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SEMBCORP INDUSTRIES 25th ANNUAL GENERAL MEETING

- Responses to substantial and relevant questions

Singapore, April 13, 2023 – Sembcorp Industries (Sembcorp) would like to thank shareholders for submitting their questions in advance of our 25th Annual General Meeting (AGM) to be convened and held by way of electronic means on April 20, 2023 at 10.00 am (Singapore time).

We have reviewed the questions received and have set out our responses to the questions in Appendix 1.

Shareholders and, where applicable, their appointed proxy(ies) may continue to pre-register at the URL <https://www.sembcorp.com/en/investor-relations/annual-general-meeting/> by 10.00am on April 17, 2023 for the live audio-visual webcast / live audio-only stream of the AGM proceedings and participate in the AGM by submitting questions to the Chairman of the AGM “live” through the audio-visual webcast platform at the AGM.

Appendix 1

Conventional Energy	
1.	<p>The company disclosed that it took an expected credit loss provision of S\$84 million for Sembcorp Myingyan Power Company. Could the company provide more details on this provision?</p> <p>Sembcorp Myingyan Power Company (SMPC), a wholly-owned subsidiary of Sembcorp Industries, owns and operates the Sembcorp Myingyan Independent Power Plant (Sembcorp Myingyan IPP) in Myanmar. The Sembcorp Myingyan IPP is a gas-fired power plant contracted under a build-operate-transfer long-term power purchase agreement with the Electric Power Generation Enterprise. The contract is recognised as a service concession receivable under the IFRIC¹ 12 Service Concession Arrangements. For more information, please refer to Notes to the Financial Statements E1(i) Trade and Other Receivables in the annual report. All receivables (including services concession receivables) need to comply with the Expected Credit Loss (ECL) requirement under SFRS(I)² 9.</p> <p>As described in Note F4 Credit Risk (ii) of the annual report, the additional provision was made following management's regular assessment of credit risk under SFRS(I) 9. Although there is no default on payment, the Group has determined that the credit risk on the service concession receivables for SMPC has increased significantly, taking into consideration forward-looking information on the risk of foreign currency shortages, a weakening economy and Myanmar being categorised as a high-risk jurisdiction by the Financial Action Task Force in October 2022, with increased risk of economic and financial sanctions. Accordingly, lifetime ECL is applied on the service concession receivables of SMPC.</p> <p>The amount provided takes into consideration the service concession receivables at risk, the probability of default and loss given default of which data is derived from published information from reputable credit rating agencies. The provision is non-cash in nature and payments from its offtaker have been promptly received.</p> <p>¹ International Financial Reporting Interpretations Committee ² Singapore Financial Reporting Standards (International)</p>
2.	<p>The Sembcorp Myingyan IPP is located next to Myanmar's military steel mill. Does the plant provide electricity to this steel mill?</p> <p>The power generated from Sembcorp Myingyan Independent Power Plant is sold to the Electric Power Generation Enterprise, a power department within the Ministry of Electricity and Energy. The Ministry of Electricity and Energy is responsible for the transmission and distribution of electricity to consumers in Myanmar.</p>
3.	<p>Is there an exit strategy for Sembcorp's investment in Sembcorp Myingyan IPP given the risks disclosed?</p> <p>The Sembcorp Myingyan IPP continues to operate and provide essential power to the people of Myanmar. Payments from its offtaker have also been promptly received, in accordance with its contract. Management will continue to monitor the developments in Myanmar closely.</p> <p>The Company is always evaluating strategic options in relation to its assets to enhance shareholder value. The Company will make an appropriate announcement should there be any material developments on such matters.</p>

Dividend	
4.	<p>What is the company’s dividend policy and how was the dividend for 2022 determined? Is it based on net profit for the financial year?</p> <p>In view of the strong operational performance for 2022, we are proposing a final dividend of S\$0.04 per share and a special dividend of S\$0.04 per share, which will be subject to shareholders approval at the upcoming AGM. Together with the interim dividend of S\$0.04 per share paid out in August 2022, this brings our total dividend for the year to S\$0.12 per ordinary share. This translates to a payout ratio of 25% against our earnings per share of S\$0.48, including discontinued operation.</p> <p>The Group’s dividend policy is to balance cash return to shareholders and investment for sustaining growth and driving our strategic transformation, while aiming for an efficient capital structure. We strive to provide consistent and sustainable ordinary dividend payments to our shareholders and in years where the Group performs better than expected, we would look at rewarding shareholders with special dividends.</p>
Annual Report and AGM	
5.	<p>Does the company offer printed copies of the annual report for the benefit of shareholders who prefer a physical copy of the report?</p> <p>Under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings) Orders issued by the Ministry of Law, companies are not required to print physical copies of the annual report.</p> <p>Sustainability is our business and that includes integrating sustainable efforts in our company processes. By not printing the annual report, it reduces the carbon footprint of the company and achieves cost savings for the company. The annual report is available on our website at https://www.sembcorp.com/ar/ar2022/ and has been optimised for desktop and mobile viewing. There are also links on each page of the PDF, which makes navigation from one section to another easier.</p> <p>We thank you for your support in our efforts to go green.</p>
6.	<p>Companies have reverted to holding in-person AGMs this year. Will Sembcorp be reverting back to in-person AGMs going forward?</p> <p>With the notice from the Ministry of Law to cease the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings) Orders with effect from 1 July 2023, we will resume in-person AGM. We will also take guidance from SGX RegCo and review our future AGM format to facilitate optimal shareholder engagement, in light of potential legislative amendments on the conduct of general meetings.</p>

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