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PRESS RELEASE

SEMBCORP MARINE'S PPL SHIPYARD SECURES US\$155 MILLION RIG BUILDING CONTRACT

Singapore, October 31, 2006: PPL Shipyard, a subsidiary of SembCorp Marine, has secured a rig building contract worth US\$155 million from Offshore Group Corp. for the construction of a Baker Marine Pacific Class 375 Deep Drilling Offshore Jack-Up Rig.

Mr Ong Tian Khiam, Managing Director of PPL Shipyard said "The Construction Contract is an option that PPL Shipyard granted to Offshore Group Corp. in 2005 and which the latter has now decided to exercise given the current buoyant offshore market conditions and the strong demand for such proven high performance and high specification jack-up rigs."

Construction of the jack-up rig is expected to commence in December 2006 with delivery scheduled in July 2009.

The jack-up rig will be built based on PPL's proprietary Baker Marine Pacific Class 375 Deep Drilling design. The rig will be equipped with a drilling package that will enable it to drill high pressure and high temperature wells at 30,000 feet whilst operating in 375 feet of water. It has accommodation for 120 men.

PPL Shipyard is a rig-building yard with proven track record in the building and servicing of jack-up and semi-submersible rigs. It has recently delivered two units of new generation Baker Marine Pacific Class 375 Deep Drilling jack-up rigs to owners.

Barring unforeseen circumstances, SembCorp Marine expects a positive contribution to its earnings from the contract. However, this contract is not expected to have any material impact on the net tangible assets and earnings per share of SembCorp Marine for the year ending December 31, 2006.

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