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PRESS RELEASE

Sembcorp Marine's Sembawang Shipyard Exercises Option to Increase Shareholding Stake in Sembmarine Kakinada Ltd, India to 40% and Extends the Technical Management and Services Agreement to 10 Years

Singapore, August 1, 2011: Sembcorp Marine's wholly owned subsidiary Sembawang Shipyard has exercised its option to increase its shareholding in Sembmarine Kakinada Ltd (SKL), a joint venture between Sembawang Shipyard and Kakinada Seaports Limited, from 19.9% to 40% of the joint venture's initial investment of US\$50 million, making it the largest single shareholder of the joint venture facility. The Technical Management & Services Agreement to operate and manage SKL will also be extended from the current 5 years to 10 years.

Strategic Positioning for Future Growth

The increase in the shareholding of Sembmarine Kakinada Ltd, a joint venture set up in November 2009, is in line with Sembcorp Marine's strategy to establish and grow a hub in India to cater to the growing needs of its customers operating in India and South Asia. SKL is an integrated marine and offshore facility strategically located in the East Coast of India, one of the world's key oil and gas exploration areas. Located between Vishakhapatnam and Chennai Port, the shipyard is well-placed to cater to offshore drilling units and merchant vessels trading or operating along the eastern coast of India.

Mr Ong Poh Kwee, Managing Director of Sembawang Shipyard said "SKL is well-positioned to capitalize on the huge development and long-term growth potential of the offshore industry in India and South Asia. Through our increased stakeholding and long-term commitment, SKL will be able to leverage on the capabilities and expertise of Sembcorp Marine and in particular Sembawang Shipyard for sustainable growth. We are confident that SKL is on track to become a one-stop integrated offshore service facility by the end of 2012, catering to the growing needs of our customers operating in India and South Asia."

Progress of Shipyard Development

SKL, which operates within the vicinity of Kakinada Seaports, will be developed in 3 phases to offer shipowners and offshore operators a one-stop integrated offshore service facility for the repairs and servicing of offshore vessels and ships, newbuildings, oil and gas riser/equipment repairs as well as platforms and modules fabrication by the end of 2012.

Construction of the first phase of SKL's development is well underway and completed facilities include blasting and painting shops, specialized Offshore

Equipment Service Shops for riser and tubulars repairs, mechanical & electrical, piping & outfitting and multi-purpose workshops as well as a 630-metre repair pier. In December 2010, SKL successfully completed the repairs for **Aban II**, a jack-up rig owned by Aban Offshore Ltd, India, on time and in accordance with the owner's stringent quality and HSE standards. SKL will be ready to undertake full docking and repair works by the first half of 2012 when its 15,000-ton lifting capacity floating dock is commissioned. SKL's shops and ground are also geared up for fabrication and shipbuilding.

Barring unforeseen circumstances, Sembcorp Marine expects positive contributions to its earnings from the joint-venture facility in the future. However, the above investment is not expected to have a material impact on Sembcorp Marine's earnings and net tangible assets per share for the current financial year ending 31 December 2011. The additional investment will be funded from Sembcorp Marine's own internal resources.

About Sembawang Shipyard Pte Ltd

Sembawang Shipyard, a wholly-owned shipyard of Sembcorp Marine Ltd, has one of the largest integrated ship repair and conversion facilities in Southeast Asia. With more than four decades of experience and proven track record in ship repair and offshore conversion, the shipyard's world-class reputation is based on the company's commitment to superior customer service, innovative solutions, quality, and strict Health, Safety, Security and Environment standards.

Besides the traditional sectors of tankers and bulkers, Sembawang Shipyard is a recognised specialist in the niche markets of FPSO/FSO conversions, offshore vessels conversions and newbuildings, complex lengthening conversions, passenger ship conversions/refurbishment, chemical tankers, liquefied gas carriers, offshore rigs and navy ship repairs.

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