high level of uncertainty, it was very challenging to predict the full extent and duration of the COVID-19 pandemic's impact on the Group's operations. Key drivers supporting the recoverable amounts include: forecasted order book, project margins which are projected with reference to historical experience and taking into account planned recoveries, and long term growth rate of less than 5%.

The cash flows are projected based on the Group's historical experience, market observable data surrounding the state-owned and international oil majors' capital commitment and projected capital expenditures in oil and gas production and exploration activities, regulations relating to local content requirements in Brazil, market expectations and developments for contract order prices, and other external analysts' forecast reports in oil price movements and demands for drilling and production solutions. As the Group pivots to also support the energy transition to renewable energy, the cash flow projections included forecast orders in renewable solutions, of which projections are based on the Group's past experience in this area, market developments on financial support for renewable energy infrastructure, and other analysts' forecast reports on renewable energy demand and growth. These cash flows are then discounted using the applicable discount rates based on their pre-tax weighted average cost of capital of 6.18% (31 December 2020: 7.40%) and 8.97% (31 December 2020: 12.46%) for the Singapore cash generating unit and Brazil cash generating unit respectively.

Based on the Group's assessment, no impairment loss is required for these individual cash generating units as at 30 June 2021 and 31 December 2020 as the recoverable amounts assessed were in excess of the carrying amounts of the cash generating units.

The forecasted order book and the forecasted margins assumed in the value in use calculation are, however, subject to estimation uncertainties that may have a significant risk of resulting in material adjustments in any future periods affected.

The estimation uncertainties of the forecasted order book of the Singapore cash generating unit is, however, reduced by a certain level of order books already secured by the Group. Nevertheless, there are remaining estimation uncertainties surrounding the remaining unsecured order book, and forecast project margins, that may result in significant adjustments in the future periods.

Certain phases of the Brazil cash generating unit are presently undergoing yard construction and the yard will gradually ramp up to its full operational capacity over the years. The Group has factored in the long-term fundamentals of the oil and gas industry in Brazil in their forecast. Changes in the recoverable amount are sensitive to impairment loss if the forecast order book and the forecasted margins beyond the near term were to deviate from the original forecast. The recoverable amount of the Brazil cash generating unit is further subject to political risk and will be reviewed at regular intervals.

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F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

13. Property, Plant and Equipment (Cont'd)

Impairment assessment of the Group's shipyard assets (Cont'd)

Changes to the assumptions used in relation to the above key drivers, such as delays and/or decrease in order book, and reduction in project margins could lead to lower operating cash inflows and material impairment outcomes, which might in turn affect the financial position and performance of the Group.

For the Singapore cash generating unit, a 10% (31 December 2020: 10%) decrease in order book or 1% (31 December 2020: 1%) decrease in forecasted project margins throughout the cash flow periods would significantly reduce the recoverable amount but not likely to cause the recoverable amount to be below carrying amount.

For the Brazil cash generating unit, a 33.5% (31 December 2020: 9.2%) decrease in order book or 5.6% (31 December 2020: 0.9%) decrease in forecasted project margins throughout the cash flow periods would be required for the recoverable amount to equal the carrying amount.

14. Right-of-use assets and leases

The Group leases many assets including land and buildings and tugboats.

During the six months ended 30 June 2021, the Group recognised right-of-use assets amounting to \$74,666,000 (30 June 2020: \$23,901,000), which included additional provision for restoration costs of \$74,655,000 (30 June 2020: \$nil).

As part of the Group's transformation and yard consolidation strategy, the Group is scheduled to restore the yard at Tanjong Kling Road ("Tanjong Kling Yard") and return the land to the Singapore Government by 2025. Accordingly, an impairment loss of \$66,477,000 (30 June 2020: \$nil) was recognised as the lease is determined to be onerous once the restoration works commence.

15. Investments in subsidiaries

Impairment assessment of the Company's investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimate of the value-in-use ("VIU") of the subsidiaries. Estimating the VIU requires the Company to make an estimate of the future cash flows expected from the cash generating unit and appropriate discount rate in order to calculate the present value of these cash flows. The forecasts used to estimate the future cash flows are subject to the risks noted in the impairment assessments of the Group's shipyards. Information about the assumptions and risk factors are disclosed in Note 13.

Based on the Company's assessment, no impairment loss is required as at 30 June 2021 and 31 December 2020 as the recoverable amounts assessed were in excess of the carrying amounts of the cash generating unit.

16. Net asset value

	Group		Company	
	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	24.03	29.21	32.08	32.52

17. Group's borrowings and debt securities

	As at 30-Jun-2021 \$'000	As at 31-Dec-2020 \$'000
Interest-bearing borrowings:		
(i) <u>Amount repayable in one year or less, or on demand</u>		
Unsecured	1,614,037	2,121,394
(ii) <u>Amount repayable after one year</u>		
Unsecured	1,977,767	1,428,400

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18. Share capital

(i) Issued and Paid Up Capital

As at 30 June 2021, the Company's issued and paid up capital, excluding treasury shares, comprises 12,555,229,044 (31 December 2020: 12,555,229,044) ordinary shares.

(ii) Treasury Shares

	Number of shares	
	2021	2020
At 1 January and 30 June	416,840	416,840

As at 30 June 2021, 416,840 (30 June 2020: 416,840) treasury shares were held that may be issued upon the vesting of performance shares and restricted shares under the Company's Performance Share Plan ("PSP") and Restricted Share Plan ("RSP") respectively.

(iii) Performance Shares

	Number of shares	
	2021	2020
At 1 January	1,168,000	2,618,000
Performance shares lapsed arising from targets not met	(911,040)	(1,450,000)
At 30 June	256,960	1,168,000

During 1H 2021, there were 911,040 (1H 2020: 1,450,000) performance shares that lapsed due to the under achievement of performance targets.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 June 2021 was 256,960 (30 June 2020: 1,168,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 385,440 (30 June 2020: 1,752,000) performance shares.

(iv) Restricted Shares

	Number of shares	
	2021	2020
At 1 January	956,036	2,372,975
Conditional restricted shares awarded	-	757,800
Conditional restricted shares released	-	(2,050,445)
Conditional restricted shares lapsed	(47,123)	(99,625)
At 30 June	908,913	980,705

During 1H 2021, there were no (1H 2020: 757,800) restricted shares awarded under the RSP, no (1H 2020: 2,050,445) restricted shares released and 47,123 (1H 2020: 99,625) restricted shares that lapsed. The restricted shares released during 1H 2020 were settled by way of issuance of new shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 June 2021 was 908,913 (30 June 2020: 980,705).

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19. Related parties

19a. Related party transactions

The Group had the following outstanding balances and significant transactions with related parties during the period/year:

	Outstanding balances		Significant transactions	
	30-Jun-2021 \$'000	31-Dec-2020 \$'000	30-Jun-2021 \$'000	30-Jun-2020 \$'000
Related corporations				
Sales	29	71	-	39
Purchases	(1,356)	(2,035)	(15,525)	(14,552)
Finance income	-	-	-	377
Finance costs	-	-	-	(38,108)
Others	-	-	-	(3)
Associates and joint ventures				
Sales	224	194	3	-
Purchases	(876)	(1,037)	(2,898)	(3,461)
Rental income	-	-	4	-
Finance income	14	-	33	176
Others	(240)	(357)	25	20

19b. Compensation of key management personnel

There were no changes to the key management personnel in 1H 2021. There were no changes to the compensation scheme in 1H 2021.

20. Fair value measurements

The Group classifies financial assets and liabilities measured at fair value using a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy are as follows:

- Level 1 – Fair values are measured based on quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 – Fair values are measured using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3 – Fair values are measured using inputs which are not based on observable market data (unobservable input).

Securities

The fair value of financial assets at fair value through profit or loss, and fair value through other comprehensive income, is based on quoted market prices (bid price) in an active market at the balance sheet date without any deduction for transaction costs. If the market for a quoted financial asset is not active, and for unquoted financial assets, the Group establishes fair value by using other valuation techniques.

Derivatives

The fair value of forward exchange contracts is accounted for based on the difference between the contractual price and the current market price.

The fair value of interest rate swaps is the indicative amount that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.

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F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

20. Fair value measurements (Cont'd)

Non-derivative non-current financial assets and liabilities

Fair values determined for non-derivative non-current financial assets and liabilities are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date. This includes determination for fair value disclosure purpose as well.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

For financial instruments that are not actively traded in the market, the fair value is determined by independent third party or using valuation techniques where applicable. The Group may use a variety of methods and make assumptions that are based on existing market conditions at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate the fair value for medium term notes for disclosure purpose. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. Where discounted cash flow techniques are used, the management will estimate the future cash flows and use relevant market rate as the discount rate at the balance sheet date.

Financial assets and liabilities carried at fair value

	Fair value measurement using:			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Group				
At 30 June 2021				
Financial assets at fair value through other comprehensive income				
- Unquoted equity shares	-	-	2,642	2,642
Derivative financial assets	-	13,760	-	13,760
Derivative financial liabilities	-	(4,064)	-	(4,064)
Total	-	9,696	2,642	12,338
At 31 December 2020				
Financial assets at fair value through other comprehensive income				
- Unquoted equity shares	-	-	2,642	2,642
Derivative financial assets	-	35,768	-	35,768
Derivative financial liabilities	-	(5,464)	-	(5,464)
Total	-	30,304	2,642	32,946

In 30 June 2021 and 31 December 2020, there were no transfers between the different levels of the fair value hierarchy.

Assets and liabilities not carried at fair value but for which fair values are disclosed*

	Fair value measurement using:			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Group				
At 30 June 2021				
Interest-bearing borrowings	-	(1,984,284)	-	(1,984,284)
At 31 December 2020				
Interest-bearing borrowings	-	(1,417,688)	-	(1,417,688)

* Excludes financial assets and liabilities whose carrying amounts measured on the amortised cost basis that approximate their fair values due to their short-term nature, frequent repricing, and/or where the effect of discounting is immaterial.

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F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

20. Fair value measurements (Cont'd)

The fair values of financial assets and liabilities measured on amortised cost basis, together with the carrying amounts shown in the balance sheets are as follows:

Group	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
At 30 June 2021				
Cash and cash equivalents	788,293	-	788,293	788,293
Trade and other receivables*	1,346,301	-	1,346,301	1,346,301
	<u>2,134,594</u>	<u>-</u>	<u>2,134,594</u>	<u>2,134,594</u>
Trade and other payables**	-	1,414,293	1,414,293	1,414,293
Interest-bearing borrowings				
- Short-term borrowings	-	1,614,037	1,614,037	1,614,335
- Long-term borrowings	-	1,977,767	1,977,767	1,984,284
	<u>-</u>	<u>5,006,097</u>	<u>5,006,097</u>	<u>5,012,912</u>
Group				
At 31 December 2020				
Cash and cash equivalents	772,426	-	772,426	772,426
Trade and other receivables*	1,581,902	-	1,581,902	1,581,902
	<u>2,354,328</u>	<u>-</u>	<u>2,354,328</u>	<u>2,354,328</u>
Trade and other payables**	-	1,031,032	1,031,032	1,031,032
Interest-bearing borrowings				
- Short-term borrowings	-	2,121,394	2,121,394	2,121,394
- Long-term borrowings	-	1,428,400	1,428,400	1,417,688
	<u>-</u>	<u>4,580,826</u>	<u>4,580,826</u>	<u>4,570,114</u>
Company				
At 30 June 2021				
Cash and cash equivalents	305,836	-	305,836	305,836
Trade and other receivables*	361,763	-	361,763	361,763
	<u>667,599</u>	<u>-</u>	<u>667,599</u>	<u>667,599</u>
Trade and other payables**	-	42,568	42,568	42,568
Interest-bearing borrowings				
- Short-term borrowings	-	50,000	50,000	50,000
	<u>-</u>	<u>92,568</u>	<u>92,568</u>	<u>92,568</u>
Company				
At 31 December 2020				
Cash and cash equivalents	499,024	-	499,024	499,024
Trade and other receivables*	159,122	-	159,122	159,122
	<u>658,146</u>	<u>-</u>	<u>658,146</u>	<u>658,146</u>
Trade and other payables**	-	18,722	18,722	18,722
Interest-bearing borrowings				
- Short-term borrowings	-	50,000	50,000	50,000
	<u>-</u>	<u>68,722</u>	<u>68,722</u>	<u>68,722</u>

* Excludes Goods and Services Tax.

** Excludes deposits received, advance payment from customers, Goods and Services Tax, deferred grants and long-term employee benefits.

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F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

21. Electoral Suit in Brazil

The Brazilian Public Prosecutors filed a complaint before the Electoral Courts in Aracruz, Espírito Santo, against the Company's subsidiary in Brazil, Estaleiro Jurong Aracruz Ltda ("EJA") in 2015 alleging that political donations were made in 2014 (in total BRL 1.75 million or equivalent to approximately SGD 470,000 as at June 2021) which exceeded the threshold permitted by law.

The dispute arises from the interpretation of the Art. 81, paragraph 1, of the Brazilian Law n. 9,504/97 (effective as the time of the donation) that prescribed that the donation was subject to a limit of two percent of the Company's gross revenue in the year preceding the elections. As the definition of "gross revenue" is not clearly defined under the Electoral Code, there was disagreement as to whether a narrow definition of the "gross revenue" for tax purposes, or a broad definition of total revenue should apply as has already been decided by the Superior Electoral Tribunal (TSE) (the highest court in Brazilian electoral justice system) in similar cases.

In late June 2021, EJA was notified of a decision rendered by the local court of Aracruz where the judge took the narrow interpretation and applied a fine of an amount which corresponds to half of the Prosecutor's request. The fine was BRL 8.57 million, equivalent to SGD2.33 million as at June 2021.

EJA denies all allegations that it has breached the relevant laws and will appeal against the decision, which contradicts precedents from the Superior Electoral Tribunal (TSE).

APPENDIX 4
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review by KPMG LLP

The condensed interim financial statements, comprising the condensed interim balance sheets of Sembcorp Marine Ltd (“the Company”) and its Subsidiaries (“the Group”) as at 30 June 2021, the condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes, as set out on pages 1 to 21 of this announcement, have been reviewed by KPMG LLP in Singapore in accordance with the Singapore Standard on Review Engagement 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

The comparative information for the condensed interim balance sheets are based on the audited financial statements as at 31 December 2020. The comparative information for the condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows and certain explanatory notes for the six-month period ended 30 June 2020 has not been audited or reviewed.

2. Review of performance of the Group

Condensed interim consolidated income statement

(a) Turnover

	1H 2021	1H 2020	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rigs & floaters	269.2	458.7	(189.5)	(41.3)
Repairs & upgrades	237.9	258.1	(20.2)	(7.8)
Offshore platforms	295.6	130.3	165.3	n.m.
Specialised shipbuilding	13.9	35.4	(21.5)	(60.7)
Other activities	27.6	23.7	3.9	16.5
	844.2	906.2	(62.0)	(6.8)

Turnover for 1H 2021 decreased mainly due to lower revenue recognition from Rigs & floaters, Repairs & upgrades and Specialised shipbuilding projects, mitigated by higher revenue recognition from Offshore platforms projects. The lower revenue recognition was mainly attributed to the ongoing COVID-19 disruptions that caused delays in the execution and completion of existing projects.

(b) Gross loss

Gross loss for 1H 2021 was higher mainly due to the significant impact of ongoing COVID-19 disruptions causing further delays and increase in manpower and other related costs to complete existing projects.

(c) Other operating income/(expenses)

- (i) Changes in fair value of financial instruments were due to mark-to-market adjustments of foreign currency forward contracts used for managing the Group’s foreign currency exposures.
- (ii) Lower foreign exchange gain in 1H 2021 was mainly due to the revaluation of assets and liabilities denominated in United States dollar to Singapore dollar.
- (iii) Impairment losses on property, plant and equipment for 1H 2021 was mainly due to impairment of a marine vessel.
- (iv) Impairment losses on right-of-use assets for 1H 2021 mainly relates to right-of-use assets from the additional restoration costs of land and building at Tanjong Kling Yard.
- (v) Restoration costs for 1H 2021 mainly relates to additional restoration costs of land and building at Shipyard Road.
- (vi) Lower grant income in 1H 2021 was mainly due to lower government grants for COVID-19 pandemic.
- (vii) Higher other income in 1H 2021 was mainly due to higher sales of scrap.

APPENDIX 4
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Cont'd)

2. Review of performance of the Group (Cont'd)

Condensed interim consolidated income statement (Cont'd)

(d) General and administrative expenses

Higher allowance for doubtful and bad debts was mainly due to the expected credit loss for receivables.

(e) Finance income and finance costs

- (i) Lower finance income in 1H 2021 was mainly due to lower interest income from customers on deferred payment arrangement.
- (ii) Lower finance costs in 1H 2021 was mainly due to lower average borrowings and lower interest expense on lease liabilities compared to 1H 2020, offset by higher amortisation of capitalised transaction costs.

(f) Loss attributable to Owners of the Company ("Net loss")

Net loss for 1H 2021 was higher mainly due to higher gross loss, increase in restoration cost and impairment loss on a marine vessel; offset by net foreign exchange gain, lower net finance costs and higher tax credit.

Condensed interim consolidated statement of comprehensive income

The movement in foreign currency translation differences for foreign operations arose primarily from the consolidation of entities whose functional currencies are United States dollars.

Net change in fair value of cash flow hedges were due to the mark-to-market adjustments of foreign currency forward contracts and interest rate swaps.

Net change in fair value of cash flow hedges transferred to profit or loss relates to reclassification to profit or loss upon realisation of cash flow hedges.

Condensed interim balance sheets

(a) Group

Non-current assets

'Other financial assets' decreased mainly due to fair value adjustments on foreign currency forward contracts.

'Contract assets' increased mainly due to reclassification from current contract assets arising from deferred delivery payment terms agreed with a customer.

'Deferred tax assets' increased mainly due to tax credit on unutilised tax losses.

Current assets

'Trade and other receivables' decreased mainly due to receipts from customers for completed projects.

'Contract assets' decreased mainly due to reclassification to non-current assets arising from deferred delivery payment terms agreed with a customer, offset by revenue recognised during the period and timing of billings to customers.

'Other financial assets' decreased mainly due to fair value adjustments on foreign currency forward contracts.

Current liabilities

'Trade and other payables' increased mainly due to higher payables during the period.

'Other financial liabilities' decreased mainly due to fair value adjustments on interest rate swaps.

'Current tax payable' increased mainly due to provision made during the period, offset by tax paid.

'Interest-bearing borrowings' decreased mainly due to refinancing of current borrowings that fell due into longer term maturities.

APPENDIX 4
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Cont'd)

2. Review of performance of the Group (Cont'd)

Condensed interim balance sheets (Cont'd)

(a) Group (Cont'd)

Net current liabilities

As at 30 June 2021, the Group had net current liabilities totalling \$694 million arising mainly from term loans maturing in the next twelve months. The Group is in talks with lenders to refinance and re-profile current loans with longer term maturities. For certain loans due, proceeds from the rights issue announced in June 2021 will be utilised to repay them.

Non-current liabilities

'Deferred tax liabilities' increased mainly due to the movements in temporary differences.

'Provisions' increased mainly due to provision for additional restoration costs.

'Other financial liabilities' decreased mainly due to fair value adjustments on foreign currency forward contracts and interest rate swaps.

'Interest-bearing borrowings' increased mainly due to refinancing of current borrowings that fell due into longer term maturities.

'Other long-term payables' decreased mainly due to lower provision for long-term employee benefits.

(b) Company

Non-current assets

'Property, plant and equipment' decreased mainly due to depreciation charge for the period.

'Right-of-use assets' decreased mainly due to depreciation charge for the period.

'Investment properties' decreased mainly due to depreciation charge for the period.

'Trade and other receivables' increased mainly due to non-current loan to a subsidiary.

'Deferred tax assets' increased mainly due to the movements in temporary differences.

Current assets

'Trade and other receivables' increased mainly due to higher receivables from subsidiaries.

'Cash and cash equivalents' decreased mainly due to loan to a subsidiary.

Current liabilities

'Trade and other payables' increased mainly due to higher payables due to subsidiaries.

'Current tax payable' decreased mainly due to tax paid, offset by provision made during the period.

Non-current liabilities

'Provisions' increased mainly due to provision for additional restoration costs.

'Other long-term payables' decreased mainly due to lower provision for long-term employee benefits.

APPENDIX 4
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Cont'd)

2. Review of performance of the Group (Cont'd)

Condensed interim consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	30-Jun-2021	30-Jun-2020
	\$'000	\$'000
Fixed deposits	5,612	6,681
Cash and bank balances	782,681	1,100,350
Cash and cash equivalents	788,293	1,107,031

Half year

Cash flows used in operating activities before changes in working capital were \$479 million in 1H 2021. Net cash used in operating activities for 1H 2021 at \$2 million was mainly due to working capital for ongoing projects and net interest paid, offset by receipts from completed projects.

Net cash used in investing activities for 1H 2021 was \$22 million, mainly due to purchase of property, plant and equipment.

Net cash generated from financing activities for 1H 2021 was \$41 million. It relates mainly to net proceeds from borrowings, offset by payment on lease liabilities.

3. Variance from prospect statement

Please refer to paragraph 4.

4. Prospects

The Group still faces uncertainties arising from the COVID-19-led measures of border controls, as well as workforce supply and quarantine restraints. Continuing efforts to resolve the skilled manpower shortage on a timely basis is a key priority to address the risk of further project delays or terminations. The Group has also actively undertaken measures to improve project execution, replenish temporary working capital depletion and enhance the Group's liquidity position. However the Group expects to incur losses in 2H2021 because of insufficient revenues to cover overhead costs.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, cost of capital and capital availability, competition from other companies and venues for the sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expense, including employee wages, benefits and training, governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

5. Dividend

There is no dividend recommended for the period ended 30 June 2021.

APPENDIX 4
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Cont'd)

6. Interested person transactions

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)	
		1H 2021 \$'000	1H 2020 \$'000	1H 2021 \$'000	1H 2020 \$'000
Transaction for the Purchase of Goods and Services					
SembWaste Pte. Ltd.	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	-	-	-	341
Total Interested Person Transactions		-	-	-	341

7. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

TAN YAH SZE / KEM HUEY LEE SHARON
JOINT COMPANY SECRETARIES

29 July 2021

APPENDIX 4
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT



Confirmation by the Board

On behalf of the Board of Directors of Sembcorp Marine Ltd ("the Company"), we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read "Tan Sri Mohd Hassan Marican", written above a horizontal line.

Tan Sri Mohd Hassan Marican
Chairman

A handwritten signature in blue ink, appearing to read "Wong Weng Sun", written above a horizontal line.

Wong Weng Sun
Director

Singapore
29 July 2021

APPENDIX 4

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet kpmg.com.sg

Report on review of Condensed Interim Financial Information

The Board of Directors
Sembcorp Marine Ltd

Introduction

We have reviewed the accompanying condensed interim balance sheets of Sembcorp Marine Ltd (“the Company”) and its Subsidiaries (“the Group”) as at 30 June 2021 and the related condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes (the “Condensed Interim Financial Information”) as set out on pages 1 to 21. Management is responsible for the preparation and presentation of this Condensed Interim Financial Information in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Condensed Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Information is not prepared, in all material respects, in accordance with SFRS(I) 1-34 *Interim Financial Reporting*.

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A), and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

APPENDIX 4

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

Sembcorp Marine Ltd
Review of Condensed Interim Financial Information
Period ended 30 June 2021

Emphasis of Matter

We draw attention to Note 10, 13 and 15 of the Condensed Interim Financial Information. The Group's shipyard assets were subject to impairment test by management owing to the continued difficult market conditions impacting the offshore and marine sector. The ongoing and evolving COVID-19 pandemic, together with the adverse impacts on global economies and the shipyard business, have also heightened the estimation uncertainties around timing of recovery. The recent fast spreading Delta variant of COVID-19 is now the dominant strain and has been accompanied by a surge in infections worldwide. This has led to further delays in the recovery of the global economies. Consequently, the Group's operations continued to be impacted by the ongoing COVID-19 disruptions that resulted in skilled manpower shortage and supply chain constraints.

The forecasts used to assess the valuation of the Company's investments in subsidiaries and the recoverability of the Group's deferred tax assets are similarly subject to the risks noted in the impairment assessments of the Group's shipyard assets.

Management has assessed that there is no impairment loss on the shipyard assets, and the related cost of investments in its subsidiaries, on the basis of projected recovery in the foreseeable future and the long term growth prospects in the sectors that the Group is operating in.

The recognition of deferred tax assets is also assessed by management to be appropriate based on similar assumptions of the growth trajectory in the foreseeable future.

The evolution of the COVID-19 pandemic has resulted in operational disruptions, a delay in new contracts being put out for tender and consequently limited contract wins by the Group in the last 18 months. The determination of the timing and quantum of new orders at forecasted project margins therefore involves a high degree of judgement and is subject to significant estimation uncertainties.

Actual results are likely to be different from the forecasted financial information since anticipated events frequently do not occur as expected and the variation could be material. Unfavorable changes to any of management's assumptions could lead to lower operating cash flows and material impairment outcomes which might in turn adversely affect the financial position and performance of the Group. Our conclusion is not modified in respect of this matter.

Other matter

The comparative information for the condensed interim balance sheets are based on the audited financial statements as at 31 December 2020. The comparative information for the condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows and other explanatory notes, for the six-month period ended 30 June 2020 has not been audited or reviewed.

APPENDIX 4
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

Sembcorp Marine Ltd
Review of Condensed Interim Financial Information
Period ended 30 June 2021

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Condensed Interim Financial Information for the purpose of assisting the Company to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and comply with the requirements of Rule 25 of the Singapore Code of Take-Overs and Mergers, and for no other purpose. Our report is included in the Company's announcement of its interim financial information for the information of its members. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.


KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 July 2021

APPENDIX 5

BASES AND ASSUMPTIONS

The following statement set out in italics below (the “**Statement of Prospects**”) was made in the Group’s Condensed Interim Financial Statements For The Six Months Ended 30 June 2021 & Related Announcement, including its related press release statement, released on 29 July 2021:

“However the Group expects to incur losses in 2H2021 because of insufficient revenues to cover overhead costs.”

Bases and Assumptions

The Statement of Prospects was not made in connection with the potential Compliance Offer. The Statement of Prospects, for which the Directors are solely responsible, was arrived at on the bases consistent with the accounting policies adopted by the Group for the preparation of the audited financial statements of the Group for the year ended 31 December 2020 and the unaudited condensed interim financial statements of the Group for the six-months ended 30 June 2021.

The Statement of Prospects was based on the information available as at 29 July 2021 and is subject to the following bases and assumptions:

- (a) The expected revenue for 2H2021 is based primarily on management’s best estimates of the projected revenue from its projects under execution, taking into account estimated execution progress.
- (b) The expected overhead costs for 2H2021 is based primarily on management’s best estimates of the overheads amount needed to support the execution of its projects and overall business operations.
- (c) There will be no material changes to the costs of labour in the jurisdictions from which the Group expects to source labour.
- (d) There will be no material changes in the existing political, regulatory, legal, economic conditions or competitive environment (including any material changes to the COVID-19 restrictions) affecting the activities of the Group, the industry and the countries in which the Group operates, except those that have been announced publicly.
- (e) There will be no material changes to the principal activities, management and organisation structure of the Group.
- (f) There will be no material changes in the relationships the Group has with major suppliers, customers and financial institutions which may affect the Group’s financial performance.
- (g) There will be no material changes to the tax legislation, bases or rates of taxation, government levy or duty in the jurisdictions where the Group conducts its business.
- (h) There will be no material changes to major foreign currency exchange rates that will adversely impact the Group.
- (i) There will be no significant changes to the accounting policies of the Group.
- (j) There will be no material impairment charge against the carrying value of the Group’s assets.
- (k) There will be no litigation that will result in material claims against the Group.

APPENDIX 6

INDEPENDENT AUDITOR'S LETTER IN RELATION TO THE STATEMENT OF PROSPECTS



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet kpmg.com.sg

The Board of Directors
Sembcorp Marine Ltd
80 Tuas South Boulevard
Singapore 637051

4 August 2021

Dear Sirs

Independent auditor's letter in relation to the Statement of Prospects

Our Reference: TKB/EW

This letter has been prepared in connection with the Circular dated 4 August 2021 (the "Circular") to be issued to the shareholders of the Sembcorp Marine Ltd (the "Company") in relation to the Company's proposed renounceable underwritten rights issue of up to 18,833,468,826 new ordinary shares in the capital of the Company.

On 24 June 2021, the Company and its subsidiaries (collectively the "Group") announced a proposal to raise approximately S\$1.5 billion through a fully committed, renounceable rights issue of up to 18,833,468,826 new ordinary shares in the capital of the Company (the "Rights Issue"). The fulfilment by Startree Investments Pte. Ltd. of its obligations under the Undertaking Agreement may result in Temasek Holdings (Private) Limited and its concert parties incurring an obligation to make a mandatory general offer for all the shares in the Company which Temasek Holdings (Private) Limited and its concert parties do not already own or control in accordance with Rule 14.1 of the Singapore Code on Take-overs and Mergers (the "Code") issued by the Monetary Authority of Singapore.

As disclosed in Appendix 5 to the Circular, the directors of the Company have made the statement set out below (herein defined as "the Statement of Prospects") in the Condensed Interim Financial Statements for the Six Months Ended 30 June 2021 & Related Announcement of the Group announced on 29 July 2021:

"However the Group expects to incur losses in 2H2021 because of insufficient revenues to cover overhead costs."

We have been engaged by the Board of Directors of the Company as required under Rule 25 of the Code to report on the Statements of Prospects about whether the Company has prepared the Statement of Prospects in accordance with the basis and assumptions as set out in Appendix 5 of the Circular, and that the basis of accounting used is consistent with the accounting policies of the Group (the "Accounting Policies").

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

APPENDIX 6

INDEPENDENT AUDITOR'S LETTER IN RELATION TO THE STATEMENT OF PROSPECTS



Sembcorp Marine Ltd
Independent auditor's letter in relation to the
Statement of Prospects
4 August 2021

Management of the Company is responsible for the preparation of the Statement of Prospects in accordance with the basis and assumptions as determined by them and the use of a basis of accounting that is consistent with the Accounting Policies. In preparing the Statement of Prospects, management is responsible for ensuring the accuracy and appropriateness of the unaudited financial information used in the preparation of the Statement of Prospects, and the appropriateness of the basis, assumptions and accounting policies used in the preparation and presentation of the Statement of Prospects.

We have examined the Statement of Prospects as set out in Appendix 5 of the Circular in accordance with Singapore Standard on Assurance Engagements 3400 *The Examination of Prospective Financial Information*.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that the assumptions do not provide a reasonable basis for the Statement of Prospects. Further, in our opinion, in all material respects, the Statement of Prospects, in so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, and is consistent with the accounting policies adopted by the Group which are in accordance with Singapore Financial Reporting Standards (International) and International Financial Reporting Standards.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.

Our letter is provided in accordance with the terms of our engagement. Our work was undertaken so that we may report to you on those matters in the first four paragraphs of this letter and for no other purpose. Our letter is included in the Company's Circular dated 4 August 2021 to be issued to shareholders of the Company in relation to the Company's proposed renounceable underwritten rights issue. We do not assume responsibility to anyone other than the Company for our work, for our letter or for the conclusions in this letter.

Yours faithfully

A handwritten signature in black ink that reads 'KPMG LLP'.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
4 August 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

SEMBCORP MARINE LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 196300098Z)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Sembcorp Marine Ltd (the “**Company**”) will be convened and held by way of electronic means on 23 August 2021 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out below. All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 4 August 2021 (the “**Circular**”).

ORDINARY RESOLUTION: THE PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE

RESOLVED THAT:

- (a) a renounceable underwritten rights issue of up to 18,833,468,826 Rights Shares at the Issue Price, on the basis of three (3) Rights Shares for every two (2) Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded (the “**Rights Issue**”), be and is hereby approved;
- (b) 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 three (3) Rights Shares for every two (2) Shares 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:
 - (i) the provisional allotment of the Rights Shares shall be made on a renounceable basis to Entitled Shareholders;
 - (ii) 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;
 - (iii) the provisional allotment of the Rights Shares which would otherwise accrue to Ineligible Shareholders 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 Ineligible Shareholders in proportion to their respective shareholdings as at the Record Date provided that if the amount to be distributed to any single Ineligible Shareholder 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;
 - (iv) the provisional allotment of the Rights Shares which are not taken up or allotted for any reason shall be aggregated and allotted 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 Rights Shares pursuant to the Undertaking Agreement and the Management and Underwriting Agreement); and
 - (v) 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;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the Directors be and are hereby authorised to fix the Record Date in their absolute discretion; and
- (d) 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.

By Order of the Board

Tan Yah Sze/Kem Huey Lee Sharon
Joint Company Secretaries

4 August 2021

Notes:

1. The Extraordinary General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. A printed copy of the Circular will NOT be sent to members but printed copies of the Notice of Extraordinary General Meeting and the Proxy Form will be sent to members. This Notice may also be accessed at the Company's website at the URL <https://www.sembmarine.com/extraordinary-general-meeting> and is also available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Extraordinary General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Extraordinary General Meeting, addressing of substantial and relevant questions before or at the Extraordinary General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Extraordinary General Meeting, are set out in the accompanying Company's announcement dated 4 August 2021. The announcement may be accessed at the Company's website at the URL <https://www.sembmarine.com/investor-relations/stock-exchange-announcements>, and will also be made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting if such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting.** A printed copy of the Proxy Form will be sent to members. The Proxy Form may also be accessed at the Company's website at the URL <https://www.sembmarine.com/extraordinary-general-meeting> and is also available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPFIS Members or SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective approved CPF agent banks or SRS Approved Banks to submit their votes by 5.00 p.m. on 11 August 2021.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (i) if submitted by post, be lodged at the office of the Company's Share Registrar, KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00, KH KEA Building, Singapore 188721; or
 - (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at sembmarine-egm@kckcs.com.sg,in either case not less than 72 hours before the time appointed for the Extraordinary General Meeting.

A member who wishes to submit an instrument of proxy must first download (where necessary), complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In the alternative, a member may download, complete and authorise the Proxy Form by way of the affixation of an electronic signature, before sending it by email to the email address provided above.

In view of the current COVID-19 situation, members are strongly encouraged to submit completed Proxy Forms electronically via email.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

IMPORTANT NOTICE:

This Notice 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 Monetary Authority of Singapore. The information contained in this Notice 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 Notice into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this Notice 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 Notice.

PROXY FORM

SEMBCORP MARINE LTD

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

IMPORTANT

1. The Extraordinary General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Extraordinary General Meeting will be sent to members. The Notice of Extraordinary General Meeting may also be accessed at the Company's website at the URL <https://www.sembmarine.com/extraordinary-general-meeting> and is also available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Extraordinary General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Extraordinary General Meeting, addressing of substantial and relevant questions before or at the Extraordinary General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Extraordinary General Meeting, are set out in the accompanying Company's announcement dated 4 August 2021. The announcement may be accessed at the Company's website at the URL <https://www.sembmarine.com/investor-relations/stock-exchange-announcements>, and will also be made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting if such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting.**
4. CPFIS Members/SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective approved CPF agent banks or SRS Approved Banks to submit their votes by 5.00 p.m. on 11 August 2021.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 4 August 2021.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting.**

I/We, _____ (Name) _____ (NRIC / Passport / Co. Regn. No.)

of _____ (Address)

being a member/members* of Sembcorp Marine Ltd (the "**Company**"), hereby appoint:

The Chairman of the Meeting

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company, to be convened and held by way of electronic means on 23 August 2021 at 2.00 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of Shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**)

	For	Against	Abstain
ORDINARY RESOLUTION: To approve the Rights Issue			

Total Number of Shares Held:	
---	--

Signature(s) of Member(s) or Common Seal

Date

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. If the member has Shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of Shares. If the member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.
2. **Due to the current COVID-19 situation in Singapore, a member will not be allowed to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting if such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting.** This proxy form may be accessed at the Company's website at the URL <https://www.semmarine.com/extraordinary-general-meeting>, and will also be made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
CPFIS Members / SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective approved CPF agent banks or SRS Approved Banks to submit their votes by 5.00 p.m. on 11 August 2021.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (i) if submitted by post, be lodged at the office of the Company's Share Registrar, KCK CorpServe Pte. Ltd., at 333 North Bridge Road, #08-00, KH KEA Building, Singapore 188721; or
 - (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at semmarine-egm@kckcs.com.sg, in either case not less than 72 hours before the time appointed for the Extraordinary General Meeting.

1st fold here

Glue all sides firmly. Stapling & spot sealing are disallowed.

Postage will be paid by addressee. For posting in Singapore only.

**BUSINESS REPLY SERVICE
PERMIT NO. 09583**



SEMBCORP MARINE LTD
C/O KCK CORPSERVE PTE. LTD.
333 NORTH BRIDGE ROAD
#08-00 KH KEA BUILDING
SINGAPORE 188721

2nd fold here

A member who wishes to submit an instrument of proxy must first download (where necessary), complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In the alternative, a member may download, complete and authorise the proxy form by way of the affixation of an electronic signature, before sending it by email to the email address provided above.

In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.

5. Where the instrument appointing the Chairman of the Meeting as proxy is submitted by post, it must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
Where the instrument appointing the Chairman of the Meeting as proxy is submitted electronically, it must be authorised in the following manner:
 - (i) by way of the affixation of an electronic signature by the appointor or of his attorney duly authorised in writing or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (ii) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.Where an instrument appointing the Chairman of the Meeting as proxy is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.



**sembcorp
marine**

SEMBCORP MARINE LTD

(Incorporated in the Republic of Singapore)

(Company Registration No.:196300098Z)

80 Tuas South Boulevard, Singapore 637051

Tel: +65 6265 1766

www.sebmarine.com