PandaNews

COSCO SHIPYARD NEWSPAPER

COSCO SHIPYARD GROUP CO.,LTD. | Website: www.cosco-shipyard.com | Marketing: (86-21)58600111 | Subscriptions: panda_news@cosco-shipyard.com

COSCO SHIPYARD

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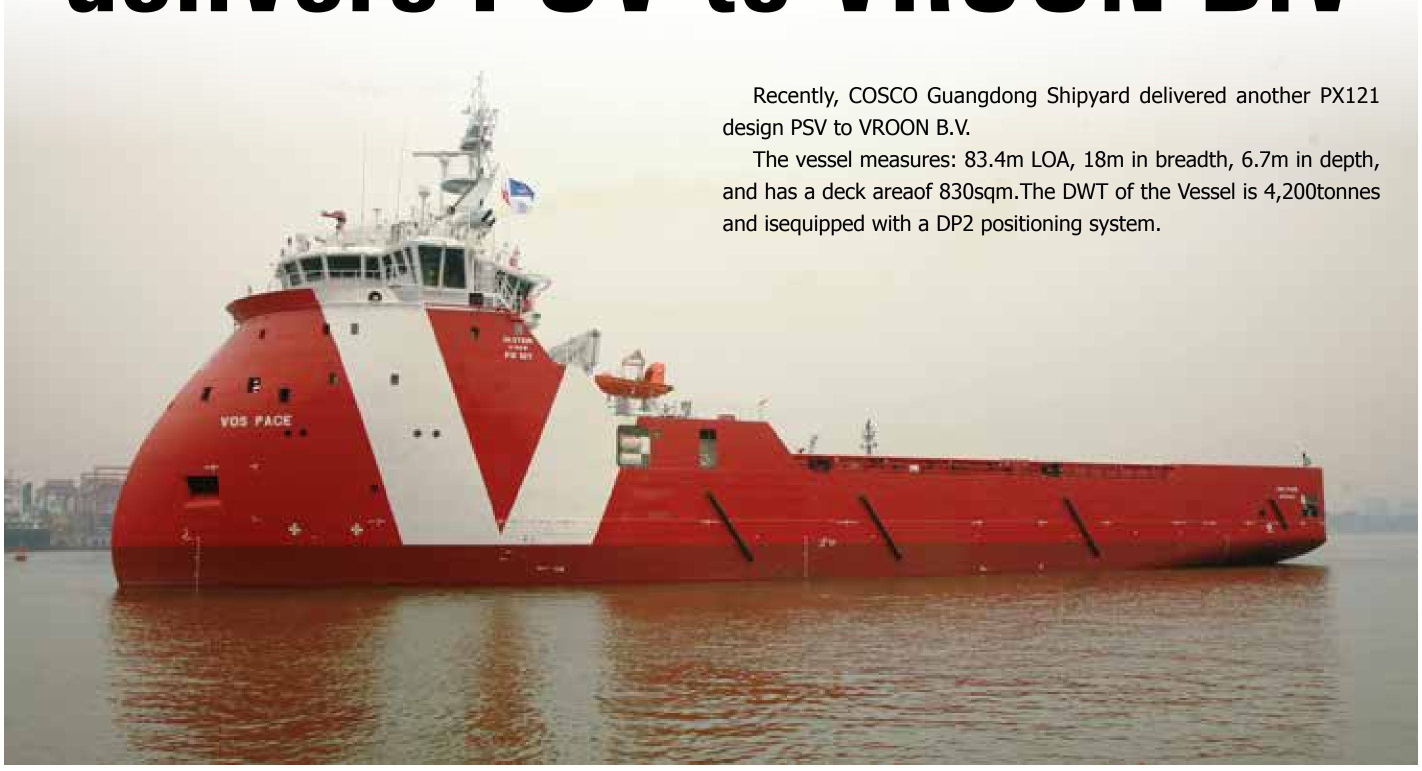
MISSION STATEMENT To be a world leader in ship repair, conversion, new building and offshore marine engineering, we maintain trusting relationships with our customers, employers, and partners, yielding best returns for shareholders, society and environment. Depending on our talented engineers working 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 delivers PSV to VROON B.V

Recently, COSCO Guangdong Shipyard delivered another PX121 design PSV to VROON B.V.

The vessel measures: 83.4m LOA, 18m in breadth, 6.7m in depth, and has a deck areaof 830sqm.The DWT of the Vessel is 4,200tonnes and isequipped with a DP2 positioning system.



Successful Completion of Ultra-Deep Water Drillship

The construction of China's first ultra-deepwater drillship, "Dalian Developer", has been completed by COSCO Dalian Shipyard. The DNV classed rig has completed all trials & testing and is now ready for drilling operations. The new Owner, Dalian Developer Drilling Co. Ltd., is currently in discussion with relevant oil companies to negotiate a lease.

COSCO Qidong Offshore awarded Total Pre-Qualification Certificate

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FPSO Conversion ProjectCidade de Itaguaí arrives at Petrobras' Lula field

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COSCO Qidong Offshore awarded Total Pre-Qualification Certificate

A few days ago, COSCOQidongOffshorepassed Total's strict audit and is now recognized by Total as one of their authorizedoffshore equipment suppliers.

The Total company sent seniortechniciansto COSCO Qidongoffshoreto investigation the shipyard's infrastructure, technical skill and production quality. COSCO QidongoffshoreimpressedTotal with their technical expertiseand production quality. Total confirmed COSCO QidongOffshore's technical skillsand product quality were of a sufficiently high level to meet their requirements and hence issued a Pre-Qualification Certificate.

FPSO Conversion ProjectCidade de Itaguaí arrives at Petrobras' Lula field

Recently, Petrobras announced that the MV26 FPSO production platform has been put into operation in the Norte Iracema area of the Lula oil field on July 31st.

MV26, " Cidade de Itaguaí" was the 10th conversion project undertaken by Dalian COSCO shipyard. The " Cidade de Itaguaí" is capable of processing 150,000 barrels of oil, 8,000,000 cubic metersofnatural gasdaily, and has an oil storage capacity of1,600,000 barrels.

Since 2007, COSCO Dalian shipyard has successfully delivered 10 FPSO conversion projects. The end usersincludePetrobras, BHP Billiton and Vietnam oil among others, and COSCO Dalian shipyard hasbecomeknown as the "Chinese FPSO conversionbase".

Norte Iracema is located in the BM-S-11 block, which is240 kilometers away from the Rio De Janeiro coast, and is operating in 2,240 meters of water.

152K shuttle tanker for Knutsenwas officially put into operation

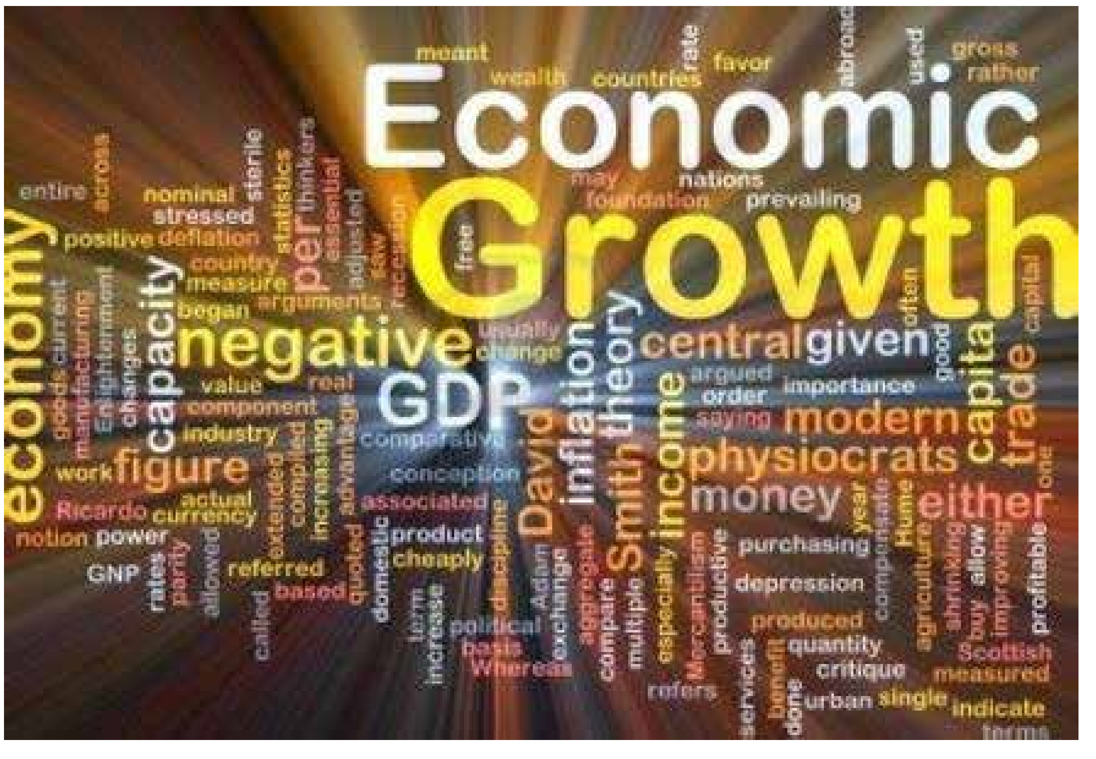
According to feedback received from the Norwegian shipownersKnutsen, the 15.2 million tonne shuttle tanker "RAQUEL Knutsen" has been officially transferred to the Charterers Repsol/Sinopec and has been put into operationin South America.This vessel was constructed by COSCO Zhoushan Shipyard.

"RAQUEL Knutsen," completed her first voyage recently when she delivered a good performance in loading and unloading operations, lightering and the navigation process. COSCO Zhoushan shipyard received a letter from the owners in which they fully affirmed the shipyard's construction skill.

This vesselwasthe first suez maxvessel COSCO Zhoushanshipyard has constructed and she was delivered on 27 March 2015. This designoffers world leading levels of ship performance and deadweight and other key performance indicators. The Second 152,000 tonne shuttle tanker is expected to be delivered in January 20, 2017.

'Great fall of China' will impact business sentiment everywhere

From Tradewinds



Black Monday and Tumultuous Tuesday might have left local Chinese investors with a severe hole in their pockets this week.

Even after the Central Bank of China then cut interest rates and global markets bounced back, global economists and shipping investors were left rattled.

The 8.5% fall inShanghai stocks on the first day of the week ricocheted across the world and hit maritime equities badly in Oslo and New York.

Companies such as Western Bulk saw a 17% collapse in its share price on Monday, while Box Ships was down by almost 10%.

European and US stock markets improved when the Beijing authorities intervened with the small — but symbolically important — 0.25% reduction in interest rates.

The speed of the sell-off in China this week was spectacular but no one could have been surprised to hear the sound of a Far East stock-market bubble bursting.

The threat had been building over recent weeks, hence the increasingly desperate measures by the communist government to intervene in the economy, buying up stocks and most recently through devaluation of the yuan.

The traumas in China — a significant investment slowdown, stumbling attempts to rebalance the economy towards a consumer led model and other issues — cannot be ignored by the rest of the world.

The downturn in Chinese demand for oil, coal, iron ore and sundry other commodities has already badly undermined freight rates.

And faltering economic growth in the world's most dynamic economy also makes it difficult for the US Federal Reserve and the European Central Bank to wean nations off zero-level interest rates.

A market panic often leads to the wholesale selling-off of stocks with little regard for whether they are fundamentally high-quality businesses or not.

Hence, early this week you might have expected to see further gloom towards dry bulk operators such as Western Bulk, but why should tanker companies such as Frontline be down by 10% and gas carrier groups get caught in a major sell off?

The price of Brent North Sea benchmark crude on Monday reached $42 per barrel, its lowest level for a year. Gas prices are also down.

These values are being driven down by fears that China and the world economic growth is in danger of another serious slowdown.

But cheap energy prices tend to be very good for shipping as they drive new demand — as well as bringing lower bunker costs.

The earlier fall in oil prices from $115 in June last year had helped revive freight rates for tankers in the intervening 14 months.

Spot daily rates for very large crude carriers (VLCCs) soared to over $90,000 per day as recently as last month. They have fallen a lot since, for seasonal reasons, but can expect another bounce back later in the coming months.

As shipping analyst FotisGiannakoulis, from investment bank Morgan Stanley, said in a recent note: "Even companies with solid balance sheets, strong earnings and/or long-term charters like Ardmore, Tsakos Energy Navigation [TEN], GasLog, GasLog Partners and Costamare trade at steep valuation discounts and very high yields."

The damage to LNG operators, in particular, is unjustified because much, if not all, of their value through earnings is locked in through long-term contracts.

It is true that the spot market for gas carriers is already weak and some LNG production contracts are less attractive than in the past because they are linked to crude prices.

Spot charter rates for LNG ships have collapsed to lower than $23,000 per day in some cases but ClarksonsPlatou is predicting average prices should bounce back to $40,000 next year and $60,000 in 2017.

More pain for offshore

The real problem area at the moment is the offshore market, which can only be dented further by lower energy prices.

The crisis was underlined by Aberdeen-based Fletcher Shipping calling in the administrators and Solstad Offshore of Norway deciding to lay up 10 of its 43 support vessels. While accountants work to financially refloat part of the Fletcher business as FS Shipping, Solstad is laying off 300 of its seafarers.

Around 50 anchor-handlers and platform supply vessels (PSVs) are laid up around the North Sea as oil companies slash spending on new wells.

All of this is a long way geographically from the epicentre of the latest financial earthquake but the "great fall of China" will affect business sentiment everywhere.

Shipping's great green gamble

The environmental capital-investment bill for owners is set to rise quicklyover the next decade at a time when there is still huge uncertainty surrounding upcoming regulations, technology and the policing of compliance

Owners are being asked to gamble millions of dollars on ballast water treatment systems (BWTS) and emissions-reduction technology before regulations have entered into force, while the performance of technology is still largely unproven and regional differences in standards apply.

The most immediate consideration is for nitrogen-oxide (NOx) Tier III-compliant engines on newbuildings built after next year at a time when there is limited performance data on whether the technology can meet the regulatory requirements.

Despite the assurances of manufacturers, uncertainty over the performance of abatement technology is partly driving a rush of newbuilding orders to beat the compliance deadline.

BWTS also have to be fitted to newbuildings to meet US regulations and the international Ballast Water Management Convention (BWMC), which is expected to enter into forceshortly, at a total cost to the industry of $100bn, according to an estimate by the International Chamber of Shipping (ICS).

But the investment holds considerable risks for owners, as the US Coast Guard (USCG) has yet to issue type approval for any BWTS and could eventually reject systems that are being fitted today.

There is also doubt over the robustness of some International Maritime Organisation (IMO) type approvals and whether certified technology can actually perform to a standard that will pass port-state-control (PSC) inspection.

A Perfect Encounter

On June 19th, MV CONTI PERIDOT arrived at CoscoZhoushan shipyard.This vessel belongs to Bremer Bereederungs GmbH & Co. KG and she arrived with asea damaged bow bulbous,the repair of which involved renewing about 120 tonnes of steel. This was the first time the company had contracted with Cosco shipyard, so our shipyard paid very closeattention to therepair of this vessel.

We made production drawings based only on pictures and some draft drawings, due to the fact that we could not board the vessel for inspectionat the discharging port. We arranged for additional manpower to work on the project in order to ensure thefabrication of the new block was completed before the vessel arrived.When the vessel arrived at our shipyard the superintendent and theClassand yard supervisorswent into the fore peak tank to inspect the extent of the sea damage. The inspection resulted in the amount of steel renewal required being increased by about 40 tonnes,in addition to the new block.However, we didn't have enough time to fabricate another block and the only alternative option was to renew this 40 tonnes on board usingbrackets,stiffeners andangle bars. This method required the involvement ofplenty of manpower in order to make sure the vessel departed on time.

As soon as the vessel arrived in thedry dock the production department attended on board and, in just one night,succeeded in cutting out all the damaged areas and so, on the second day, they could start to install the new block.The renewal of the bulbous bow was the most difficult of all the hull repair work we carried out on the vessel. Lifting and installing the new block took about 2 days. The production department arranged for the best teams,with experience ofsea damage renewal, to work on the project and they were able to complete all the renewal and repairs efficiently and quickly so that the undocking was completed on time.

Whilst the vessel was being repaired a typhoon came and the vessel had to be shifted to anchorage for safety and protection from the typhoon.Initially the superintendent was extremely concerned and worried because theforward sea damaged area was not complete, eventhough the yard hadensured we had done everything necessary to protect the vessel and told him we hadexperiencedmany typhoonsand knew how to protect vessels in such a situation., After we had explained everything to the superintendent and reassured him many times, he was finally able to accept this. After the typhoon had passed, nobody had been hurt and nothing had been damaged on board and the superintendent was very satisfied with how we had prepared for, and dealt with, the typhoon. The superintendent said he will never again worry about a vessel which is being repaired by COSCO because, even when there is a typhoon, we can successfully deal with it.

The Superintendent was very satisfied with the work we did and the time taken to repair thevessel,even when we were delayed by the typhoon.He said that he couldfeel what the shipyard did:The shipyard did their best throughout the time the vessel was being repaired and this was a very good start upon which to build a future of cooperation.Bremer Bereederungs GmbH & Co. KG has given us 5 more vessels for repair in the next six months.