

**CIRCULAR DATED APRIL 6, 2005**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

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

If you have sold or transferred all your shares in the capital of SembCorp Marine Ltd (the "Company") you should immediately forward this Circular and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser or transferee.



**SembCorp  
Marine**

**SEMBCORP MARINE LTD**

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

**CIRCULAR TO SHAREHOLDERS**

**in relation to**

- (1) the proposed modification to, and renewal of, the Shareholders Mandate; and**
- (2) the proposed modifications to the Share Plans**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	April 19, 2005 at 11.15 a.m.
Date and time of Extraordinary General Meeting	:	April 21, 2005 at 11.15 a.m. (or as soon thereafter following the conclusion or adjournment of the 42 <sup>nd</sup> Annual General Meeting of the Company to be held at 11.00 a.m. on the same day and at the same place).
Place of Extraordinary General Meeting	:	29 Tanjong Kling Road Singapore 628054

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## DEFINITIONS

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In this Circular, the following definitions apply throughout except where the context otherwise requires:

<b>“Awards”</b>	:	Contingent award of Shares granted pursuant to the Performance Share Plan and the Restricted Stock Plan.
<b>“CDP”</b>	:	The Central Depository (Pte) Limited.
<b>“Committee”</b>	:	The Executive Resource & Compensation Committee appointed by the Directors to administer the Share Plans.
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore.
<b>“Company” or “SembCorp Marine”</b>	:	SembCorp Marine Ltd (formerly known as Jurong Shipyard Limited).
<b>“Directors”</b>	:	The directors of the Company as at the date of this Circular, unless otherwise stated.
<b>“EGM”</b>	:	The extraordinary general meeting of the Company, notice of which is set out on pages 24 and 25 of this Circular.
<b>“Group” or “SembCorp Marine Group”</b>	:	The Company and its subsidiaries.
<b>“Latest Practicable Date”</b>	:	March 22, 2005, being the latest practicable date prior to the printing of this Circular.
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date.
<b>“Options”</b>	:	Options to subscribe for new Shares granted pursuant to the Share Option Scheme and the Share Option Plan.
<b>“Performance Share Plan”</b>	:	The SembCorp Marine Performance Share Plan, as amended or modified from time to time.
<b>“Restricted Stock Plan”</b>	:	The SembCorp Marine Restricted Stock Plan, as amended or modified from time to time.
<b>“SCI”</b>	:	SembCorp Industries Ltd.
<b>“Securities Accounts”</b>	:	Securities accounts maintained by a Depositor with CDP, but not including securities sub-accounts maintained with a Depository Agent.
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited.
<b>“Share Option Plan”</b>	:	The SembCorp Marine Share Option Plan, as amended or modified from time to time.
<b>“Share Option Scheme”</b>	:	The SembCorp Marine Executives’ Share Option Scheme (previously known as the Jurong Shipyard Executives’ Share Option Scheme), as amended or modified from time to time.

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## DEFINITIONS

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“Share Plans”	:	The Share Option Scheme, the Share Option Plan, the Performance Share Plan and the Restricted Stock Plan.
“Shareholders”	:	Persons who are registered as holders of Shares in the Register of Members of the Company and Depositors who have Shares credited to their Securities Accounts.
“Shares”	:	Ordinary shares of S\$0.10 each in the capital of the Company.
“STPL”	:	Singapore Technologies Pte Ltd.
“Temasek”	:	Temasek Holdings (Private) Limited.
“S\$”, “\$” and “cents”	:	Singapore dollars and cents, respectively.
“%”	:	Per centum or percentage.

The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 130A of the Companies Act.

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 and *vice versa*. Words importing 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 as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual of the SGX-ST, or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act or the Listing Manual of the SGX-ST or any modification thereof, as the case may be.

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

Any discrepancy with the tables in this Circular between the listed amounts and the totals thereof is due to rounding.

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## LETTER TO SHAREHOLDERS

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### SEMBCORP MARINE LTD

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

**Directors:**

Lua Cheng Eng (*Chairman*)  
Tan Kwi Kin (*President*)  
Tan Pheng Hock  
Kiyotaka Matsuzawa  
Low Sin Leng  
Tan Tew Han  
Ajaib Haridass  
Haruo Kubota  
Heng Chiang Gnee (*Alternate Director to Tan Kwi Kin*)

**Registered Office:**

29 Tanjong Kling  
Singapore 628054

April 6, 2005

To: The Shareholders of  
SembCorp Marine Ltd

Dear Sir/Madam

#### 1. INTRODUCTION

- 1.1 **EGM.** The Directors of SembCorp Marine are convening the EGM to be held on April 21, 2005 to seek Shareholders' approval for the following proposals
- (a) the proposed modification to, and renewal of, the Shareholders Mandate; and
  - (b) the proposed modifications to the Share Plans.
- 1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the proposals to be tabled at the EGM.
- 1.3 **SGX-ST.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Circular.

#### 2. THE PROPOSED MODIFICATION TO, AND RENEWAL OF, THE SHAREHOLDERS MANDATE

- 2.1 **Shareholders Mandate.** At the 41<sup>st</sup> annual general meeting ("**AGM**") of the Company held on April 28, 2004 (the "**2004 AGM**"), approval of the Shareholders was obtained for the renewal of a shareholders mandate (the "**Shareholders Mandate**") to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual) (the "**EAR Group**") to enter into certain interested person transactions (the "**Interested Person Transactions**") with the classes of interested persons (the "**Interested Persons**") as set out in the Shareholders Mandate. Particulars of the Shareholders Mandate are set out in a letter to Shareholders accompanying the notice convening of the 2004 AGM (the "**2004 Letter to Shareholders**") and the Appendix to the 2004 Letter to Shareholders.

The Shareholders Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the 42<sup>nd</sup> AGM which is scheduled to be held on April 21, 2005. Accordingly, the Directors propose that the Shareholders Mandate be renewed at the EGM, to take effect until the 43<sup>rd</sup> AGM of the Company.

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## LETTER TO SHAREHOLDERS

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- 2.2 **Proposed Modification to the Shareholders Mandate.** The Shareholders Mandate, as approved at the 2004 AGM, provided for Interested Person Transactions being carried out between the EAR Group with Interested Persons which included separate categories of Interested Persons classified as (a) Temasek and its associates (excluding STPL and its associates and SCI and its associates) (the “**Temasek Group**”), (b) STPL and its associates (the “**STPL Group**”) and (c) SCI and its associates (the “**SCI Group**”). At the time of the renewal of the Shareholders Mandate at the 2004 AGM, SCI held 63.25% shareholding in the Company and STPL, through its shareholding in SCI, had an indirect interest in such Shares held by SCI. Temasek, being the holding company of STPL, also had an indirect interest in the Shares held by SCI.

On December 31, 2004, as a result of a restructuring exercise involving STPL, substantially all the shares in listed and unlisted companies and other assets held by STPL were transferred to Temasek. The shares which were transferred included all of the shares in the capital of SCI held by STPL. Accordingly, with effect from December 31, 2004, STPL ceased to have any interests in shares in the capital of SCI. STPL therefore ceased to have an indirect interest in the Shares held by SCI and also ceased to be a controlling shareholder of the Company.

Accordingly, it is proposed that the Shareholders Mandate be modified to delete references to STPL and the STPL Group.

Other than such modification, the particulars of the Interested Person Transactions in respect of which the Shareholders Mandate is sought to be renewed remain unchanged.

- 2.3 **Appendix 1.** Details of the Shareholders Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with interested persons and other general information relating to Chapter 9 of the Listing Manual, are set out in Appendix 1 to this Circular. The proposed modifications are lined for Shareholders’ ease of reference.
- 2.4 **Audit Committee Statement.** The Audit Committee of the Company, comprising Messrs Tan Tew Han, Ajaib Haridass and Haruo Kubota, confirms that:
- (a) the methods or procedures for determining the transaction prices under the Shareholders Mandate have not changed since the 2004 AGM; and
  - (b) the methods or procedures referred to in paragraph 2.4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

### 3. THE PROPOSED MODIFICATIONS TO THE SHARE PLANS

- 3.1 **The Share Plans.** The Share Option Scheme was adopted on April 27, 1991 when the Company was then known as Jurong Shipyard Limited. At an extraordinary general meeting held on May 31, 2000 (the “**2000 EGM**”), Shareholders approved the adoption of the Share Option Plan to replace the Share Option Scheme which was terminated upon the adoption of the Share Option Plan but, notwithstanding such termination, the rights of holders of existing Options granted pursuant to the Share Option Scheme were not affected. In addition, Shareholders also approved the adoption of the Performance Share Plan and the Restricted Stock Plan.

The rules of the Share Option Scheme are set out in the Circular to Shareholders dated April 4, 1991 and were amended with the approval of Shareholders on May 28, 1994 and at the 2000 EGM. Summaries of the rules of the Share Option Plan, the Performance Share Plan and the Restricted Stock Plan are set out in the circular to shareholders dated May 15, 2000.

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## LETTER TO SHAREHOLDERS

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3.2 **The Proposed Modifications to the Share Plans.** The following provisions in the rules of the Share Plans are proposed to be modified:

### 3.2.1 *Share Option Scheme*

Existing Rule 8(a) of the Share Option Scheme permits the Committee to adjust outstanding Options if a variation in the issued share capital of the Company (whether by way of a capitalisation or rights issue, reduction, subdivision or consolidation) shall take place. Existing Rule 8(a) of the Share Option Scheme requires any adjustment (except in relation to a capitalisation issue) to be confirmed in writing by the auditors of the Company to be, in their opinion, fair and reasonable.

Rule 8(a) currently does not allow any adjustments to be made in the event of a declaration of a special dividend (whether in cash or in specie) or other distribution. Normally, such a declaration does not involve a variation in the issued share capital of the Company. It is proposed that Rule 8(a) be modified to give the Committee the discretion to adjust outstanding Options in the event that the Company makes a declaration of a special dividend (whether interim or final or whether in cash or in specie) or other distribution. Any determination by the Committee as to whether to make an adjustment and if so, the manner in which such adjustment should be made, would have to be confirmed by the auditors of the Company to be fair and reasonable, and comply with Listing Rule 850(2).

### 3.2.2 *Share Option Plan*

Existing Rule 11.1 of the Share Option Plan permits the Committee to adjust outstanding Options if a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place. Existing Rule 11.3 of the Share Option Plan requires any adjustment (except in relation to a capitalisation issue) to be confirmed in writing by the auditors of the Company to be, in their opinion, fair and reasonable.

Rule 11.1 currently does not allow any adjustments to be made in the event of a declaration of a special dividend (whether in cash or in specie). Normally, such a declaration does not involve a variation in the issued share capital of the Company. It is proposed that Rule 11.1 be modified to give the Committee the discretion to adjust outstanding Options in the event that the Company makes a declaration of a special dividend (whether interim or final or whether in cash or in specie). Any determination by the Committee as to whether to make an adjustment and if so, the manner in which such adjustment should be made, would have to be confirmed by the auditors of the Company to be fair and reasonable, and comply with Listing Rule 850(2).

### 3.2.3 *Performance Share Plan and Restricted Stock Plan*

Existing Rules 9.1 of the Performance Share Plan and the Restricted Stock Plan permit the Committee to adjust outstanding Awards if a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place. Existing Rules 9.3 of the Performance Share Plan and the Restricted Stock Plan require any adjustment (except in relation to a capitalisation issue) to be confirmed in writing by the auditors of the Company to be, in their opinion, fair and reasonable.

Rules 9.1 of the Performance Share Plan and the Restricted Stock Plan currently do not allow any adjustments to be made in the event of a declaration of a special dividend (whether in cash or in specie). Normally, such a declaration does not involve a variation in the issued share capital of the Company. It is proposed that Rules 9.1 of the

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## LETTER TO SHAREHOLDERS

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Performance Share Plan and the Restricted Stock Plan be modified to give the Committee the discretion to adjust outstanding Awards in the event that the Company makes a declaration of a special dividend (whether interim or final or whether in cash or in specie).

Any determination by the Committee as to whether to make an adjustment and if so, the manner in which such adjustment should be made, would have to be confirmed by the auditors of the Company to be fair and reasonable, and comply with Listing Rule 850(2).

- 3.3 **Rationale for the Proposed Modifications.** Pursuant to the rules of the Share Plans, the Committee has the discretion to adjust outstanding Options and (as the case may be) Awards in the event of a variation in the issued share capital of the Company by reason of a capitalisation or rights issue, reduction, subdivision or consolidation or (except for the Share Option Scheme) distribution.

However, the Committee does not currently have the discretion to determine whether an adjustment should be made where the interests of holders of Options and/or Awards are diluted due to a declaration of a special dividend (whether in cash or in specie).

Currently, there is no proposal for the Company to declare any special dividend to Shareholders. In the event that a special dividend is proposed by the Company, the proposed modifications to Rule 8(a) of the Share Option Scheme, Rule 11.1 of the Share Option Plan and Rules 9.1 of the Performance Share Plan and the Restricted Stock Plan will give the Committee the ability to determine whether an adjustment should be made (and if so, the manner in which it should be made) where the interests of holders of Options and/or Awards are diluted due to a declaration of a special dividend (whether in cash or in specie).

Notwithstanding that the Committee may have such discretion, any adjustment would have to be confirmed by the auditors of the Company to be fair and reasonable and cannot be made in a way that would confer a benefit not received by Shareholders as required in Listing Rule 850(2).

- 3.4 **Appendix 2.** The proposed modifications to the Share Plans are set out in Appendix 2 to this Circular. The SGX-ST has no objection to the proposed modifications to the Share Plans. The proposed modifications are subject to Shareholders' approval at the EGM.

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 4.1 **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 Options/Awards
	Direct Interest	%	Deemed Interest	%	
Lua Cheng Eng	–	–	–	–	357,500
Tan Kwi Kin	1,118,000	nm <sup>(1)</sup>	–	–	4,990,000 <sup>(2)</sup>
Tan Pheng Hock	–	–	–	–	160,000
Kiyotaka Matsuzawa	–	–	–	–	330,000
Low Sin Leng	75,000	nm <sup>(1)</sup>	–	–	125,000
Tan Tew Han	–	–	–	–	225,000
Ajaib Haridass	–	–	–	–	130,000
Haruo Kubota	–	–	–	–	30,000
Heng Chiang Gnee (Alternate Director to Tan Kwi Kin)	813,000	nm <sup>(1)</sup>	–	–	2,675,000 <sup>(3)</sup>

## LETTER TO SHAREHOLDERS

**Notes:**

- <sup>(1)</sup> Not meaningful.
- <sup>(2)</sup> Of the 4,990,000 Shares:
- (a) 3,850,000 Shares are comprised in options granted to Tan Kwi Kin pursuant to the Share Option Plan;
  - (b) 380,000 Shares are comprised in conditional awards granted to Tan Kwi Kin, subject to performance targets set over a three year period from 2002 to 2004, pursuant to the Performance Share Plan. No Shares will be released should targets be achieved at below 80 per cent of the targets set and up to twice the number of Shares will be released should targets be achieved at up to 200 per cent of the targets set;
  - (c) 380,000 Shares are comprised in conditional awards granted to Tan Kwi Kin, subject to performance targets set over a three year period from 2003 to 2005, pursuant to the Performance Share Plan. No Shares will be released should targets be achieved at below 80 per cent of the targets set and up to twice the number of Shares will be released should targets be achieved at up to 200 per cent of the targets set; and
  - (d) 380,000 Shares are comprised in conditional awards granted to Tan Kwi Kin, subject to performance targets set over a three year period from 2004 to 2006, pursuant to the Performance Share Plan. No Shares will be released should targets be achieved at below 80 per cent of the targets set and up to twice the number of Shares will be released should targets be achieved at up to 200 per cent of the targets set.
- <sup>(3)</sup> Of the 2,675,000 Shares:
- (a) 2,075,000 Shares are comprised in options granted to Heng Chiang Gnee pursuant to the Share Option Plan;
  - (b) 200,000 Shares are comprised in conditional awards granted to Heng Chiang Gnee, subject to performance targets set over a three year period from 2002 to 2004, pursuant to the Performance Share Plan. No Shares will be released should targets be achieved at below 80 per cent of the targets set and up to twice the number of Shares will be released should targets be achieved at up to 200 per cent of the targets set;
  - (c) 200,000 Shares are comprised in conditional awards granted to Heng Chiang Gnee, subject to performance targets set over a three year period from 2003 to 2005, pursuant to the Performance Share Plan. No Shares will be released should targets be achieved at below 80 per cent of the targets set and up to twice the number of Shares will be released should targets be achieved at up to 200 per cent of the targets set; and
  - (d) 200,000 Shares are comprised in conditional awards granted to Heng Chiang Gnee, subject to performance targets set over a three year period from 2004 to 2006, pursuant to the Performance Share Plan. No Shares will be released should targets be achieved at below 80 per cent of the targets set and up to twice the number of Shares will be released should targets be achieved at up to 200 per cent of the targets set.

4.2 **Substantial Shareholders' Interests.** As at the Latest Practicable Date, the interests of substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders are as follows:

Substantial Shareholder	Number of Shares			
	Direct Interest	%	Deemed Interest	%
SCI	900,231,260	62.72	–	–
Temasek	–	–	902,174,260 <sup>(1)</sup>	62.85

**Note:**

- <sup>(1)</sup> Temasek is deemed to be interested in the 900,231,260 Shares held by SCI as well as the balance of 1,943,000 Shares held by its other subsidiaries.

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## LETTER TO SHAREHOLDERS

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- 4.3 **Abstention from voting.** Lua Cheng Eng (who is a director of SCI), Tan Kwi Kin (who is the President), Tan Pheng Hock (who is a director of Singapore Technologies Engineering Ltd, a subsidiary of Temasek) and Low Sin Leng (who holds an executive position in SCI) will abstain from voting their shareholdings, if any, in respect of Resolution 1, being the Ordinary Resolution relating to the proposed modification to, and renewal of, the Shareholders Mandate at the EGM.

Temasek and SCI, being Interested Persons (as described in paragraph 5.1 of Appendix 1 to this Circular), will abstain from voting, and will procure that their respective associates will also abstain from voting, their shareholdings, if any, in respect of Resolution 1 at the EGM.

As of the Latest Practicable Date, all of the Directors have been granted Options under the Share Option Schemes and/or (as the case may be) the Share Option Plan. Tan Kwi Kin and Heng Chiang Gnee have also been granted Awards under the Performance Share Plan and the Restricted Stock Plan. Accordingly, all of the Directors shall abstain from voting his or her Shares, if any, in respect of Resolution 2, being the Ordinary Resolution relating to the proposed modifications to the Share Plans at the EGM. Each such Director shall also decline to accept appointment as proxies for any Shareholder to vote in respect of Resolution 2, unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of Resolution 2.

### 5. DIRECTORS' RECOMMENDATIONS

- 5.1 **Proposed Modification to, and Renewal of, the Shareholders Mandate.** The Directors who are considered independent for the purposes of the proposed modification to, and renewal of, the Shareholders Mandate are Kiyotaka Matsuzawa, Tan Tew Han, Ajaib Haridass and Haruo Kubota (the "**Independent Directors**"). The Independent Directors are of the opinion that the entry into of the Interested Person Transactions between the EAR Group (as described in paragraph 2.2 of Appendix 1 to this Circular) and those Interested Persons (as described in paragraph 5.1 of Appendix 1 to this Circular) in the ordinary course of its business will be entered into to enhance the efficiency of the EAR Group and are in the best interests of the Company.

For the reasons set out in paragraphs 2, 4 and 6 of Appendix 1 to this Circular, the Independent Directors recommend that Shareholders vote in favour of Resolution 1, being the Ordinary Resolution relating to the proposed modification to, and renewal of, the Shareholders Mandate at EGM.

- 5.2 **Proposed Modifications to the Share Plans.** Although all of the Directors hold Options and/or Awards, they are of the opinion that the proposed modifications to the Share Plans are for the benefit of all participants under the Share Plans and are in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 2, being the Ordinary Resolution relating to the proposed modifications to the Share Plans.

### 6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 24 and 25 of this Circular, will be held at 29 Tanjong Kling Road, Singapore 628054 on April 21, 2005 at 11.15 a.m. (or as soon thereafter following the conclusion or adjournment of the 42<sup>nd</sup> Annual General Meeting of the Company to be held at 11.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without any modifications, the Ordinary Resolutions set out in the Notice of EGM.

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## LETTER TO SHAREHOLDERS

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### 7. ACTION TO BE TAKEN BY SHAREHOLDERS

- 7.1 **Abstention from voting.** As required under Listing Rule 859, any Shareholder who is eligible to participate in the Share Plans (such as employees of the Company and its subsidiaries) must abstain from voting in the EGM in respect of Resolution 2, being the Ordinary Resolution relating to the proposed modifications to the Share Plans. Such Shareholder should also decline to accept appointment as proxies for any Shareholder to vote in respect of Resolution 2, unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of Resolution 2.
- 7.2 **Appointment of Proxies.** Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf, should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at 30 Hill Street #05-04 Singapore 179360 not later than 48 hours before the time fixed for the EGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting in person at the EGM in place of his proxy if he wishes to do so.
- 7.3 **When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder entitled to attend and vote at the EGM unless he is shown to have Shares entered against his name in the Depository Register as at 48 hours before the time fixed for holding the EGM, as certified by CDP to the Company.

### 8. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 29 Tanjong Kling Road, Singapore 628054 during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Annual Report of the Company for the financial year ended December 31, 2004; and
- (b) the Share Plans.

### 9. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been reviewed and approved by all the Directors and they (including those who have delegated detailed supervision of this Circular) collectively and individually accept responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, that the facts stated and opinions expressed in this Circular are fair and accurate and that there are no material facts the omission of which would make any statement in this Circular misleading.

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

Lua Cheng Eng  
Chairman

## THE SHAREHOLDERS MANDATE

### 1. Chapter 9 of the Listing Manual

- 1.1 Chapter 9 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company’s interested persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for that transaction.
- 1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders’ approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company’s latest audited consolidated net tangible assets (“**NTA**”)) are reached or exceeded. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or which exceeds:
- (a) 5% of the listed company’s latest audited consolidated NTA; or
  - (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.
- 1.3 Based on the latest audited consolidated accounts of SembCorp Marine Ltd (“**SembCorp Marine**”) and its subsidiaries (the “**SembCorp Marine Group**”) for the financial year ended December 31, 2004, the consolidated NTA of the SembCorp Marine Group was S\$959.334 million. In relation to SembCorp Marine, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited accounts of the SembCorp Marine Group for the financial year ending December 31, 2005 are published, 5% of the latest audited consolidated NTA of the SembCorp Marine Group would be S\$47.967 million.
- 1.4 Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company’s interested persons.
- 1.5 Under the Listing Manual:
- (a) an “**entity at risk**” means:
    - (i) the listed company;
    - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
    - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;

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## APPENDIX 1

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- (b) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (c) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual; and
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person.

### 2. Rationale for the Shareholders Mandate

- 2.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and SembCorp Marine’s interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to SembCorp Marine’s interested persons or the obtaining of goods and services from them.
- 2.2 In view of the time-sensitive nature of commercial transactions, the renewal of the mandate (the “**Shareholders Mandate**”) pursuant to Chapter 9 of the Listing Manual will enable:
  - (a) SembCorp Marine;
  - (b) subsidiaries of SembCorp Marine (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and
  - (c) associated companies of SembCorp Marine (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the SembCorp Marine Group, or the SembCorp Marine Group and interested person(s) of SembCorp Marine has or have control,

(together, the “**EAR Group**”), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) set out in paragraph 6 below with the specified classes of SembCorp Marine’s interested persons (the “**Interested Persons**”) set out in paragraph 5.1 below, provided such Interested Person Transactions are made on normal commercial terms.

### 3. Scope of the Shareholders Mandate

- 3.1 The EAR Group engages in a wide range of activities which include the following principal activities for which the renewal of the Shareholders Mandate is sought:
  - (a) ship and rig conversion; ship and rig repair; ship and rig building; sale and purchase of vessels; offshore engineering; metal and steel fabrication; design and procurement services; project management services;

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- (b) ancillary services such as the supply of equipment rental services; bulk trading in materials and copper slag; the processing and distribution of copper slag for grit blasting and building; cleaning and maintenance of industrial premises and buildings; marine, general electronic and electrical works and general contracting services; and
  - (c) provision of turnkey engineering and construction services for oil and gas industries.
- 3.2 The Shareholders Mandate does not cover any transaction by a company in the EAR Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.
- 3.3 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Shareholders Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

#### 4. **Benefit to Shareholders**

The Shareholders Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for SembCorp Marine to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

#### 5. **Classes of Interested Persons**

- 5.1 The Shareholders Mandate applies to the Interested Person Transactions (as described in paragraph 6 below) which are carried out with the following classes of Interested Persons:
- (a) Temasek Holdings (Private) Limited and its associates (excluding ~~Singapore Technologies Pte Ltd (“STPL”) and SembCorp Industries Ltd (“SembCorp Industries”)~~ and their respective ~~its~~ associates) (the “**Temasek Group**”);
  - ~~(b) STPL and its associates (the “STPL Group”);~~
  - ~~(e)(b)~~ SembCorp Industries and its associates (the “**SembCorp Industries Group**”); and
  - ~~(d)(c)~~ Directors, Chief Executive Officer(s) and controlling shareholders of SembCorp Marine (other than the controlling shareholders described in sub-paragraphs (a); and (b) ~~and (e)~~ above) and their respective associates.
- 5.2 Transactions with Interested Persons which do not fall within the ambit of the Shareholders Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

#### 6. **Categories of Interested Person Transactions**

The Interested Person Transactions with the Interested Persons (as described in paragraph 5.1 above) which are covered by the Shareholders Mandate and the benefits to be derived therefrom are set out below:

##### (a) **General Transactions**

This category relates to general transactions (“**General Transactions**”) in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group (as more particularly described in paragraph 3.1 above) or which are necessary for the day-to-day operations of the EAR Group comprising the following:

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- (i) the provision of ship and rig building, ship and rig conversion and repair services;
- (ii) the provision of offshore oil and gas engineering, procurement, construction, installation and commissioning services for offshore platforms, modules and floating production systems services;
- (iii) the provision of complete Floating Production Storage and Offloading (FPSO) facilities, including FPSO hull conversion, topside, turret and mooring system fabrication and installation, integration of marine and process controls and instrumentation systems;
- (iv) the provision of project management services;
- (v) the sale and purchase of vessels;
- (vi) the obtaining and provision of construction and design consultancy services (covering architectural, structural, mechanical, civil, electrical and land/quantity surveying) for purposes of meeting the construction and engineering requirements of SembCorp Marine;
- (vii) the fabrication of steelwork structure, pipe fittings and painting for the marine industry;
- (viii) the leasing and rental (as lessor and lessee) of equipment, land parcels or office space used in connection with the services provided;
- (ix) the provision of marine, general electronic and electrical works and general contracting services;
- (x) the provision of ancillary services such as bulk trading in materials and the cleaning and maintenance of industrial premises, buildings and installations;
- (xi) the obtaining or the purchase of electronic and engineering equipment, computer maintenance and systems, software licences and information technology services, logistic services and insurances;
- (xii) the collection and treatment of used copper slag and the processing and distribution of copper slag for blast cleaning purposes;
- (xiii) the production and sale of concrete products;
- (xiv) the provision of turnkey contracting services in marine automation, switchboard fabricators, motor and generators refurbishing, HVAC and industrial electronic boards assembly and any of the businesses of engineering and electricians (metalwork specialists and machinery fitting);
- (xv) shipowners and the provision of specialist marine services;
- (xvi) the provision of corrosion control services (including blasting and painting) and equipment trading;
- (xvii) the provision of factoring services to in-house sub-contractors;
- (xviii) the provision of harbour tug services;
- (xix) the obtaining of electricity and steam and other power sources and utilities;

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- (xx) the obtaining of industrial and commercial waste collection services;
- (xxi) the obtaining of printing or publishing services;
- (xxii) the purchase of airline tickets; and
- (xxiii) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (i) to (xxii) above.

The transactions set out in paragraphs (i) to (vii) arise in the normal course of business of SembCorp Marine, while those set out in paragraphs (viii) to (xxiii) are necessary for the day-to-day operations of SembCorp Marine.

The EAR Group will benefit from having access to competitive quotes from the different companies in the different industries within the Temasek Group, ~~the STPL Group~~ and the SembCorp Industries Group in addition to obtaining quotes from, or transacting with, non-Interested Persons.

(b) **Treasury Transactions**

Treasury transactions (“**Treasury Transactions**”) comprise (a) the placement of funds with any Interested Person, (b) the borrowing of funds from any Interested Person, (c) the entry into with any Interested Person of forex, swap and option transactions for hedging purposes and (d) the subscription of debt securities or preference shares issued by any Interested Person and the issue of debt securities or preference shares to any Interested Person and the buying from, or the selling to, any Interested Person of debt securities or preference shares.

The EAR Group can benefit from competitive rates and quotes in an expedient manner on the placement of funds with, the borrowings from, the entry into forex, swap and option transactions with, and the subscription and purchase of debt securities or preference shares issued by, or the issue of debt securities or preference shares to, any Interested Person.

(c) **Management Support Services**

The EAR Group may, from time to time, receive management and support services from its Interested Persons in the areas of finance, treasury, investment risk review, governmental relations, strategic development, management information systems, and human resources management and development (“**Management Support Services**”). By having access to and providing such management support, the EAR Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of its Interested Persons.

7. **Review Procedures for Interested Person Transactions**

- 7.1 The EAR Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm’s length basis and on normal commercial terms:

7.1.1 **General Transactions**

Review Procedures

In general, there are procedures established by the EAR Group to ensure that General Transactions with Interested Persons are undertaken on an arm’s length basis and on normal commercial terms consistent with the EAR Group’s usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

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In particular, the following review procedures have been put in place.

(a) *Provision of Services or the Sale of Products*

The review procedures are:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and
- (ii) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account; and

(b) *Obtaining of Services or the Purchasing of Products*

The review procedures are:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into of the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and
- (ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable.

Threshold Limits

In addition to the review procedures, the EAR Group supplements its internal systems to ensure that General Transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms as follows:

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- (i) a Category 1 transaction is one where the EAR Group's proportionate share in a transaction with an Interested Person is in excess of S\$50 million, except that in the case of sale and purchase of vessels, the EAR Group's proportionate share in such a transaction with an Interested Person is one in excess of S\$5 million; and
- (ii) a Category 2 transaction is one where the EAR Group's proportionate share in a transaction with an Interested Person is above S\$100,000 but below or equal to S\$50 million, except that in the case of sale and purchase of vessels, the EAR Group's proportionate share in such a transaction with an Interested Person is one below or equal to S\$5 million.

Category 1 transactions must be approved by the audit committee of SembCorp Marine (the "**Audit Committee**") prior to being contracted. Category 2 transactions need not have the prior approval of the Audit Committee but shall be reviewed on a quarterly basis by the Audit Committee.

### 7.1.2 Treasury Transactions

#### Review Procedures

In general, there are procedures established by the EAR Group to ensure that Treasury Transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place.

(a) *Placements*

In relation to the placement with any Interested Person by the EAR Group of its funds, SembCorp Marine will require that quotations shall be obtained from such Interested Person and at least two banks for rates of deposits with such banks of an equivalent amount, and for the equivalent period, of the funds to be placed by the EAR Group. The EAR Group will only place its funds with such Interested Person, provided that the terms quoted are no less favourable than the terms quoted by such banks for equivalent amounts.

(b) *Borrowings*

In relation to the borrowing of funds from any Interested Person by the EAR Group, SembCorp Marine will require that quotations shall be obtained from such Interested Person and at least two banks for rates for loans from such banks of an equivalent amount, and for the equivalent period, of the funds to be borrowed. The EAR Group will only borrow funds from such Interested Person, provided that the terms quoted are no less favourable than those quoted by such banks.

(c) *Debt Securities and Preference Shares*

In relation to the subscription of debt securities or preference shares issued by, or purchase of debt securities or preference shares from, Interested Persons, the EAR Group will only enter into the subscription or purchase of such debt securities or preference shares provided that the price(s) at which the EAR Group subscribes for or purchases such debt securities or preference shares will not be higher than the price(s) at which such debt securities or preference shares are subscribed for or purchased by third parties.

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In relation to the issue or sale to Interested Persons of debt securities or preference shares, the EAR Group will only issue or sell such debt securities or preference shares to Interested Persons provided that the price(s) at which the EAR Group issues or sells such debt securities or preference shares will not be lower than the price(s) at which such debt securities or preference shares are issued or sold to third parties. The EAR Group will also comply with all applicable laws and regulations in connection with the issue or sale of such debt securities or preferences shares to Interested Persons.

For the purposes of the Shareholders Mandate, the preference shares to be subscribed or purchased from Interested Persons, or to be issued or sold to Interested Persons, will not carry any voting rights, except in the circumstances set out in Section 180(2)(a), (b) and (c) of the Companies Act.

(d) *Forex, Swaps, Options*

In relation to forex, swap and option transactions with any Interested Person by the EAR Group, SembCorp Marine will require that rate quotations shall be obtained from such Interested Person and at least two banks. The EAR Group will only enter into such forex, swap or option transactions with such Interested Person provided that such terms quoted are no less favourable than the terms quoted by such banks.

Threshold Limits

In addition to the foregoing, the following threshold limits (“**Treasury Limits**”) will be applied to supplement the internal systems of the EAR Group to ensure that Treasury Transactions are undertaken with Interested Persons on an arm’s length basis and on normal commercial terms:

Type of Treasury Transaction	Treasury Limit (S\$ million)
Placements	50
Borrowings	50
Subscription or Purchase of Debt Securities	50
Issue or Sale of Debt Securities and Preference Shares	50
Subscription or Purchase of Preference Shares	30
Forex, Swaps, Options	30

Where the EAR Group’s proportionate share in a transaction with an Interested Person exceeds any of the Treasury Limits set out above, such transaction must be approved by the Audit Committee prior to its entry. Where the EAR Group’s proportionate share in a transaction is equal to or below any of the Treasury Limits set out above, such transaction need not have the prior approval of the Audit Committee, but shall be reviewed on a quarterly basis by the Audit Committee.

### 7.1.3 Management Support Services

The EAR Group will satisfy itself that the costs for any Management Support Services provided by any Interested Person shall be on an arm’s length and on normal commercial basis and in accordance with any formula for such cost recovery agreed with such Interested Person. Transactions exceeding the amount of S\$1,000,000 must be approved by the Audit Committee, and transactions equal to or below S\$1,000,000 shall be reviewed on a quarterly basis by the Audit Committee.

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## APPENDIX 1

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- 7.2 SembCorp Marine will maintain a register of transactions carried out with Interested Persons pursuant to the Shareholders Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into), and SembCorp Marine's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the Shareholders Mandate.
- 7.3 The Audit Committee of SembCorp Marine shall review these internal audit reports on Interested Persons Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with.
- 7.4 If during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, SembCorp Marine will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that Interested Person Transactions will be on an arm's length and on normal commercial basis.
- 8. Validity Period of the Shareholders Mandate**
- The renewal of the Shareholders Mandate will take effect from the passing of the ordinary resolution relating thereto, and will (unless revoked or varied by SembCorp Marine in general meeting) continue in force until the next Annual General Meeting of SembCorp Marine following thereafter. Approval from Shareholders will be sought for the renewal of the Shareholders Mandate at each subsequent Annual General Meeting of SembCorp Marine, subject to satisfactory review by the Audit Committee of its continued application to the transactions with Interested Persons.
- 9. Disclosure of Interested Person Transactions pursuant to Shareholders Mandate**
- 9.1 The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders Mandate for the quarterly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.
- 9.2 Disclosure will also be made in SembCorp Marine Annual Report of the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders Mandate during the financial year, and in the Annual Reports for subsequent financial years that the Shareholders Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

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## APPENDIX 2

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### THE PROPOSED MODIFICATIONS TO THE SHARE PLANS

#### Part 1

#### **Share Option Scheme**

The proposed modification to the Share Option Scheme is set out below. For ease of reference, the full text of the Rule 8(a) of the Share Option Scheme which is proposed to be modified has been reproduced.

#### **Existing Rule 8(a)**

8(a) *If a variation in the issued share capital of the Company (whether by way of a capitalisation or rights issue, reduction, subdivision or consolidation) shall take place, then:-*

- (a) *the Subscription Price for the Shares, the nominal amount, class and/or number of Shares comprised in an Option to the extent unexercised; and/or*
- (b) *the nominal amount, class and/or number of Shares over which Options may be granted under the Scheme,*

*shall be adjusted in such manner as the Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators) that, in their opinion, such adjustment is fair and reasonable.*

*For this purpose, except for the grant of the Replacement Options, any issue of options by the Company to subscribe for new Shares in the capital of the Company at less than the price as ascertained by reference to Rule 3 shall be deemed to amount to a variation in the issued share capital of the Company.*

#### Proposed Modification to Existing Rule 8(a)

Existing Rule 8(a) shall be deleted in its entirety and the following substituted therefor:

8(a) If a variation in the issued **ordinary** share capital of the Company (whether by way of a capitalisation **of profits or reserves** or rights issue, reduction, subdivision, consolidation, **distribution or otherwise**) shall take place **or if the Company shall make a declaration of a special dividend (whether interim or final and whether in cash or in specie)**, then:-

- (a) the Subscription Price for the Shares, the nominal amount, class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the nominal amount, class and/or number of Shares over which Options may be granted under the Scheme,

shall be adjusted in such manner as the Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators) that, in their opinion, such adjustment is fair and reasonable.

For this purpose, except for the grant of the Replacement Options, any issue of options by the Company to subscribe for new Shares in the capital of the Company at less than the price as ascertained by reference to Rule 3 shall be deemed to amount to a variation in the issued share capital of the Company.

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## APPENDIX 2

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### **Part 2**

#### **Share Option Plan**

The proposed modification to the Share Option Plan is set out below. For ease of reference, the full text of the Rule 11.1 of the Share Option Plan which is proposed to be modified has been reproduced.

#### **Existing Rule 11.1**

11.1 *If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:-*

- (a) *the Subscription Price of the Shares, the nominal amount, class and/or number of Shares comprised in an Option to the extent unexercised; and/or*
- (b) *the nominal amount, class and/or number of Shares over which future Options may be granted under the Plan,*

*shall be adjusted in such manner as the Committee may determine to be appropriate.*

#### **Proposed Modification to Existing Rule 11.1**

Existing Rule 11.1 shall be deleted in its entirety and the following substituted therefor:

11.1 *If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place **or if the Company shall make a declaration of a special dividend (whether interim or final and whether in cash or in specie)**, then:-*

- (a) *the Subscription Price of the Shares, the nominal amount, class and/or number of Shares comprised in an Option to the extent unexercised; and/or*
- (b) *the nominal amount, class and/or number of Shares over which future Options may be granted under the Plan,*

*shall be adjusted in such manner as the Committee may determine to be appropriate.*

### **Part 3**

#### **Performance Share Plan**

The proposed modification to the Performance Share Plan is set out below. For ease of reference, the full text of the Rule 9.1 of the Performance Share Plan which is proposed to be modified has been reproduced.

#### **Existing Rule 9.1**

9.1 *If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:-*

- (a) *the nominal amount, class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or*
- (b) *the nominal amount, class and/or number of Shares in respect of which future Awards may be granted under the Plan,*

*shall be adjusted in such manner as the Committee may determine to be appropriate.*

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## APPENDIX 2

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### Proposed Modification to Existing Rule 9.1

Existing Rule 9.1 shall be deleted in its entirety and the following substituted therefor:

9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place **or if the Company shall make a declaration of a special dividend (whether interim or final and whether in cash or in specie)**, then:-

- (a) the nominal amount, class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or
- (b) the nominal amount, class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate.

### **Part 4**

#### **Restricted Stock Plan**

The proposed modification to the Restricted Stock Plan is set out below. For ease of reference, the full text of the Rule 9.1 of the Restricted Stock Plan which is proposed to be modified has been reproduced.

#### **Existing Rule 9.1**

9.1 *If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:-*

- (a) *the nominal amount, class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or*
- (b) *the nominal amount, class and/or number of Shares in respect of which future Awards may be granted under the Plan,*

*shall be adjusted in such manner as the Committee may determine to be appropriate.*

### Proposed Modification to Existing Rule 9.1

Existing Rule 9.1 shall be deleted in its entirety and the following substituted therefor:

9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place **or if the Company shall make a declaration of a special dividend (whether interim or final and whether in cash or in specie)**, then:-

- (a) the nominal amount, class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or
- (b) the nominal amount, class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### SEMBCORP MARINE LTD

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

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the members of SembCorp Marine Ltd (the “**Company**”) will be held at 29 Tanjong Kling Road, Singapore 628054 on April 21, 2005 at 11.15 a.m. (or as soon thereafter following the conclusion or adjournment of the 42<sup>nd</sup> Annual General Meeting of the Company to be held at 11.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing (with or without modification) the following Resolutions which will be proposed as Ordinary Resolutions:

#### **Resolution 1: Ordinary Resolution**

##### **The Proposed Modification to, and Renewal of, the Shareholders Mandate**

That:

- (1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“**Chapter 9**”) of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 1 to the Circular to Shareholders dated April 6, 2005 (the “**Circular**”) with any party who is of the class of interested persons described in Appendix 1 to the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (2) the approval given in paragraph (1) above (the “**Shareholders Mandate**”) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (3) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders Mandate and/or this Resolution.

#### **Resolution 2: Ordinary Resolution**

##### **The Proposed Modifications to the Share Plans**

That:

- (1) Rule 8(a) of the SembCorp Marine Executives’ Share Option Scheme be modified in the manner as set out in Part 1 of Appendix 2 to the Circular;
- (2) Rule 11.1 of the SembCorp Marine Share Option Plan be modified in the manner as set out in Part 2 of Appendix 2 to the Circular;
- (3) Rule 9.1 of the SembCorp Marine Performance Share Plan be modified in the manner as set out in Part 3 of Appendix 2 to the Circular; and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (4) Rule 9.1 of the SembCorp Marine Restricted Stock Plan be modified in the manner as set out in Part 4 of Appendix 2 to the Circular.

BY ORDER OF THE BOARD

Kwong Sook May  
Company Secretary

April 6, 2005

**Notes:**

- (1) A shareholder of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
- (2) The instrument appointing a proxy must be lodged at 30 Hill Street #05-04 Singapore 179360 not less than 48 hours before the time of the Extraordinary General Meeting.

# SEMBCORP MARINE LTD

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

## IMPORTANT

1. For investors who have used their CPF moneys to buy shares in the capital of SembCorp Marine Ltd, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

## PROXY FORM

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of SembCorp Marine Ltd (the "Company") hereby appoint

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting of the Company to be held on April 21, 2005 at 29 Tanjong Kling Road, Singapore 628054, at 11.15 a.m. (or as soon thereafter following the conclusion or adjournment of the 42<sup>nd</sup> Annual General Meeting of the Company to be held at 11.00 a.m. on the same day and at the same place) and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Extraordinary General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Extraordinary General Meeting.)

	For	Against
<b>Resolution 1: Ordinary Resolution</b> To approve the proposed modification to, and renewal of, the Shareholders Mandate.		
<b>Resolution 2: Ordinary Resolution</b> To approve the proposed modifications to the Share Plans.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2005

Total Number of Shares held

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



## NOTES

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be lodged at 30 Hill Street #05-04 Singapore 179360 not less than 48 hours before the time appointed for the Extraordinary General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

### General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.