SEMBCORP INDUSTRIES LTD

(Incorporated in the Republic of Singapore)
Company Registration No. 199802418D

ANNOUNCEMENT

PROPOSED SALE OF ENTIRE SHAREHOLDING IN SEMBCORP ENERGY INDIA LIMITED

1. INTRODUCTION

1.1 Sembcorp Industries Ltd ("**SCI**" or the "**Company**") wishes to announce that its wholly-owned subsidiary, Sembcorp Utilities Pte. Ltd. ("**SCU**" or the "**Seller**"), has on 5 September 2022 entered into a share purchase agreement (the "**Share Purchase Agreement**") with Tanweer Infrastructure Pte. Ltd. ("**Tanweer Infrastructure**" or the "**Purchaser**") in relation to the sale by SCU, and the purchase by the Purchaser, of (i) 5,433,668,484 equity shares of par value INR 10 each ("**SEIL Shares**") in the capital of Sembcorp Energy India Limited ("**SEIL**"), and (ii) the beneficial interest in respect of 90 SEIL Shares, the legal interest in which are held by certain nominees of SCU (sub-paragraphs (i) and (ii), collectively the "**SEIL Sale Shares**"), collectively representing 100 per cent. of all the SEIL Shares (the "**Proposed Sale**"), as at the date of this Announcement (the "**Announcement Date**"). The Purchaser is indirectly owned by a consortium (the "**Tanweer Consortium**") led by Oman Investment Corporation S.A.O.C. ("**OIC**"), the Ministry of Defence Pension Fund, Oman ("**MODPF**") and Dar Investment SPC ("**Dar Investment**").

1.2 The aggregate consideration for the SEIL Sale Shares payable by the Purchaser to SCU is set out in **paragraph 4.2** of this Announcement, and shall be entirely settled by way of a facility provided by SCU under a deferred payment note (the "**Deferred Payment Note**" or "**DPN**") as described in **paragraph 5** of this Announcement.

2. INFORMATION ON SEIL

2.1 **General**. SEIL is a public limited company incorporated under the laws of India, with its registered office at 5th Floor, Tower C, Building No. 8 DLF Cybercity, Gurugram, Gurgaon Haryana 122002 India. As at the Announcement Date, SEIL is 100 per cent. beneficially owned by SCU, which is in turn 100 per cent. owned by SCI.

2.2 **Project**. SEIL is one of the largest independent power producers in India, operating two supercritical coal-fired power plants totalling 2,640 megawatt ("**MW**"):

2.2.1 the coal-based coastal power generation plant of 1,320MW (comprising of two power generating units of 660MW each) based on supercritical technology and other supporting facilities at Ananthavaram, Pinampuram, Varakavipudi and Sivarampuram villages ("**SEIL P1**"); and

2.2.2 the coal-based coastal power generation plant of 1,320MW (comprising of two power generating units of 660MW each) based on supercritical technology and other supporting facilities at Pynampuram, Ananthavaram, Edeuru Bit II, Sivarampuram, Varigonda, Krishnapatnam, and Varakavipudi villages ("**SEIL P2**"), in each case, in TP Gudur Mandal, Nellore District of Andhra Pradesh, India (collectively, the "**Project**").

2.3 **Financial Information**.

2.3.1 Based on (i) the audited financial statements of SCI for the financial year ended 31 December 2021 ("**FY2021**") and (ii) the unaudited financial statements of SCI for the six-month period ended 30 June 2022 ("**1H2022**"), the amount of gain on the sale of the SEIL Sale Shares[1] is approximately INR6,274 million and INR612 million, respectively (which based on a SGD:INR exchange rate of 1:57 (the "**Relevant Exchange Rate**") as at 30 August 2022**,** being the latest practicable date prior to the date of this Announcement (the "**Latest Practicable Date**") is approximately S$110 million and S$11 million, respectively).

2.3.2 Based on (i) the reviewed financial statements of SEIL for FY2021 and (ii) the unaudited financial statements of SEIL for 1H2022:

(a) the net tangible asset value ("**NTA**") of SEIL is approximately INR106,557 million and INR112,259 million, respectively (which based on the Relevant Exchange Rate is approximately S$1,869 million and S$1,969 million, respectively);

(b) the book value of SEIL is approximately INR107,800 million and INR113,502 million, respectively (which based on the Relevant Exchange Rate is approximately S$1,891 million and S$1,991 million, respectively);

(c) the excess of the proceeds (computed by reference to the Base Purchase Price (as defined below)) over the book value of SEIL is approximately INR9,538 million and INR3,836 million, respectively (which based on the Relevant Exchange Rate is approximately S$167 million and S$67 million, respectively); and

(d) the net profits attributable to SEIL are approximately INR2,948 million and INR5,803 million, respectively (which based on the Relevant Exchange Rate is approximately S$52 million and S$102 million, respectively).

3. INFORMATION ON THE TANWEER CONSORTIUM AND THE PURCHASER

3.1 **Tanweer Consortium**. The Tanweer Consortium is led by OIC, in partnership with MODPF and Dar Investment. OIC is a leading Omani private equity investment company with a strong track record of investments in energy and infrastructure projects, real estate, logistics, healthcare as well as asset and project management services. The directors of OIC and the Purchaser include Kalat Ghuloom Hassan Al Bulooshi and Tareq Mohamed Sultan Al Mugheiry, the Chief Executive Officer and Chief Investment Officer of OIC respectively. MODPF is one of Oman's largest pension funds, with significant investments across power and infrastructure. Dar Investment represents the family office of H.E. Sheikh Abdullah Al Salmi, who is the

[1] The financial results of SEIL are based on SCI Group's perspective.

Executive President of Oman's Capital Market Authority and a board member of the Oman Investment Authority.

3.2 **Purchaser**. Tanweer Infrastructure, the Purchaser, is indirectly owned by the Tanweer Consortium and is a newly-incorporated entity formed for the purpose of acquiring SEIL. As at the Latest Practicable Date:

3.2.1 Danat Investment LLC ("**Danat Investment**") and Tanweer Development LLC ("**Tanweer Development**") hold 60 per cent. and 40 per cent. respectively of the shares in the capital of the Purchaser; and

3.2.2 (i) OIC holds 100 per cent. of Danat Investment, and (ii) OIC, the MODPF and Dar Investment hold 25 per cent., 50 per cent. and 25 per cent. respectively of Tanweer Development.

Prior to completion of the Proposed Sale under the Share Purchase Agreement ("**Completion**"), the Purchaser may, with SCU's prior written consent, novate all of its rights, benefits and obligations under the Share Purchase Agreement and the Deferred Payment Note to a company incorporated in Oman, which is 70 per cent. beneficially owned and exclusively controlled by OIC and 20 per cent. and 10 per cent. beneficially owned by MODPF and Dar Investment, respectively. In the event of such novation, such company will become the purchaser of the SEIL Sale Shares and complete the acquisition of the SEIL Sale Shares.

In addition, prior to Completion, subject to SCU's prior written consent, Danat Investment may transfer all (but not some) of its legal and beneficial interest in the Purchaser to a subsidiary of OIC which is solely owned and controlled by OIC, so that such subsidiary of OIC owns 60% of, and controls, the Purchaser as at Completion.

4. TERMS AND CONDITIONS OF PROPOSED SALE

4.1 **Proposed Sale**. The Proposed Sale involves the sale by SCU (and its nominees), and the purchase by the Purchaser, of all the SEIL Sale Shares, representing 100 per cent. of all the SEIL Shares as at the Announcement Date.

4.2 **Final Purchase Price**.

4.2.1 The aggregate consideration for the SEIL Sale Shares payable by the Purchaser to SCU is INR117,338 million (which based on the Relevant Exchange Rate as at the Latest Practicable Date is approximately S$2,058,561,404) (the "**Base Purchase Price**"), subject to certain adjustments (the Base Purchase Price, as adjusted, referred to as the "**Final Purchase Price**") on and after the date of Completion including:

(i) an upward adjustment of the Base Purchase Price in favour of SCU to be computed by reference to an amount equal to the interest that would have accrued daily at a rate of 9 per cent. per annum on the Base Purchase Price from the day immediately following 31 March 2022 (the "**Accounts Date**") up to the date of Completion (the "**Locked Box Interest**"); and

(ii) a downward adjustment of the Base Purchase Price in favour of the Purchaser in respect of certain leakages by SEIL and/or TPCIL Singapore Pte. Ltd.

(collectively, the "**SEIL Group**" or "**SEIL Group Companies**", and each a "**SEIL Group Company**") that are agreed or confirmed prior to Completion (the "**Confirmed Leakages**"). Such leakages include (a) any dividend or distribution by any SEIL Group Company to the Seller or its affiliates (the "**Seller's Group**"), (b) any payment by any SEIL Group Company to any member of the Seller's Group in respect of any purchase, redemption or return of any share capital or in respect of any loan advanced by any member of the Seller's Group to any SEIL Group Company in advance of any due date for payment, (c) any transfer of any asset by any SEIL Group Company to any member of the Seller's Group (other than in the ordinary course of business), (d) any payment or assumption of liability or obligation by any SEIL Group Company for the benefit of any member of the Seller's Group, (e) any discount, deferral, release or waiver by any SEIL Group Company of any amount or liability owed by any member of the Seller's Group and (f) any tax incurred or paid by any SEIL Group Company in connection with any of the aforesaid matters, except for certain agreed permitted leakages.

4.2.2 The Final Purchase Price shall be settled entirely by way of the Deferred Payment Note in the manner as described in **paragraph 5** of this Announcement.

4.3 **Conditions Precedent to Completion**. Pursuant to the Share Purchase Agreement, Completion is subject to the satisfaction of the conditions precedent summarised in the **Schedule** to this Announcement (the "**Conditions Precedent**").

4.4 **Longstop Date**.

4.4.1 The longstop date for the satisfaction of the Conditions Precedent (the "**Longstop Date**") is the date falling nine months after the date of the Share Purchase Agreement (or such other date as may be agreed between the Seller and the Purchaser (collectively, the "**Parties**", and each a "**Party**")).

4.4.2 The Longstop Date will be automatically extended by an additional three months if the only Conditions Precedent that remain not satisfied (other than due to a breach by either Party) are any of the Conditions Precedent summarised in **paragraph 1** or **2** of the **Schedule** to this Announcement.

4.4.3 If any of the Conditions Precedent summarised in **paragraph 1** or **2** of the **Schedule** to this Announcement are not satisfied on or before such extended Longstop Date (other than as a result of a breach by either Party), then the Parties may agree in writing to further extend the Longstop Date. If the Longstop Date is extended beyond such further agreed period, SCI will announce the same via SGXNET.

4.5 **Corporate Guarantees**. SCU has issued corporate guarantees (the "**Existing Corporate Guarantees**") in favour of certain international and local banks (the "**Existing Lenders**") in relation to certain existing term loans and working capital facilities extended by the Existing Lenders to SEIL (as borrower) ("**Existing Facilities**"). Such Existing Facilities have maturity dates ranging from the year 2022 to the year 2037. As at 30 June 2022, the aggregate principal amount of such Existing Facilities is S$740 million and the aggregate principal amount of such Existing Facilities drawn down is S$467 million. It is envisaged that the Existing Corporate Guarantees may continue in force, post-Completion.

4.6 **Termination**. The Share Purchase Agreement may be terminated (i) by mutual agreement between the Parties, (ii) by the non-breaching Party, in the event of a breach by the other Party of such other Party's obligations at Completion, (iii) by either Party, if any of the Conditions Precedent is not satisfied, (iv) by SCU, if the Purchaser breaches its change-of-control or assignment restrictions, or (v) by the Purchaser, if any matter is disclosed by SCU in a supplemental disclosure letter which has resulted in a permanent impairment to the operations of SEIL and which caused a material reduction in the value of SEIL from the value as at the Accounts Date.

4.7 **Other Material Terms**.

4.7.1 **Employee Benefits**. Pursuant to the Share Purchase Agreement, the Purchaser shall, and shall cause the SEIL Group to, for a period of 2 years after Completion (i) ensure that all employees and contractors of the SEIL Group continue to receive their respective employee benefits and (ii) not decrease or adversely change any employee benefits (except as otherwise mandatorily required under applicable laws).

4.7.2 **Taxes**. SCU and the Purchaser have agreed and allocated between them the responsibility for the stamp duty, capital gains taxes, gift taxes and other taxes arising from the sale and purchase of the SEIL Sale Shares and SCU has granted an indemnity in favour of the Purchaser in respect of the capital gains taxes, subject to certain limitations.

4.7.3 **Technical Services Agreement**.

(i) In connection with the Proposed Sale, Sembcorp India Pvt. Ltd. (a wholly-owned subsidiary of SCU incorporated in India) (the "**Technical Advisor**"), will upon Completion, enter into a technical services agreement with SEIL (the "**TSA**") to provide certain non-exclusive supporting and advisory services relating to technical, financial, environmental, regulatory, legal and corporate communications-related work (the "**Agreement Services**") in order to continue the highest standards of reliability, operational efficiency and best practices in the management of the Project.

(ii) The terms of the TSA shall be from the date of Completion until the termination of the Deferred Payment Note (as further discussed below) in accordance with the terms thereof. However, the TSA may be terminated earlier as SEIL can, subject to the terms of the Deferred Payment Note, terminate the TSA by 30 days' notice in writing to the Technical Advisor. Either SEIL or the Technical Advisor may also terminate the TSA forthwith upon the occurrence of certain specific events (such as, (a) a breach which is not cured or (b) the winding-up, liquidation or dissolution of the defaulting party to the TSA).

(iii) Pursuant to the TSA, SEIL shall pay to the Technical Advisor for the Agreement Services, a fee to be agreed and which will be based on the estimated man-days anticipated to be employed to support the existing operation and asset size of SEIL at a daily charge-out rate (the "**TSA Fee**"). The TSA Fee will be payable and reviewed annually and any adjustment to the TSA Fee will be agreed between the Technical Advisor and SEIL.

5. DEFERRED PAYMENT NOTE

5.1 **Settlement of Final Purchase Price**. On Completion, the Purchaser will settle the entire Final Purchase Price by way of the Deferred Payment Note.

5.2 **Initial Advance and Ongoing Advance**. Pursuant to the Deferred Payment Note, the Purchaser agrees to pay to SCU an initial principal amount equal to the Final Purchase Price (the "**Initial Advance**"), together with any interest added to the principal balance (the "**Ongoing Advance**"), and all interest accruing on the Ongoing Advance. The Initial Advance will be:

(i) increased by an amount equal to the stamp duty, tax collected at source and/or gift tax remitted on behalf of the Purchaser;

(ii) increased by an amount equal to the Locked Box Interest;

(iii) decreased by an amount equal to the aggregate amount of Confirmed Leakage; and

(iv) increased by amounts in certain situations where, after an amount has previously been set off under the Deferred Payment Note, the Purchaser or a SEIL Group Company recovers an amount from a third party or benefits from understatements, overstatements, allowances, provisions or reserves in the latest financial statements of the SEIL Group.

5.3 **Interest Rate**. The Ongoing Advance shall bear interest at a rate per annum equal to:

(i) 1.8%; plus

(ii) a benchmark rate equal to the Indian government 10-year bond yield spot rate; minus

(iii) a greenhouse gas ("**GHG**") emissions intensity reduction incentive rate ("**GHG Reduction Incentive Rate**") which is derived from the percentage reduction of GHG emissions intensity of the Project on an ongoing basis, against a historical base measure multiplied by 9 basis points, subject to a cap of 180 basis points.

For every 1.0% reduction of the Project's GHG emissions intensity against the historical base measure, the interest rate shall be reduced by 9 basis points, subject to a minimum reduction in the Project's GHG emissions intensity of 5.0%.

If the Purchaser does not have sufficient cash to pay interest, the Purchaser can elect to pay such interest amount in kind, and such amount shall be included as part of the principal amount.

5.4 **Maturity Date**. All outstanding payment obligations under the Deferred Payment Note (the "**Obligations**") shall be due and payable in full on the fifteenth anniversary date of Completion (the "**Maturity Date**"), provided that if the Obligations are not fully repaid by such fifteenth anniversary, the Maturity Date will be automatically (and consecutively) extended for a two-year period. If the Obligations remain not fully repaid on the last day of such two-year extension period, the Maturity Date shall be further extended automatically (and consecutively) for a further two-year period each. The Maturity Date will, however, not be extended beyond the twenty-fourth anniversary date of Completion.

5.5 **Waiver, Cancellation and Termination**. Pursuant to Deferred Payment Note, SCU will waive, cancel and forgive the repayment of all Obligations by the Purchaser on the said twenty-fourth anniversary date of Completion and the Purchaser will not be liable for any Obligation thereafter. The Deferred Payment Note will terminate on the twenty-fifth anniversary date of Completion.

5.6 **Payments and Prepayments**.

5.6.1 All payments made under the Deferred Payment Note shall be applied (i) first, to pay the accrued interest, (ii) second, to pay the principal amount of the Ongoing Advance, and (iii) third, to any other Obligations. The Obligations will be serviced by (a) a portion of the available distributions of the Project and (b) any pre-payments that the Purchaser may make at its option. If the Obligations have not been fully repaid by the twenty-fourth anniversary date of Completion, SCU will waive, cancel and forgive the repayment of all such Obligations as described in **paragraph 5.5** of this Announcement above.

5.6.2 With five business days prior notice, the Purchaser may prepay all or any portion of the Ongoing Advance and SCU is entitled to set off against the Ongoing Advance and accrued interest for any valid claims the Purchaser has against SCU under the Share Purchase Agreement.

5.7 **Set-off of Claims**. SCU will set-off any claims by the Purchaser under the Share Purchase Agreement (including leakages confirmed after Completion) against the outstanding Obligations under the Deferred Payment Note.

5.8 **Covenants; Events of Default**. The Deferred Payment Note provides for customary positive and negative covenants in favour of SCU, and customary events of default, including: (i) failure to pay (subject to applicable cure period); (ii) covenant breaches (subject to applicable cure period); (iii) incorrect representation or warranty; (iv) bankruptcy events; (v) cross default under SEIL's finance documents; and (vi) invalidity of the Deferred Payment Note.

Upon an event of default, SCU may exercise any of its remedies, including (a) declaring that all of the Obligations are immediately due and payable, and (b) enforcing its security interests. However, as described in **paragraph 5.5** of this Announcement above, the Purchaser will not be liable for any Obligations after the twenty-fourth anniversary date of Completion, and accordingly, SCU will cease to have any such remedies after such twenty-fourth anniversary date.

5.9 **Security Interest.** With respect to the Obligations, the Purchaser will grant in favour of SCU a security interest over: (i) most of the Purchaser's bank accounts, and (ii) all of the Purchaser's other assets (other than the SEIL Sale Shares). The Purchaser will also procure that its parent pledges and maintains as a first ranking security interest all of the shares in the Purchaser in favour of SCU. The Purchaser will also ensure that the Obligations under the Deferred Payment Note rank at least *pari passu* with the claims of its other all unsecured and unsubordinated creditors unless mandatorily preferred by law.

6. TRANSACTION BACKGROUND AND RATIONALE

6.1 **Transaction Background**. In May 2021, SCI unveiled a strategic plan to transform its portfolio from brown to green, with a vision to be a leading provider of sustainable solutions. SCI's strategic plan is underpinned by clear targets as summarised below:

6.1.1 **More sustainable**.

By the year 2025, SCI aims for its sustainable solutions portfolio to comprise 70 per cent. of the Group's net profit.

6.1.2 **More renewables**.

By the year 2025, SCI aims to quadruple its gross installed renewable energy capacity to 10-gigawatt ("**GW**").

6.1.3 **More sustainable urban developments**.

By the year 2025, SCI aims to triple its urban business' land sales to 500 hectares.

6.1.4 **Lower carbon emissions**.

By the year 2025, SCI aims to reduce its GHG emissions intensity to 0.40 tonnes of carbon dioxide equivalent ("**tCO_2e**") per megawatt hour ("**tCO_2e/MWh**"). In addition, SCI aims to reduce absolute GHG emissions to 2.7 million tCO_2e by the year 2030 and deliver net-zero emissions by the year 2050.

As part of its strategic plan, SCI regularly reviews options to maximise value for the shareholders of SCI ("**Shareholders**") by taking into account its long-term strategy and business environment including the strategic fit of each of its businesses.

6.2 **Rationale**. The key rationale for the Proposed Sale is as follows:

6.2.1 **Accelerate the transformation of SCI's portfolio from brown to green**.

The Proposed Sale is in line with SCI's strategic plan to transform its portfolio from brown to green, and will allow management to focus its efforts on growing its sustainable solutions portfolio.

With the Proposed Sale:

(i) SCI's GHG emissions intensity for the year 2021 will reduce from 0.51 tCO_2e/MWh to 0.32 tCO_2e/MWh on a pro forma basis. SCI would have achieved its target of reducing GHG emissions intensity to 0.40 tCO_2e/MWh by the year 2025 ahead of time;

(ii) SCI's absolute GHG emissions for the year 2021 will reduce from 26.2 million tCO_2e to 10.4 million tCO_2e on a pro forma basis. SCI remains committed towards reducing its absolute GHG emissions to 2.7 million tCO_2e by the year 2030, and delivering net-zero emissions by the year 2050; and

(iii) 51 per cent. of SCI's energy capacity will be renewable energy. SCI will have an energy portfolio of 14.0GW, with 7.1GW of renewable energy capacity comprising solar, wind and energy storage globally. On a pro forma basis, SCI Group's share of net profit from the sustainable solutions portfolio for 1H2022 will increase from 25 per cent. to 31 per cent.

6.2.2 **Strengthen SCI's balance sheet**.

Based on the illustrative pro forma financial effects for 1H2022 as shown in the **Appendix** to this Announcement, SCI's debt level is expected to be reduced. On a pro forma basis, SCI's total debt as at 30 June 2022 will decrease from S$8.7 billion to S$7.1 billion due to the deconsolidation of SEIL in SCI Group's balance sheet. This has resulted in an improvement of the following pro forma leverage ratios:

(i) **Gross debt/EBITDA**[2] ratio will improve from 5.0 times to 4.9 times;
(ii) **EBITDA/Interest**[3] will increase from 4.5 times to 5.3 times; and
(iii) **Gross debt/Capitalisation** will decrease 66 per cent. to 62 per cent.

SCI is actively managing its portfolio and remains committed to deleveraging over time.

6.2.3 **Preserve value for Shareholders**.

SCI believes that Shareholder value will be preserved through the Proposed Sale. The Base Purchase Price represents an implied price/book value ("**P/B**") multiple of 1.0 time[4], based on the unaudited financial statements of SEIL for the six-month period ended 30 June 2022. Earnings before interest, tax, depreciation and amortisation ("**EBITDA**"), profit after tax and minority interest ("**PATMI**") and net asset value ("**NAV**") on a pro forma basis also remain stable.

6.2.4 **Protect stakeholders' interests**.

SEIL is one of the largest and most efficient national grid-connected plants, servicing over 2.5 million households. The Proposed Sale takes into consideration the broad range of stakeholders and is structured with the best interests of all parties in mind. This includes:

(i) fulfilling the contractual obligations with power distribution customers and energy needs of end users;
(ii) ensuring continuity of the existing operations team at SEIL;
(iii) ensuring timely debt servicing for lenders; and
(iv) maintaining grid stability for the Indian power system.

Post-Completion, SCI will continue to render technical advisory services to SEIL pursuant to the TSA, which would help ensure continuity of the highest standards of reliability, operational efficiency and best practices in the management of the Project.

[2] Please refer to paragraph 4.2 of the **Appendix** to this Announcement for details on how EBITDA is calculated.
[3] The term "**Interest**" refers to finance cost.
[4] Based on (i) Base Purchase Price of INR117bn; and (ii) SEIL's Book Value of INR114bn as of 30 June 2022.

The Proposed Sale is structured to ensure the continuation of the current mode of management and operations at SEIL.

6.2.5 **Stable transition to a proven and trusted long-term partner.**

The Purchaser is indirectly owned by the Tanweer Consortium, which is led by OIC in partnership with MODPF, one of Oman's largest pension funds with significant investments across power and infrastructure, and Dar Investment. OIC is a leading Omani private equity investment company with a strong track record of investments in energy and infrastructure projects, real estate, logistics, healthcare as well as asset and project management services. OIC is a proven and trusted long-term partner of SCI, having jointly developed and operated the US$1 billion Salalah Independent Power and Water Plant in Oman since 2009. OIC's other investments and projects include Nafath Renewable Energy, Khazaen Economic City and Aman Healthcare, among others.

The Purchaser is committed to continuing its initiatives at SEIL to reduce its GHG emissions intensity. SCI will support this commitment through a financial incentive, where the interest rate under the DPN will reduce correspondingly with improvements in SEIL's GHG emissions intensity.

6.3 **Determination of Final Purchase Price**. The Final Purchase Price was arrived at between the Parties following a competitive sale process conducted by SCI's sole financial adviser for the Proposed Sale, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch ("**HSBC**"), on behalf of SCI and taking into consideration (i) the rationale for the Proposed Sale as set out in **paragraph 6.2** of this Announcement above, (ii) the book value of the SEIL Sale Shares, and (iii) the discounted cash flows of SEIL.

6.4 **Use of Proceeds**. As described in **paragraph 5** of this Announcement, the Final Purchase Price shall be settled by the Purchaser entirely by way of the Deferred Payment Note. As and when payment is received from the Purchaser from time to time under the Deferred Payment Note, SCI intends to utilise such proceeds to grow its renewables portfolio.

7. PROPOSED SALE AS A MAJOR TRANSACTION

7.1 **Rule 1006**. The relative figures computed[(1)] on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") are as follows:

Rule 1006(a)	Net asset[(2)] value of the assets to be disposed of, compared with the net asset value of SCI Group	46.7%[(5)]
Rule 1006(b)	Net profits[(3)] attributable to the assets disposed of, compared with the net profits of SCI Group	21.4%[(6)]
Rule 1006(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation[(4)] based on the total number of issued shares excluding treasury shares	33.5%[(7)]

Rule 1006(d)	Number of equity securities issued by SCI Group as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable(8)
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of SCI Group's proved and probable reserves.	Not applicable(9)

Notes:

(1) The figures computed here are based on SCI's latest announced consolidated accounts for 1H2022 and financials of SEIL based on SCI Group's perspective.

(2) Under Rule 1002(3)(a) of the Listing Manual, "**net assets**" means total assets less total liabilities.

(3) Under Rule 1002(3)(b) of the Listing Manual, "**net profits**" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(4) SCI's market capitalisation is based upon 1,786 million ordinary shares ("**SCI Shares**") (excluding treasury shares) as at the Latest Practicable Date at a weighted average price of SCI Shares transacted on the Latest Practicable Date of S$3.444[5] (rounded to 3 decimal places) for each SCI Share.

(5) Calculated as SEIL's NAV of S$2,080 million as of 30 June 2022, divided by SCI's net asset value of S$4,455 million as of 30 June 2022.

(6) Calculated as SEIL's net profits of S$127 million for the six-month period ended 30 June 2022, divided by SCI's net profits of S$592 million for 1H2022.

(7) Calculated as the value of the Base Purchase Price received of INR117,338 million, divided by SCI's market capitalisation as reflected in note (4) above.

(8) This is not applicable to a disposal of assets.

(9) This is not applicable as it is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

As each of the relative figures calculated under Rules 1006(a), (b) and (c) of the Listing Manual is more than 20 per cent., the Proposed Sale is considered a major transaction under Chapter 10 of the Listing Manual and is therefore subject to the approval of Shareholders.

8. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED SALE

8.1 **Illustrations**. For illustrative purposes only, the pro forma financial effects of the Proposed Sale on the selected financial measures of the SCI Group are set out in the **Appendix** to this Announcement, assuming that (i) the Final Purchase Price is paid in full under the Deferred

[5] Source: FactSet as of 30 August 2022.

Payment Note and (ii) and the Existing Corporate Guarantees given in respect of the Existing Facilities are not called upon by the Existing Lenders.

8.2 **Caution**. The pro forma financial effects are for illustrative purposes only and do not reflect the actual financial position of the SCI Group after the Proposed Sale.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors of the Company ("**Directors**") or substantial Shareholders has any interest, direct or indirect, in the Proposed Sale, other than in his/her capacity as Directors or Shareholders, as the case may be.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of (i) the Share Purchase Agreement, (ii) the Deferred Payment Note, and (iii) the TSA will be available for inspection during normal business hours at the registered office of SCI at 30 Hill Street, #05-04 Singapore 179360 for a period of three months from the Announcement Date.

11. EXTRAORDINARY GENERAL MEETING AND CIRCULAR

11.1 **Circular**. As set out in **paragraph 7** of this Announcement, the relative figures calculated under each of Rules 1006(a), (b) and (c) of the Listing Manual is more than 20 per cent. Pursuant to Rule 1014 of the Listing Manual, the Company has to obtain Shareholders' approval for the Proposed Sale. A circular containing further details on the Proposed Sale ("**Circular**") and enclosing a notice of an extraordinary general meeting in connection therewith will be despatched to Shareholders in due course.

11.2 **Sole Financial Adviser.** SCI has appointed HSBC as its sole financial adviser in respect of the Proposed Sale.

11.3 **Legal Counsel.** SCI is represented by Sidley Austin LLP as its international legal counsel in respect of the Proposed Sale.

Shareholders and potential investors should note that the Proposed Sale is subject to the fulfilment of, *inter alia*, the Conditions Precedent. Shareholders are advised to exercise caution when dealing in SCI Shares and to refrain from taking any action in respect of their SCI Shares which may be prejudicial to their interests until they or their advisers have considered the information in the Circular.

BY ORDER OF THE BOARD

Tan Yen Hui
Company Secretary
Singapore, 5 September 2022

Any enquiries relating to the Proposed Sale should be directed during office hours to:

Ling Xin Jin (Ms)
Assistant Vice President
Group Investor Relations
+65 6723 3384
ling.xinjin@sembcorp.com

APPENDIX

PRO FORMA FINANCIAL EFFECTS

1. **Assumptions.** For illustrative purposes only, the pro forma financial effects of the Proposed Sale on selected financial measures of the SCI Group have been prepared based on the audited consolidated financial statements of the SCI Group for FY2021 and the unaudited consolidated financial statements of the SCI Group for 1H2022. The pro forma financial effects are prepared based on, and take into account, the following assumptions:

   (a) the fair value of the DPN on Completion approximates the Final Purchase Price which has been computed by accreting the Base Purchase Price by the pro rata Locked Box Interest for the 3-month period of 1 April 2022 to 30 June 2022;

   (b) the Final Purchase Price is paid in full under the Deferred Payment Note;

   (c) the benchmark rate under the Deferred Payment Note is 7.2%, being the Indian government 10-year bond yield spot rate as at the Latest Practicable Date;

   (d) the Existing Corporate Guarantees given in respect of the Existing Facilities are not called upon by the relevant Existing Lenders;

   (e) the NAV and net tangible assets ("**NTA**") of SCI Group as at 31 December 2021 and 30 June 2022 have been prepared on a pro forma basis on the assumption that the Proposed Sale had been completed on 31 December 2021 and 30 June 2022, respectively;

   (f) the (I) revenue, (II) DPN income, (III) finance cost, (IV) EBITDA, (V) profit after tax ("**PAT**"), (VI) PATMI and (VII) earnings per share ("**EPS**") of the SCI Group for FY2021 and 1H2022 have been prepared on a pro forma basis on the assumption that the Proposed Sale had been completed on 1 January 2021 and 1 January 2022, respectively, except that these pro forma financial effects have excluded the net gains or losses recognised at the completion of the Proposed Sale;

   (g) the (I) gross debt, (II) cash and cash equivalents, (III) debt-to-EBITDA and (IV) debt-to-capitalisation of the SCI Group as at 31 December 2021 and 30 June 2022 have been prepared on a pro forma basis on the assumption that the Proposed Sale had been completed on 31 December 2021 and 30 June 2022, respectively;

   (h) the financials of SEIL used in computing these pro forma financial effects are based on SCI Group's perspective;

   (i) no outstanding performance shares and restricted shares pursuant to the SCI's performance share plan and SCI's restricted share plan are exercised or released prior to the record date of the Proposed Sale;

   (j) the Relevant Exchange Rate as at the Latest Practicable Date; and

(k) any discrepancies presented in the tables of this Appendix is due to rounding. Accordingly, totals and percentages presented may not be a precise reflection of the figures that precede them.

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

2. Impact on NAV and NAV per SCI Share.

2.1 The pro forma financial effects of the Proposed Sale on the NAV and NAV per SCI Share of the SCI Group as of 31 December 2021 are as follows:

	Before the Proposed Sale	**After the Proposed Sale**
NAV[1] (S$ million)	3,767	3,800[3,4]
NAV per SCI Share[2] (S$)	2.12	2.13[3,4]

Notes:

(1) Computed as total assets less total liabilities and non-controlling interests.

(2) The figures are based on 1,786 million SCI Shares (excluding treasury shares) as at the Latest Practicable Date.

(3) Excludes S$2,069 million, which comprises SEIL's book value, goodwill, other consolidation adjustments and costs arising out of the Proposed Sale, as of 31 December 2021.

(4) Includes Ongoing Advance of S$2,103 million.

2.2 The pro forma financial effects of the Proposed Sale on the NAV and NAV per SCI Share of the SCI Group as of 30 June 2022 are as follows:

	Before the Proposed Sale	**After the Proposed Sale**
NAV[1] (S$ million)	4,222	4,175[3,4]
NAV per SCI Share[2] (S$)	2.36	2.34[3,4]

Notes:

(1) Computed as total assets less total liabilities and non-controlling interests.

(2) The figures are based on 1,786 million SCI Shares (excluding treasury shares) as at the Latest Practicable Date.

(3) Excludes S$2,150 million, which comprises SEIL's book value, goodwill, other consolidation adjustments and costs arising out of the Proposed Sale, as of 30 June 2022.

(4) Includes Ongoing Advance of S$2,103 million.

3. Impact on NTA and NTA per SCI Share.

3.1 The pro forma financial effects of the Proposed Sale on the NTA and NTA per SCI Share of the SCI Group as of 31 December 2021 are as follows:

	Before the Proposed Sale	After the Proposed Sale
NTA[1] (S$ million)	3,377	3,495[3,4]
NTA per SCI Share[2] (S$)	1.89	1.96[3,4]

Notes:

(1) Computed as total assets less total liabilities, goodwill, intangible assets and non-controlling interests.

(2) The figures are based on 1,786 million SCI Shares (excluding treasury shares) as at the Latest Practicable Date.

(3) Excludes SEIL's NTA of S$1,913 million as of 31 December 2021.

(4) Includes Ongoing Advance of S$2,103 million.

3.2 The pro forma financial effects of the Proposed Sale on the NTA and NTA per SCI Share of the SCI Group as of 30 June 2022 are as follows:

	Before the Proposed Sale	After the Proposed Sale
NTA[1] (S$ million)	3,441	3,478[3,4]
NTA per SCI Share[2] (S$)	1.93	1.95[3,4]

Notes:

(1) Computed as total assets less total liabilities, goodwill, intangible assets and non-controlling interests.

(2) The figures are based on 1,786 million SCI Shares (excluding treasury shares) as at the Latest Practicable Date.

(3) Excludes SEIL's NTA of S$1,996 million as of 30 June 2022.

(4) Includes Ongoing Advance of S$2,103 million.

4. Impact on Revenue, EBITDA, PATMI and Earnings.

4.1 The pro forma financial effects of the Proposed Sale on the revenue, EBITDA, PATMI and earnings of the SCI Group for FY2021 are as follows:

	Before the Proposed Sale	After The Proposed Sale
Revenue (S$ million)	7,795	6,407[4]
EBITDA[1] (S$ million)	1,288	1,166[5,7,8]
Adjusted EBITDA[1,2] (S$ million)	1,494	1,373[5,7,8]
PATMI (S$ million)	279	379[6,7,8]
EPS[3] (cents)	15.63	21.25[6,7,8]

Notes:

(1) Excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs.

(2) Adjusted to include share of results of associates and joint ventures (net of tax).

(3) Computed as PATMI divided by the weighted average number of 1,785 million SCI Shares (excluding treasury shares) for the twelve-month period ended 31 December 2021.

(4) Excludes SEIL's revenue of S$1,387 million for the twelve-month period ended 31 December 2021.

(5) Excludes SEIL's EBITDA of S$311 million for the twelve-month period ended 31 December 2021.

(6) Excludes SEIL's PATMI of S$57 million for the twelve-month period ended 31 December 2021.

(7) Includes S$189 million (pre-tax) or S$157 million (post-tax) of DPN income for the twelve-month period ended 31 December 2021. Assumes (i) an Ongoing Advance of S$2,103 million and (ii) the Ongoing Advance bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield spot rate at the time of signing of the DPN.

(8) Assumes no change in fair value of the DPN for the twelve-month period ended 31 December 2021.

4.2 The pro forma financial effects of the Proposed Sale on the revenue, EBITDA, PATMI and earnings of the SCI Group for 1H2022 are as follows:

	Before the Proposed Sale	After The Proposed Sale
Revenue (S$ million)	4,755	3,901[4]
EBITDA[1] (S$ million)	865	721[5,7,8]
Adjusted EBITDA[1,2] (S$ million)	998	854[5,7,8]
PATMI (S$ million)	490	468[6,7,8]
EPS[3] (cents)	27.48	26.24[6,7,8]

Notes:

(1) Excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs.

(2) Adjusted to include share of results of associates and joint ventures (net of tax).

(3) Computed as PATMI divided by the weighted average number of 1,783 million SCI Shares (excluding treasury shares) for the six-month period ended 30 June 2022.

(4) Excludes SEIL's revenue of S$853 million for the six-month period ended 30 June 2022.

(5) Excludes SEIL's EBITDA of S$238 million for the six-month period ended 30 June 2022.

(6) Excludes SEIL's PATMI of S$101 million for the six-month period ended 30 June 2022.

(7) Includes S$95 million (pre-tax) or S$79 million (post-tax) of DPN income for the six-month period ended 30 June 2022. Assumes (i) an Ongoing Advance of S$2,103 million and (ii) the Ongoing Advance bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield spot rate at the time of signing of the DPN.

(8) Assumes no change in fair value of the DPN for the six-month period ended 30 June 2022.

5 Impact on Leverage.

5.1 The pro forma financial effects of the Proposed Sale on the leverage of the SCI Group as of 31 December 2021 are as follows:

	Before the Proposed Sale	After the Proposed Sale
Gross debt (S$ million)	7,391	5,884[1]
Finance cost (S$ million)	423	295[2]
Gross debt/EBITDA[3,4] (x)	5.7x	5.0x[1,10]
Gross debt/ Adjusted EBITDA[3,5] (x)	4.9x	4.3x[1,10]
Gross debt/Capitalisation[6] (%)	65%	60%[1,11]
EBITDA/Interest[3,7,8] (x)	3.0x	3.9x[2,10]
Adjusted EBITDA/Interest[3,7,9] (x)	3.5x	4.6x[2,10]

Notes:

(1) Excludes SEIL's gross debt of S$1,507 million as of 31 December 2021.

(2) Excludes SEIL's finance cost of S$128 million (net of finance cost that SEIL pays to SCI) for the twelve-month period ended 31 December 2021.

(3) Please refer to paragraph 4.1 of this Appendix for the assumptions on EBITDA and Adjusted EBITDA.

(4) Computed as gross debt as of 31 December 2021, divided by the EBITDA for the twelve-month period ended 31 December 2021.

(5) Computed as gross debt as of 31 December 2021, divided by the adjusted EBITDA for the twelve-month period ended 31 December 2021.

(6) Capitalisation is computed as gross debt, equity attributable to owners of the Company and non-controlling interests, as of 31 December 2021.

(7) The term "**Interest**" refers to finance cost.

(8) Computed as EBITDA for the twelve-month period ended 31 December 2021, divided by the finance cost for the twelve-month period ended 31 December 2021.

(9) Computed as Adjusted EBITDA for the twelve-month period ended 31 December 2021, divided by the finance cost for the twelve-month period ended 31 December 2021.

(10) Excludes SEIL's EBITDA for the twelve-month period ended 31 December 2021. Includes DPN income for the twelve-month period ended 31 December 2021. Assumes (i) an Ongoing Advance of S$2,103 million

and (ii) the Ongoing Advance bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield spot rate at the time of signing of the DPN.

(11) Excludes SEIL's equity attributable to owners of the Company of S$1,999 million as of 31 December 2021.

5.2 The pro forma financial effects of the Proposed Sale on the leverage of the SCI Group as of 30 June 2022 are as follows:

	Before the Proposed Sale	**After the Proposed Sale**
Gross debt (S$ million)	8,667	7,102[1]
Finance cost (S$ million)	194	135[2]
Gross debt/EBITDA[3,4] (x)	5.0x	4.9x[1,10]
Gross debt/ Adjusted EBITDA[3,5] (x)	4.3x	4.2x[1,10]
Gross debt/Capitalisation[6] (%)	66%	62%[1,11]
EBITDA/Interest[3,7,8] (x)	4.5x	5.3x[2,10]
Adjusted EBITDA/Interest[3,7,9] (x)	5.1x	6.3x[2,10]

Notes:

(1) Excludes SEIL's gross debt of S$1,565 million as of 30 June 2022.

(2) Excludes SEIL's finance cost of S$59 million (net of finance cost that SEIL pays to SCI) for the six-month period ended 30 June 2022.

(3) Please refer to paragraph 4.2 of this Appendix for the assumptions on EBITDA and Adjusted EBITDA.

(4) Computed as gross debt as of 30 June 2022, divided by the EBITDA for the six-month period ended 30 June 2022 (annualised).

(5) Computed as gross debt as of 30 June 2022, divided by the adjusted EBITDA for the six-month period ended 30 June 2022 (annualised).

(6) Capitalisation is computed as gross debt, equity attributable to owners of the Company and non-controlling interests, as of 30 June 2022.

(7) The term "**Interest**" refers to finance cost.

(8) Computed as EBITDA for the six-month period ended 30 June 2022 (annualised), divided by the finance cost for the six-month period ended 30 June 2022 (annualised).

(9) Computed as Adjusted EBITDA for the six-month period ended 30 June 2022 (annualised), divided by the finance cost for the six-month period ended 30 June 2022 (annualised).

(10) Excludes SEIL's EBITDA for the six-month period ended 30 June 2022 (annualised). Includes DPN income for the six-month period ended 30 June 2022 (annualised). Assumes (i) an Ongoing Advance of S$2,103 million and (ii) the Ongoing Advance bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield spot rate at the time of signing of the DPN.

(11) Excludes SEIL's equity attributable to owners of the Company of S$2,080 million as of 30 June 2022.

6 Impact on Returns.

6.1 The pro forma financial effects of the Proposed Sale on the Return on Equity ("**ROE**") and Return on Assets ("**ROA**") ratios of the SCI Group for FY2021 are as follows:

	Before the Proposed Sale	**After the Proposed Sale**
ROE[1] (%)	7.4	10.0[3,4]
ROA[2] (%)	5.0	5.5[3,4,5]

Notes:

(1) Computed as PATMI for the twelve-month period ended 31 December 2021, divided by equity attributable to owners of the Company as of 31 December 2021.

(2) Computed as PAT adjusted to add back finance cost, for the twelve-month period ended 31 December 2021, divided by total assets as of 31 December 2021.

(3) Excludes SEIL's PAT and finance cost for the twelve-month period ended 31 December 2021.

(4) Includes DPN income for the twelve-month period ended 31 December 2021. Assumes (i) an Ongoing Advance of S$2,103 million and (ii) the Ongoing Advance bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield spot rate at the time of signing of the DPN.

(5) Excludes SEIL's total assets of S$3,825 million as at 31 December 2021. Includes an Ongoing Advance of S$2,103 million.

6.2 The pro forma financial effects of the Proposed Sale on the ROE and ROA ratios of the SCI Group for 1H2022 (annualised) are as follows:

	Before the Proposed Sale	**After the Proposed Sale**
ROE[1] (%)	23.2	22.4[3,4]
ROA[2] (%)	8.2	8.3[3,4,5]

Notes:

(1) Computed as PATMI for the six-month period ended 30 June 2022 (annualised), divided by equity attributable to owners of the Company as of 30 June 2022.

(2) Computed as PAT adjusted to add back finance cost, for the six-month period ended 30 June 2022 (annualised), divided by total assets as of 30 June 2022.

(3) Excludes SEIL's PAT and finance cost for the six-month period ended 30 June 2022 (annualised).

(4) Includes DPN income for the six-month period ended 30 June 2022 (annualised). Assumes (i) an Ongoing Advance of S$2,103 million and (ii) the Ongoing Advance bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield spot rate at the time of signing of the DPN.

(5) Excludes SEIL's total assets of S$4,061 million as at 30 June 2022. Includes an Ongoing Advance of S$2,103 million.

SCHEDULE

CONDITIONS PRECEDENT

1. SEIL shall have obtained written consents (on terms satisfactory to the Seller) in relation to the transactions contemplated in the Share Purchase Agreement from:

   (i) the Existing Lenders; and

   (ii) the counterparties under the following power purchase agreements entered into by SEIL:

      (a) Southern Power Distribution Company of Telangana Limited and Northern Power Distribution Company of Telangana Limited under the power supply agreement dated 18 February 2016;

      (b) Andhra Pradesh Southern Power Distribution Corporation Limited, Eastern Power Distribution Company of Andhra Pradesh Limited and Andhra Pradesh Central Power Distribution Corporation Limited under the power supply agreement dated 31 December 2021; and

      (c) Gujarat Urja Vikas Nigam Limited under the agreement for procurement of power dated 9 September 2021.

2. To the extent required under applicable law, the Purchaser shall have obtained the written approval (or deemed approval) of the Competition Commission of India under (i) the (Indian) Competition Act, 2002 and (ii) the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, in respect of the transactions contemplated in the Share Purchase Agreement.

3. A certificate (to be agreed between the Seller and the Purchaser) signed by a big 4 accounting firm addressed to the Seller, on a reliance basis, containing the screenshots from the website of the Income Tax Authority, Government of India confirming the status of tax proceedings or demands pending against the Seller, if any, under the (Indian) Income Tax Act, 1961 that may render the transaction as contemplated under the Share Purchase Agreement in respect of the SEIL Sale Shares void under Section 281 of the (Indian) Income Tax Act, 1961, as on the date of Completion.

4. The shareholders of the Seller and the shareholders of the Seller's parent company (i.e., SCI) shall have approved the transactions contemplated in the Share Purchase Agreement.

5. The warranties which are designated as fundamental under the Share Purchase Agreement (namely, the incorporation of the Seller and SEIL, the authority of the Seller, the Seller's title to the SEIL Sale Shares and the solvency of the Seller and the SEIL Group Companies) shall be true and correct.