



Company Registration Number: 196300098Z

## UPDATE ON CONTRACTUAL DISPUTE WITH MARCO POLO

Singapore, 7 April 2016: Sembcorp Marine refers to the announcement it made on 1<sup>st</sup> December 2015 that its subsidiary PPL Shipyard Pte Ltd ("**PPLS**") had on 1<sup>st</sup> 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<sup>th</sup> November 2015 (the "**2<sup>nd</sup> Disbursement**"). PPLS commenced an action in the Singapore High Court on 1<sup>st</sup> December 2015 against the parent company of MPD, Marco Polo Marine Ltd ("**MPM**"), the guarantor, for the amounts due under the Contract.

Further to the earlier announcement, PPLS and MPD referred the dispute to their senior management and to mediation but the dispute between the parties remains unresolved. PPLS has on 7<sup>th</sup> April 2016 served a Notice of Arbitration to commence arbitration proceedings against MPD.

Subsequent to PPLS serving the said Notice of Arbitration on MPD, PPLS has also separately received a Notice of Arbitration from MPD and MPM purporting to commence arbitration proceedings against PPLS. All of PPLS's rights are hereby reserved.

Sembcorp Marine will make further announcements as and when necessary.

The matter is not expected to have any material impact on the net tangible assets and earnings per share of Sembcorp Marine for the year ending 31<sup>st</sup> December, 2016.

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