



Company Registration Number: 196300098Z

UPDATE BY SEMBCORP MARINE

Singapore, 25 November 2015: Sembcorp Marine refers to the announcements made by Marco Polo Marine Ltd on 24 November 2015 and 17 November 2015, and the announcement made by Sembcorp Marine on 18 November 2015.

PPL Shipyard Pte Ltd's ("PPLS") position is that the contract is still subsisting and Marco Polo Drilling (I) Pte Ltd ("MPD") is in repudiatory breach. PPLS did not accept MPD's repudiatory breach. PPLS has elected to affirm the contract and PPLS' lawyers have notified MPD's lawyers of this election on 23 November 2015.

The contractual delivery date is 30 November 2015. When MPD purported to terminate the contract on 17 November 2015, the Rig was substantially ready to be completed for delivery. Based on the construction schedule, more than 98% of the Rig had been completed. The final phase of construction included a pre-load test and a jacking trial followed by non-destructive testing. Any defect discovered will be made good and retested to the satisfaction of the Classification Society and MPD before delivery. Notwithstanding the 30 November 2015 delivery date, the contract provided that PPLS has an additional 210 days after 30 November 2015 to deliver the Rig. PPLS therefore has more than enough time to make good any defect and deliver the Rig to MPD in accordance with the contract. In view thereof, MPD's purported termination on 17 November 2015 is wrongful and without any justification whatsoever. PPLS is of the view that the purported termination by MPD is to avoid its obligation to pay the 2nd disbursement of 10% of the contract price (US\$21.43 million), that has already accrued and due to PPLS immediately on the execution of the contract. This payment was deferred twice at the request of MPD, and is payable by 30 November 2015.

As for dispute resolution, as the contract is still subsisting, and the disputes are technical in nature, PPLS will be inviting MPD to refer the disputes to the Classification Society, whose decision shall be final and binding on the parties as provided for under the contract.

PPLS will also be seeking payment of the 2nd disbursement if MPD fails to make payment by 30 November 2015. All of the rights of PPLS are reserved.

Sembcorp Marine will make further announcements where necessary.

For further information, please contact:

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