



**sembcorp  
marine**

Company Registration Number: 196300098Z

## **UPDATE ON CONTRACTUAL DISPUTE WITH MARCO POLO**

**Singapore, December 1, 2015:** Sembcorp Marine refers to the announcements it made on 18 November 2015 and 25 November 2015.

PPL Shipyard Pte Ltd (“**PPLS**”) has on 1 December 2015 served a termination notice on Marco Polo Drilling (I) Pte Ltd (“**MPD**”) terminating the contract after MPD failed to pay the 2<sup>nd</sup> disbursement of 10% of the contract price (US\$21.43 million) by 30 November 2015 (the “**2<sup>nd</sup> Disbursement**”).

The 2<sup>nd</sup> Disbursement was immediately due upon the execution of the contract on 26 February 2014. MPD was initially allowed to pay the 2<sup>nd</sup> Disbursement by 11 February 2015. However on MPD’s requests, the payment of the 2<sup>nd</sup> Disbursement was deferred twice, first to no later 30 June 2015 and subsequently to no later 30 November 2015. MPD also agreed to pay interest on the 2<sup>nd</sup> Disbursement up to the date of payment.

Following the termination of the contract, PPLS demanded that MPD immediately pay the 2<sup>nd</sup> Disbursement and interest for the month of November 2015 (the “**November Interest**”). MPD failed to pay these sums by the stipulated deadline. MPD remains liable to pay the 2<sup>nd</sup> Disbursement as it became due at the date of execution of the contract on 26 February 2014.

MPD’s obligations under the contract including its obligation to pay the 2<sup>nd</sup> Disbursement is guaranteed by Marco Polo Marine Ltd (“**MPM**”) under the Parent Company Performance Guarantee (the “**Guarantee**”).

On 1 December 2015, PPLS demanded that MPM, as guarantor, perform MPD’s obligations in full under the Contract and pay the 2<sup>nd</sup> Disbursement and the November Interest. MPM failed to pay these sums by the stipulated deadline.

PPLS has now commenced an action against MPM in the Singapore High Court on 1 December 2015.

All of PPLS’s rights are hereby reserved.

Sembcorp Marine will make further announcements as and when necessary.

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