



PandaNews

COSCO SHIPYARD NEWSPAPER

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MISSION STATEMENT To be a world leader in ship repair, conversion, new building and offshore marine engineering, we maintain trusting relationships with our customers, employers, and partners, yielding best returns for shareholders, society and environment. Depending on our talented engineers working alongside with an efficient project management team and a highly skilled workforce, we could guarantee to deliver the projects we undertake timely and professionally.

COSCO Guangdong Shipyard secures another 4,500-sqm livestock carrier

COSCO (Guangdong) Shipyard has secured a contract from the Dutch buyer, Vroon, to build one 4,500-sqm livestock carrier.

This is the seventh newbuilding livestock carrier COSCO (Guangdong) has undertaken to build for Vroon. The first four newbuilds have already been delivered to the buyer and are all trading successfully. The fifth and sixth are currently under construction at the yard and are scheduled for delivery during

2015. The seventh is scheduled for completion in 2016 and is already chartered to one of the major Australian livestock exporters under a tailor-made charter agreement, which will commence as soon as the vessel is delivered to Vroon.

These livestock carriers are "next generation" livestock vessels, boasting a cargo capacity of approximately 4,500-sqm and a cruising range of around 18,000 nautical miles. They are fitted with



animal-welfare facilities exceeding Australian (AMSA) regulation requirements and incorporate a revolutionary bow design that

will ensure fuel savings while maintaining high speeds and maximum comfort for cargo and crew.

COSCO Guangdong delivers first platform supply vessel

On December 2, COSCO (Guangdong) Shipyard delivered its first platform supply vessel, Chauvin Tide, to the US-based international petroleum service company, Tidewater. The vessel adopts the Rolls-Royce UT 771 CDL design and measures 83.75 metres LOA, 18 metres in breadth, with a loading capacity of 3,800 tonnes and is capable

of accommodating a crew of 46 people. COSCO (Guangdong) has undertaken to build a total of four platform supply vessels to the UT 771 CDL design.



COSCO Nantong Shipyard qualified as Chevron's candidate contractor

During 8-11th December, a review team, consisting of four executives from the American multinational energy major Chevron, visited COSCO (Nantong) Shipyard and carried out a systemic and comprehensive review of the yard's production facilities, project management ability, technical strength, HSSE management, procurement management and quality control.

Through site visits and in-depth research, the Chevron team assessed the yard's ability and their consensus was that the yard met their high expectations in the above-mentioned areas.

Chevron is one of the world's largest oil companies; as of 2013, it ranked third in the



Fortune Global 500-2014 list of the world's largest companies. It is headquartered in San Ramon, California, and active in more than 180 countries. Chevron is engaged in every aspect of the oil, gas, and geothermal energy industries, including exploration and production; refining, marketing and transport; chemicals manufacturing and sales; and power generation. Having passed the review, COSCO (Nantong) Shipyard is now qualified to bid for and undertake offshore marine equipment construction projects for Chevron, which is a big step forward in the yard's endeavour to increase its share in the high-end offshore marine equipment market.

Record-breaking: Six thrusters installed in seventy-two hours



The news came at 9pm on 29th November, putting an end to our anxious waiting: despite the less than desirable weather and sea conditions, all six thrusters had been successfully installed on a semi-submersible accommodation unit, being built for the Mexican buyer, Cotemar, by COSCO (Qidong) Offshore. The installation took a mere 72 hours, setting a new record for the installation of thrusters offshore among COSCO Shipyards.

The unit was towed to Luhushan Anchorage by a high-powered tugboat at 1pm on 26th November. After thorough preparation, the installation of the first thruster began at 9 p.m. and was completed early the next morning. The installation of the first thruster was immediately followed by a second, the installation of which went more smoothly and with more efficiency. On the evening of 27th November, the sea trial team, led by the Deputy General Manager of COSCO (Qidong) Offshore, Mr. Qiu Ming, gathered together to share the experience gained from the first two installations and ensure

that any lessons learnt were incorporated in the arrangements for the next installations. It worked, because the next day, another three thrusters were successfully put in place. At this, the buyer's site representatives gave us the thumbs up.

After the thrusters were installed, the cruising speed, the DP3 dynamic positioning system and the Failure Modes and Effects Analysis (FMEA) were to be tested and verified during the sea trials.

The unit adopts the Ocean 500 design from the Dutch designer, Gusto MSC. The detailed design, production design, procurement, construction, installation and commissioning were undertaken by COSCO (Qidong) Shipyard. It measures 95 metres LOA, 67 metres in breadth and 35.7 metres in depth. The overall height of the unit reaches 60 metres. The design draft is 8.6 to 20 metres and the maximum displacement is 33,300 tonnes. The unit is equipped with an advanced DP3 dynamic positioning system and an 8-point mooring system. It can accommodate a crew of 750.

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COSCO Guangdong: First UT 771 WP platform supply vessel launched

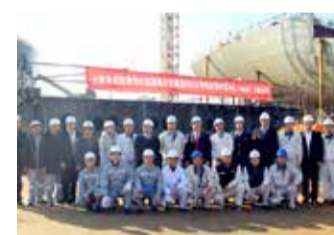


COSCO Shanghai delivers FPSO modules



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COSCO Dalian: Keel-laying for 30,000-dwt cargo and training ship



Christmas Eve at COSCO Zhoushan: Let's party!



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Our 2014: COSCO Zhoushan and CMA CGM



COSCO Guangdong: First UT 771 WP platform supply vessel launched

On December 15, COSCO (Guangdong) Shipyard launched its first platform supply vessel. The vessel was based on the Rolls-Royce UT 771 WP design. It is being built for the Singapore-based offshore operator, Chelsea, which is a sister company of the Hong Kong-based KC Maritime. The Chelsea Chairman, Mr. Sham L. Chellaram, Chief Executive Officer, Mr. Gautam S. Chellaram, Credit Agricole Asia Shipfinance Executive Director, Mr. Keith Ho, DNV-GL South China Area Manager, Mr. Gu Xiaoli, COSCO Shipyard Group President, Mr. Liang Yanfeng, COSCO (Guangdong) Shipyard General Manager, Mr. Huan Yueshi and Party Secretary, Mr. Li Mingxin, as well as about 400 guests and friends from all circles, co-witnessed the moment.

At the launching ceremony, Mr. Liang extended a warm welcome to the guests. He reviewed the successful partnership established



between Chelsea, KC Maritime and COSCO Shipyards; founded in ship repair and extending into ship newbuilding and offshore marine equipment newbuilding. He said that the yard would use their technical knowledge and sincere desire to provide a great service, to ensure the successful deliveries of the vessels. Mr. Sham L. Chellaram expressed his appreciation to

COSCO Shipyard for their invitation and said he was absolutely confident that the yard would be successful in their execution of the project.

The order consists of a total of eight platform supply vessels with the UT 771 WP design. The vessels are designed to provide support services to drilling rigs and drillships, as well as to transport

personnel and equipment. Each vessel measures 85.7 metres LOA, 18 metres in breadth and 7.8 metres in depth, with a deck space of approximately 840 square metres and a loading capacity of up to 4,400 tonnes. The dynamic positioning systems meet the requirements for the class notation DYNPO-SAUTR.

KC Maritime is a renowned

shipping company, established in India in 1916. It has been involved in the offshore marine sector since 2011 and now operates various offshore supply vessels and bulk carriers. The first cooperation between KC Maritime and COSCO Shipyard dates back to 20 years ago; since then, we have embraced challenges and opportunities together as a team.



COSCO Shanghai delivers FPSO modules

On November 17 and 18, the living quarters and generic modules of an FPSO unit, with their accessories, were successfully loaded onto a large transport ship, which would carry them to COSCO (Zhoushan) Shipyard, where the hull was being constructed.

Right after that, from November 19 to 20, another set of FPSO living quarters and generic modules and their accessories, also built by COSCO (Shanghai) Shipyard, were ready to be transported and delivered to their overseas buyer.

On November 23 and 24, the installation of the drilling deck and living quarters modules on a sixth-generation compact ultra-deepwater drillship was completed. The unit has a working depth of 3,000 metres, a drilling depth of 12,000 metres and is equipped with a DP3 (++) dynamic positioning



system. Two-thirds of the hull was subcontracted by COSCO (Shanghai) Shipyard to COSCO (Nantong) Shipyard, which delivered it to COSCO (Shanghai) on November 20. After careful and thorough preparations, the drilling deck and living quarters modules were installed on the hull with pinpoint accuracy: the error of the actual centerline was controlled within 2 millimetres and there was zero error in the flatness from all angles. The accurate positioning won high recognition from the buyer's on-site representatives, ABS surveyors and third-party evaluators.

COSCO Guangdong: Top hull installed on third tender rig

The installation of the upper hull on Edrill-3, a semi-submersible tender rig, being built for the Singapore-based rig owner, Energy Drilling, was completed in COSCO (Guangdong) Shipyard.

The lift of the rig's upper hull deck box modules was completed in early December, a little more than a month after construction of the lower hull was completed. Work is now being undertaken to prepare to lift the living quarters module, with installation scheduled for mid-December. The yard remains on schedule to deliver the unit in the middle of next year.

Edrill-3 is a four-column semi-sub, the world's first based on Gusto MSC's Ocean400-TD design, making it better suited to harsher environments than the current units. It will be the largest semi-tender in the world when completed.

The rig will now go into its final phase of completion, testing and commissioning and is expected to be delivered by the end of June 2015. It is being marketed to operators in South-East Asia and will be used to bid on Shell's Malikai field development in Malaysia. A contract for that field is expected to be awarded next year.

The first unit from the series, Edrill-1, was delivered in April and was contracted to state-owned PTTEP at the Bongkot field in the Gulf of Thailand. Edrill-2 was freshly delivered in November and its charter was expected to take place late 2014 or early 2015.

The Chief executive of Energy Drilling, Mr. Marcus Chew, said he was prepared to order a fourth rig once charter agreements for his two newbuilds, Edrill-2 and Edrill-3, were in place, reflecting his confidence in the tender rig market as the concept gained

popularity. He observed that more companies were now using tender drilling in addition to traditional users such as PTTEP and Chevron. In addition to Shell's plans at Malikai, French upstream giant Total will use a tender rig with a tension-leg platform (TLP) at its Moho Nord field in West Africa, while Petrobras is using one at the Papa Terra field in Brazil, also with a TLP. He pointed out that what was encouraging was the deep-water segment, which was beginning to see the advantage of this concept because of its cost advantage and proven operational uptime.

Mr. Chew also mentioned that he decided to build his tender rigs at COSCO Guangdong thanks to its price advantage and attractive financing facilities. "We have an excellent working relationship with the COSCO Shipyard Group," he added.



COSCO Dalian: Keel-laying for 30,000-dwt cargo and training ship

On the morning of November 26, the keel-laying for a 30,000-dwt cargo and training ship, being built for Dalian Maritime University, was held in COSCO (Dalian) Shipyard. The Dalian Maritime University Principal, Mr. Sun Yuqing, and Deputy Principal, Mr. Liu Zhengjiang, China Classification Society (Dalian Branch) Party Secretary, Mr. Cai Ying, COSCO (Dalian) Shipyard General Manager, Mr. Gao Yongqiang, and Party Secretary, Mr. Shang Zhenmao, as well as members from the construction team, co-witnessed

the moment. Following the keel-laying ceremony, the executives of Dalian Maritime University, China Classification Society (Dalian Branch) and COSCO (Dalian) Shipyard had some pleasant exchanges. Principal Sun expressed his thanks to COSCO (Dalian) for their efforts in developing the cargo and training ship project; he said that Dalian Maritime University paid top attention to the construction of the vessel, which they believed would reflect China's maritime education and shipbuilding

capabilities. Meanwhile he wished to strengthen their cooperation with COSCO Shipyard in personnel training and technological innovation. He hoped that the university and shipyard could complement each other and achieve mutual development in the future. Mr. Gao Yongqiang expressed his appreciation to Dalian Maritime University for their kind support in the development of the shipyard. He said that we saw the cargo and training ship as one of our key projects to which we would allocate our best resources to ensure the



vessel was to be delivered to a high standard and satisfactory quality. Gao also expressed his wish to strengthen cooperation, which undoubtedly would benefit both parties.

COSCO Zhoushan secures three conversion projects

Yang Guochen

COSCO (Zhoushan) Shipyard

COSCO (Zhoushan) Shipyard has recently secured three conversion projects from the Singapore-based Navig8 Ship Management and Denmark-based A.P. Moller-Maersk, increasing the yard's conversion orders to 24 projects.



The yard has undertaken to convert a very large ore/oil carrier (VLOOC), Madison Orca, to a very large crude carrier (VLCC) for Navig8. The work scope includes the installation of swash bulkheads in five cargo oil tanks, the replacement of the existing transverse cross deck structures with new longitudinal structure, the removal of the existing hatch covers, hatch comings and deck cranes, the dismantling of the forward and stern bow thruster systems, the closure of hull openings and the installation of one deck crane. The project involves around 2,200 tonnes of steel renewal. The work is currently under way.

scope includes the elevation of the wheelhouse by 9 metres, the upgrade of the elevator system, electronic equipment, navigation equipment and accommodation upholstery, modification of the hatch cover, a Panama compliance update, and maintenance of the propeller and hull paint. Each project involves around 200 tonnes of steel renewal.

Additionally, the yard has been designated by A.P. Moller-Maersk to carry out modifications on two containerships. The work

In the last two years, COSCO (Zhoushan) Shipyard has performed more than 20 dry dock repairs for A.P. Moller-Maersk, through which our partnership has been further strengthened. Our field of cooperation has also seen significant extension, from conventional ship repair to ship conversion and even newbuilding. Earlier this year, COSCO (Dalian) Shipyard secured the contracts to build four high-end subsea supply vessels (SSVs) from Maersk Supply Service.

Christmas Eve at COSCO Zhoushan: Let's party!

Gao Xuejiao, Ma Liang

COSCO (Zhoushan) Shipyard

On the evening of December 24, a grand party was held at COSCO (Zhoushan) Shipyard to celebrate the significant western holiday. Around 300 superintendents and ship crew, class surveyors and shipyard staff, as well as special guests and local celebrities, shared this unforgettable moment.

At 18:30, at the entrance to the dazzlingly decorated dinner hall, our Santa Claus greeted the guests with a wide smile, transporting us to the fairy tale world of Christmas. A happy song, Jingle Bells, opened the prelude of the party. We enjoyed the exquisitely prepared Christmas food and Christmas show which was a perfect merger of western and eastern culture; the beautiful Monkey King from the Chinese classic, Pilgrimage to the West, and the wonderful Sichuan Opera

Face performance incited waves and waves of exclamation from the audience. Exhilarating games kept the partygoers in high spirits throughout the evening. Imagine a star lit ballroom, filled with delicious food, live performance and games, endless joy and laughter...

The COSCO (Zhoushan) Shipyard General Manager, Mr. Dong Yezong, and Party Secretary, Mr. Cao Huadong, wished all their guests and friends a Merry Christmas. Mr. Dong expressed our determination to provide better products and service to all the clients, hoping to strengthen mutual understanding and cooperation and achieve mutual development.

The guests expressed their appreciation for being invited to the special party and said they were having a wonderful time. Mr. Svein, a superintendent manager from Norway, said that he was not

only very happy with our offshore production techniques and quality, but also very touched by our kind treatment and consideration; this excellent party made him feel at home. Mr. Willam de Haan reviewed the containership bulbous bow retrofit projects completed by the yard in past years with increasing efficiency and quality and said he was very happy to celebrate the holiday together with the yard's staff.

With such a lively atmosphere, the party lasted nearly three hours. We wished to recognize the devotion of all our clients and staff who remained at the yard to work during the holidays; as they couldn't make it home this Christmas so we wanted to try to make them feel as happy and warm as we could. We would like to wish everyone a very happy New Year – one filled with happiness, love, joy and laughter...



December

THIS MONTH IN HISTORY

December 1990

On Christmas Day 1990, British computer scientist Tim Berners-Lee, 35, demonstrated the workings of his new creation, the World Wide Web, over the Internet. Programmed to link information on any computer to information on any other, and allow it to be shared, the Web turns the Internet from a largely academic tool into a global fabric for communication and commerce with more than 200 million Web sites in 2010.



December 31, 1879

Thomas Edison provided the first public demonstration of his electric incandescent lamp at his laboratory in Menlo Park, New Jersey.

December 20, 1880

Broadway burned bright when Brush arc lamps electrified nearly a mile of New York City's historic avenue. "Fine type [on signs] could be readily perused 100 to 150 feet away," said the New York Times. By 1910, more than 20 Broadway blocks were covered by electric signs and lamps, reflecting the lane's

new nickname: the Great White Way.

December 10, 1896

Swedish chemist Alfred Nobel died at San Remo, Italy. His will stipulated that income from his \$9 million estate be used for awards recognizing persons who have made valuable contributions to humanity. Nobel recipients are chosen by a committee of the Norwegian parliament. Prizes for Peace, Physics, Chemistry, Medicine, Literature and Economics are presented annually in a ceremony in

Stockholm, Sweden, on the anniversary of his death. Each prize is valued at about \$1 million.

December 15, 1832

French engineer Alexandre Eiffel (1832-1923) was born in Dijon, France. He designed the Eiffel Tower for the Paris International Exposition of 1889. He also helped design the Statue of Liberty.

December 23, 1947

The transistor was invented at Bell Laboratories by John Bardeen, Walter Brattain

and William Shockley, who shared the Nobel Prize for their invention, which sparked a worldwide revolution in electronics.

December 27, 1945

The International Monetary Fund was established in Washington, D.C.

December 31st

New Year's Eve, the final evening of the Gregorian calendar year, traditionally a night for merry-making to welcome in the new year.

Our 2014: COSCO Zhoushan and CMA CGM

Gao Xuejiao

COSCO (Zhoushan) Shipyard

COSCO (Zhoushan) Shipyard seems to have a special charm, which captures the heart of whomever sets foot on its territory. It is love at first sight and, the longer you stay, the more comfortable and attached you feel.

This seemingly natural attraction is in fact achieved through hard work. In recent years, with our strong technical and management background and exceptional track record, as well as our unique hospitality, sincere service, absolute commitment and our "each project counts" motto, COSCO (Zhoushan) Shipyard has managed to become one of the favourite Chinese shipyards of many shipping companies around the world, among which is included the French shipping major, CMA CGM.

CMA CGM brought 14 ships to COSCO (Zhoushan) Shipyard for repair and conversion in 2014 including CMA CGM Aquila, CMA CGM Titan and CMA CGM Chopin. We have already firmed up 7 vessels with the owner for 2015. CMA CGM is among our

yard's most active clients, in terms of both the number of projects and the revenue they bring, and thus we happily added them to our core client list.

Embraced by the great trust from the owner, we also feel a great responsibility to meet their expectations. Before the arrival of each ship, our production department plans and prepares with meticulous attention to detail. Since most of the vessels are container ships, the repair and docking period is vital to the vessels' schedule and thus the owner's business interests. The production plan needs to be as precise and straightforward as possible. At the preparation stage, the project manager keeps a close watch on the vessel's estimated time of arrival and adjusts the docking schedule accordingly, reserving a suitable docking space for the vessel while minimizing the impact on other projects. The berth, cranes, labour and other production resources are also readied beforehand.

At the production stage, although we occasionally encounter



complications, thanks to the mutual trust established on the basis of our previous cooperation, we always manage to solve whatever problem occurs through sincere and effective communication with the vessel's maintenance personnel. Every effort is made for one goal: to honour our unwritten promise to the owner to guarantee the repair period and on-time delivery of each and every vessel.

The owner's trust is built on the basis of their experience of our good repair quality. In April 2013, CMA CGM Tosca arrived

at our yard for a bulbous bow modification - the first bulbous bow modification by COSCO (Zhoushan) for CMA CGM. The modification required considerable technical ability and project management skills. Even today, the number of domestic Chinese shipyards which have successfully undertaken and carried out similar modifications is limited but, as people say, nothing ventured, nothing gained. COSCO (Zhoushan) is always up for a challenge. We adopted a modern ship repair production model, and with professional production

and technical competence, we completed the task perfectly. Once we started, everything proceeded increasingly efficiently with each project. Production and technical sophistication is gained with each project and so is precious experience - from pre-fabrication of the bulbous bow to berth arrangement to final-stage debugging, things proceed more smoothly each time.

So far, we have established a mature production model for bulbous bow modification projects. Through years of cooperation, everyone can feel the rapid progress we have made in both quality and customer service. We are looking forward to further cooperation with CMA CGM in the future.

With similar business philosophy and business objectives, CMA CGM and COSCO (Zhoushan) Shipyard come together to pursue their shared dreams. Further cooperation plans are being discussed. More opportunities and more challenges are sure to come to both the owner and the yard. Side by side we will approach our goal step by step.

Milestones in the History of the COSCO Shipyard Group (2009-2014)

VII On April 17, 2009, COSCO (Guangdong) Shipyard delivered a 57,000-dwt bulk carrier, "APJ Kais", to the Indian buyer, Apeejay Shipping Limited. It is the first newbuild delivered by CSG.



VIII On November 23, 2009, CSG delivered the world's first ultra-deepwater cylindrical drilling rig, "Sevan Driller", which represented the highest technology and working capacity of its time. The design and manufacturing technology of the rig won the 2011 National Science and Technology Progress First Award. To date, CSG has undertaken to build a total of 8 cylindrical offshore units comprising three major types: ultra-deepwater drilling rigs, FPSOs and offshore accommodation units. These cylindrical giants have become yet another trademark of CSG.



IX On November 11, 2010, the COSCO (Nantong) Shipyard Technology Centre was acknowledged to be a National Level Technology Centre. It reflects the greatest strength in product development in the Chinese offshore marine engineering market, with the most advanced equipment and facilities and has a most extensive coverage of research. Later, in December 2013, the COSCO (Dalian) Shipyard Technology Centre was given the same honour.



X On September 3, 2012, the CSG Offshore Division was officially established. The main functions of the Offshore Division include: a) the planning and marketing of the offshore business; b) technological innovation associated with offshore construction; c) the development and promotion of offshore management systems; and d) the introduction and cultivation of offshore technology professionals.



XI On July 17, 2014, CSG delivered the most high-end jack-up drilling rig in China, "Kai Xuan Yi Hao", to ICBC Financial Leasing Co., Ltd, who then leased it to China Oilfield Services Ltd to be deployed in the East China Sea. It marks the first time a CSG offshore product has been put into use in China's offshore areas. Furthermore, the new cooperation model between rig builders and financing enterprises is in accordance with China's offshore strategy and will enhance China's offshore exploration & production ability to a great extent.



XII On June 26, 2014, COSCO (Qidong) Offshore passed the HSSE-MS review from Shell and was included in the candidate contractor list of the latter, qualified for platform and module building, installation and debugging. COSCO (Qidong) is the only Chinese shipyard to have succeeded in meeting the strict management review standards Shell is widely-known for. In the same month, COSCO (Dalian) was also designated as an equipment supplier to the French oil major, Total.

