

NEWS RELEASE

Immediate Release

Sembawang Shipyard Signs Evergreen Alliance With BP Shipping Limited

Singapore, 31 May 2000 – Sembawang Shipyard Pte Ltd (SembShip), Singapore, a subsidiary of SembCorp Marine, today announces the signing of an evergreen alliance agreement with BP Shipping Limited, United Kingdom.

The agreement, signed in Shangri-La Hotel in Singapore, by Linda L. Adamany, Chief Executive of BP Shipping Limited, and Mr Heng Chiang Gnee, Managing Director of Sembawang Shipyard Pte Ltd, commits the refitting and drydocking of BP Shipping's vessels trading in the Far East to Sembawang Shipyard for the foreseeable future.

Sembawang Shipyard is honoured to have been chosen as BP Shipping's alliance partner. Both organisations have a long history of co-operation, dating back to the early 1970s. The first BP tanker to be repaired by Sembawang Shipyard was **BRITISH GULL** in November 1971. To date, the shipyard is proud to have drydocked and repaired 91 vessels for BP Shipping.

The signing of the evergreen alliance agreement marks a major watershed in the collaborative relationship between BP Shipping and Sembawang Shipyard as it commits both companies to achieving sustainable targets in the areas of safety, cost, quality and technology advancements, leading to an overall substantial improvement in the operating performance of BP Shipping's fleet and thereby optimising vessels' trading days. The shipyard will benefit from cost savings arising from economies of scale and operational efficiency from better forward planning of committed long-term work. Critical to this innovative refit alliance is the commitment by both companies to jointly develop and co-create innovative shiprepair procedures, safety and quality improvements and other productivity enhancement schemes, which will bring quantum mutual long term benefits and value-creation to both organisations.

"The alliance agreement with oil major, BP Shipping marks another milestone achievement for Sembawang Shipyard. The nature of the business has changed phenomenally especially in the last two years. Customers and service providers are no longer looking at each other just for immediate needs. Rather, both are looking at achieving long term mutually compatible goals, which will result in continuous improvements and advancement by both parties. The ability to sustain value creation and develop competitive advantage by leveraging on the skills and capabilities of each partner to improve both companies' performance will be key to success of any alliance partnership. Sembawang Shipyard is therefore pleased to have entered into this alliance agreement with BP Shipping as it demonstrates the alignment of

objectives of both companies on quality, performance, health, safety and the environment. I am confident that our alliance partnership will not only promote a long-term business relationship, but will also provide the springboard for both companies to seek innovative ways to add value to each other's operation", said Mr Heng Chiang Gnee, Managing Director of Sembawang Shipyard Pte Ltd during the signing ceremony.

"We are committed to building the best possible relationship with Sembawang, a relationship that will set a new benchmark in the industry for how ship repair is done", said Linda Adamany, Chief Executive of BP Shipping Limited.

Sembawang Shipyard has just successfully completed the drydocking and repair of BPS's **BRITISH VALOUR**. The **BRITISH STRENGTH** and **BRITISH SKILL** are scheduled to enter the shipyard for docking and repairs in June.

With the signing of this alliance, SembShip has a total of four alliance agreements, namely with Shell International Trading and Shipping Co. Ltd (United Kingdom), BHP Transport and Logistics (Australia) and Jo Tankers AS (Norway). Sembawang Shipyard is of the view that such alliances with international shipowners and operators will be the way forward in forging long term business relationships leading to synergistic value creation for the shipyard and its alliance partners.

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