



Company Registration Number: 196300098Z

## **PRESS RELEASE**

### **Sembcorp Marine's Sembawang Shipyard and Kakinada Seaports Sign Joint Venture to Establish a Marine and Offshore Facility in India's East Coast**

**Singapore, November 25, 2009:** Sembawang Shipyard, a wholly-owned subsidiary of Sembcorp Marine, and Kakinada Seaports Limited (Kakinada Seaports), will sign an agreement to form a joint venture (JV) company, **Sembmarine Kakinada Ltd (SKL)**, to establish and operate a marine and offshore facility catering to offshore drilling units and merchant vessels trading or operating in Indian waters.

SKL is strategically located in the East Coast of India between Vishakhapatnam and Chennai Port. The East Coast of India is one of the world's key oil and gas exploration areas. The investment in this facility is a strategic fit and is in line with Sembcorp Marine's Indian hub strategy to cater to the growing needs of customers operating in India. Well supported by the Indian government and the oil and gas industry, SKL will boost the business of Sembcorp Marine and further promote the Kakinada Port area.

Sembcorp Marine through Sembawang Shipyard will hold 19.9% share of the JV's initial investment of US\$50 million, with an option to increase to 40%. The joint venture partner, Kakinada Seaports is the first private port to operate in the East Coast of India and it is currently one of India's busiest ports. Kakinada Seaports serves more than 3,500 ship-calls annually and plays an important role in the efficient turnaround of vessels requiring replenishment, bunkering and ancillary services.

#### **Stages of Development**

SKL will operate this new marine and offshore facility within the vicinity of Kakinada Seaports. SKL is to be developed in stages. SKL will initially provide riser/equipment repairs, afloat repairs and modules fabrication. Within 3 to 5 years, SKL will become a one-stop integrated offshore service facility catering to offshore vessels and merchant ships including the repairs and servicing of offshore vessels and ships, new-building of offshore vessels and ships, riser/equipment repairs and modules fabrication.

Sembmarine Kakinada will commence operations immediately by using the available pier at the Kakinada port.

## **Signing of Joint Venture Contract**

The joint venture contract will be signed by Mr. K.V. Rao, Chairman & Managing Director of Kakinada Seaports and Mr. Ong Poh Kwee, Deputy President of Sembcorp Marine and Managing Director of Sembawang Shipyard, in a ceremony in New Delhi. The event which will also mark the achievement of another milestone in the long-standing excellent cooperation between Singapore and India, will be attended by more than 250 guests from all over the world, governmental dignitaries from India and Singapore, and key representatives from major oil and offshore companies such as ONGC, Oil India, Reliance, Aban Offshore, Transocean, BG India, Essar, Cairn Energy, Jindal, etc.

## **Signing of Favoured Customer Contracts**

Major offshore companies operating in the East Coast of India are expected to use the facilities of the newly established SKL to support their growing offshore oil and gas activities in India's East Coast. At today's ceremony held in New Delhi, Transocean Offshore International Ventures Limited, India, subsidiary of Transocean Inc. USA, will sign a "Favoured Customer Contract" with the newly established SKL to use its facilities to support its ongoing offshore drilling units. At the same ceremony, SKL will also sign a similar contract with Aban Offshore Limited, Asia's largest private drilling company to repair/upgrade its drilling units and, with MARCAS, which includes V-Ships, the world's largest ship-management company, to repair its fleet of vessels trading to India.

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 2009. The investment will be funded from Sembcorp Marine's own internal resources.



**Sembmarine  
Kakinada Ltd**

### **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 three decades of experience and proven track record in ship repair and offshore conversions, 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 new buildings, complex lengthening conversions, passenger ship conversions/refurbishment, chemical tankers, liquefied gas carriers, offshore rigs and navy ship repairs.

## **About Kakinada Seaports Limited**

Kakinada Seaports Limited, a dynamic gateway port on East Coast of India, is strategically situated between Visakhapatnam and Chennai Ports. With naturally sheltered waters and tranquil bay conditions, the Kakinada Deep Water Port is one of India's busiest ports and plays an important role in the efficient turnaround of vessels requiring replenishment, bunkering and ancillary services.

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