



OCEAN BREEZE



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No.188 2019 Winter

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Delivery of Large LPG Carrier "GENESIS RIVER"

Tanker Team, Tanker Group

On Tuesday, November 20, 2018, the 82,200-cubic meter type LPG carrier "GENESIS RIVER" was delivered at Sakaide Shipyard, Kawasaki Heavy Industries, Ltd. The time charter contract with GYXIS CORPORATION (hereinafter "GYXIS") took effect for this ship on the same day. This is the second ship to be built for GYXIS under a direct contract, following the large LPG carrier "SUMMIT RIVER," which was delivered at Sakaide Shipyard in 2008.

The naming ceremony was held at Sakaide Shipyard before the completion of this ship on Friday, November 2, 2018, with the participation of many guests, including Mr. Doi, President and Representative Director of GYXIS, and his wife, and related parties such as Sumitomo Mitsui Trust Bank, Limited, Financial Products Group Co., Ltd. and Kawasaki Heavy Industries, Ltd. That day had very pleasant autumn weather. Following the naming by President Doi, his wife Akiko cut the guy rope, and the ship was successfully named "GENESIS RIVER."

The name of the ship, "GENESIS," comes from "Genesis" in the Old Testament. The charter contract with GYXIS was concluded in 2015, which is the year in which the Company was founded. Considering that it is the first ship for which the contract was concluded that year, the name was selected to symbolize the birth (genesis) of the Company.

Against the background of the rapid increase of exports due to the shale revolution in the U.S. and sharp increase in demand for imports in China and India, international marine transport for LPG has been growing significantly. At the same time, trade patterns have become more diverse, and it is expected that demand for large LPG carriers will grow steadily. GYXIS, which concluded the charter contract, takes on challenges to address changes in the business environment surrounding LPG, such as an annual 1.8 million tons of LPG imports to Japan, entering into the trilateral trade field, which has been expanding greatly. This ship will be sailing around the world to meet the growing need for LPG transport.



This cutting-edge carrier will meet customer needs with its specifications to improve propulsive performance and fuel efficiency and consideration for the protection of the marine ecosystem by introducing ballast water treatment equipment.

Lastly, we hope for the safe operation of this ship, and appreciate everyone's cooperation until its delivery.

Delivery of Coal Carrier "SHONAI MARU" for JERA Trading Pte. Ltd.

On November 15, 2018, the 100,000-ton capacity coal carrier "SHONAI MARU" was delivered at Marugame Headquarters, Imabari Shipbuilding Co., Ltd. The naming and handover ceremony was held on the same day with the participation of Mr. Onoda, Executive Vice President of Chubu Electric Power Co., Inc., and his wife; Mr. Kurokawa, Executive Vice President of Imabari Shipbuilding Co., Ltd.; and many other related parties. Following the naming by Mr. Onoda, Executive Vice President, his wife cut the guy rope, and the ship was successfully delivered.

Celebrated by many related parties, the ship set out on her maiden voyage for Samarinda, a port for coal shipments in Indonesia.

The name of the ship, "SHONAI MARU," is derived from the Shonai-gawa, major river that runs from Nagoya, Aichi to Ise Bay. This ship is the same model as "Hekinan Max," which was jointly developed by our company and Imabari Shipbuilding Co., Ltd., and maximized the transport volume for Hekinan Thermal Power Plant, Chubu Electric Power Co., Inc. As a successive model of "KINSHACHI MARU" (built in 2001), this ship will be involved in overseas coal transport for Hekinan Thermal Power Plant, Chubu Electric Power Co., Inc. for many years under a charter contract with JERA Trading Pte. Ltd.

This ship features a Weather Adapted Duct (WAD), which improves propeller propulsive efficiency, and adopts lower friction coating, which controls hull friction resistance. With the adoption of many energy-saving systems, it achieves control of greenhouse gas emissions at a level which is essential when looking ahead toward the next generation.

Moreover, this cutting-edge wide ship of shallow draft generously incorporates eco-friendly systems, including protection of the marine habitat, by introducing ballast water treatment equipment. Models of the wide ship of shallow draft for bulk coal carriers such as "Hekinan Max" and the CORONA series have been popular among Japanese electric power companies for many years. During that time we have developed a system



Thermal Coal Team No.1, Thermal Coal Group

that ensures the maximum in safe operation, loading and unloading through maintenance of the hull and our original training for the crew. We will continue to cooperate with our customers as an expert in thermal coal transport by taking advantage of our experience and skills that have been cultivated over a long time. We appreciate everyone's cooperation until the delivery of the ship.



Ceremony Commemorating Commencement of Ichthys LNG Project Operations in Australia

LNG Team No.2, LNG Group

Kawasaki Kisen Kaisha Ltd. (hereinafter "K" Line) has operated two LNG carriers since the spring of 2018, based on a time-charter contract signed for shipping liquefied natural gas (LNG) through the Ichthys LNG Project (hereinafter the "Project") in Australia, in which INPEX Corporation (hereinafter "INPEX") acts as the operator. In this issue, the LNG Team No.2, LNG Group introduces the recent ceremony held to commemorate the commencement of the Project operations.

The Project is the first large-scale LNG project developed by a Japanese company as its operator. About 70% of LNG produced through the Project will be supplied to consumers in Japan. The Project is also known to be flying the flag of the rising sun, because Japanese companies are taking important roles in LNG value chain, such as prospecting for natural gas fields and their development, the construction of pipelines, liquefaction plants and receiving terminals, and marine transportation. The Project is a large-scale LNG project from a global perspective. It is expected to operate over 40 years and produce 8,900,000 tons of LNG annually, which is equivalent to about 10% of the LNG demand in Japan, the world's largest LNG importer.

"K" Line operates "OCEANIC BREEZE" to transport LNG shipped from the Project to the INPEX Naoetsu LNG terminal and "PACIFIC BREEZE" for carrying the LNG to CPC Corporation, Taiwan.

The venue for the ceremony commemorating the commencement of the Project operations was held in Darwin, Australia, on November 16, 2018. More than 300 people attended, including officials from the Japanese and Australian governments, such as Japanese Prime Minister Shinzo Abe, Japanese Minister of Economy, Trade and Industry Hiroshige Seko, Australian Prime Minister Scott Morrison, INPEX Chairman Toshiaki Kitamura, INPEX President Takayuki Ueda, LNG buyer representatives and invited guests from financial institutions. Chairman Jiro Asakura, Senior Managing Executive Officer Hiromichi Aoki and other senior "K" Line officials appeared at this commemorative ceremony as the only participants invited from shipping companies.

In his speech at the commemorative ceremony, Prime Minister Shinzo Abe thanked the people of Australia and the Northern Territory for their cooperation in the Project, which has led to this commencement of operations, and expressed his hopes for the Project to foster relationships, referring to the course of Japanese-Australian reconciliation, taking into account the airstrikes that the defunct Imperial Japanese Army conducted on Darwin, where the terminal was constructed, Japanese-Australian economic relations during the postwar period and the process for strengthening friendly and cooperative ties. After the prime minister's speech, a sake barrel was split open ceremonially, followed by music and other performances. This grand ceremony celebrated the commencement of the Project operations.



Ceremony commemorating the commencement of the Ichthys LNG Project operations. From left to right: INPEX Chairman Toshiaki Kitamura, Chief Minister Michael Gunner of the Northern Territory, Australian Prime Minister Scott Morrison and Japanese Prime Minister Shinzo Abe

Ceremony participants visited the liquefaction plant and went on a harbor cruise before the commemorative ceremony. They also had the chance to observe "PACIFIC BREEZE," which was docked that day for loading operations. Many participants praised and congratulated "K" Line on the ship's operation. Prior to this ceremony, the first LNG cargo shipped from the Project was transported to the INPEX Naoetsu LNG terminal on October 23, 2018. "PACIFIC BREEZE" also engaged in this transportation. It was a great honor for "K" Line to play such an important role. "OCEANIC BREEZE" finished loading LNG at the Ichthys terminal for the first time on November 23, 2018.

The volume of LNG produced through the Project has increased gradually since the production commencement. The amount of LNG transported annually to the INPEX Naoetsu LNG terminal and CPC Corporation, Taiwan, is anticipated at its peak to reach 900,000 tons and 1,750,000 tons, respectively. The commencement of the Project had also been a long-awaited dream of "K" Line, who is also responsible for this important energy value chain. "K" Line continues Group-wide efforts to transport the LNG from the Project safely and stably.



"PACIFIC BREEZE" taking charge of the first LNG shipment from the Ichthys LNG Project

Particulars of "PACIFIC BREEZE" and "OCEANIC BREEZE"

	PACIFIC BREEZE	OCEANIC BREEZE
Shipowner	Pacific Breeze LNG Transport S.A. (Wholly owned by "K" Line)	Oceanic Breeze LNG Transport S.A. (70% owned by "K" Line and 30% owned by INPEX)
Builder	Sakaide Works of Kawasaki Heavy Industries, Ltd.	Nagasaki Shipyard & Machinery Works of Mitsubishi Heavy Industries, Ltd.
Charterer	IT Marine Transport Pte. Ltd. 68.77% owned by an INPEX subsidiary and 31.23% owned by a Total subsidiary	INPEX SHIPPING CO., LTD. (Wholly owned by INPEX)
Length	Approx. 300 m	Approx. 288 m
Beam	Approx. 52 m	Approx. 49 m
Tank Type and Capacity	Moss type/182,000 m ³	Moss type/155,300 m ³
Propulsion System	TFD (Tri-Fuel Diesel)* Electric propulsion engine	Ultra steam turbine

* TFD engine: TFD is the abbreviation for tri-fuel diesel. A TFD engine is able to burn three types of fuel: heavy fuel oil, diesel oil and natural gas evaporated in cargo tanks.

Drill Held for Response to a Major Accident

Marine Safety Team, Marine Safety Administration Group

On October 3, 2018, Kawasaki Kisen Kaisha, Ltd. ("K" Line) conducted Emergency Response Drill in preparation for serious marine accidents. The drill's scenario was as follows.

[Scenario of the Drill]

A PCC (Pure Car Carrier) owned by one of the "K" Line's overseas' affiliated companies and managed by group management company collides with a gravel carrier, while she is sailing Tokyo Bay towards its discharging port at Europe. As a result of the accident, the hull of the PCC is severely damaged and fuel oil spills into the sea. Also, bow of the opponent vessel is severely damaged, and two crew members of her are reported to be missing and several others are injured. Following the situation above, "K" Line instantly establish accident response HQ to take vital actions; share and offer information to relevant parties, check communications systems and hold a mock press conference.



The scenario included the absence of President & CEO Eizo Murakami, on his business trip and on behalf of him, Mr. Kenji Sakamoto, the senior managing executive officer directed the HQ.

The HQ continuously received information regarding the condition of the ship/the oil spill/the injured crew.

One of the purposes of this Emergency Response Drill is checking the capability and smoothness of establishing emergency response HQ/communication system.

In light of above, some of the members handled imitating phone calls from mass media and concerned people acted by "K" Line staffs.

At the final part of the drill, took place even press conference practice.

Staffs from a consulting firm acted as journalists and asked varieties of questions on the accident to the Senior Managing Executive Officer Mr. Sakamoto, Mr. Kadono, and Mr. Tokuda the Senior Managing Executive Officer of "K" Line RoRo Bulk Ship Management Co., Ltd.

The consulting firm evaluated the practice and gave us valuable comments on the spot.

In the review session took place after few days of the drill, many people from legal firm, consulting firm, insurance company and the ship management company attended and exchanged information over the entire procedures of the drill, especially over the function of response teams/ smoothness of communication during the drill.

"K" Line review the result of the drill and work to feedback the experience constantly, and also continue to nourish and enhance the safety culture through taking place Safety Campaigns by frequent visits by company officers to ships.

Finally, we would like to extend our sincere gratitude to all those who took part in the drill and provided their cooperation.





The Community where I Live – Shanghai

Contributed by Mr. Yuki Fukushima, K Line (China) Ltd.

Hello, I am Yuki Fukushima from K Line (China) Ltd. Shanghai, I have worked here since January 2014.

Although many of you are probably familiar with China and Shanghai, allow me to introduce life there.

Overview of Shanghai

Shanghai is the city with the biggest economy in China, and is said to have a population of approximately 25 million people.

Over 50,000 of these people are Japanese residents (equivalent to the population of a regional city in Japan!). Therefore, there are a lot of services and restaurants for Japanese residents. The total area of Shanghai is approximately 6,300 km², which is three times larger than the area of Tokyo Prefecture. I see a lot of people wherever I am, and the sensory population density is very high. On the other hand, I am surprised that there is a lot of large agricultural land and areas with untouched nature remaining in the city, which is very different from the urban area of Shanghai with many skyscrapers.

There are two main languages: Shanghainese and the official language (so-called Chinese). The two languages are completely different, and you cannot communicate with foreigners or even Chinese living outside of Shanghai at all in Shanghainese. Therefore, the official language is generally used in public places in Shanghai. Shanghainese is only used when you know the other person (for example, your family, friends or colleagues) is Shanghainese. When I, a foreigner, use just some words of Shanghainese, people living in Shanghai become very delighted.

People from a variety of nationalities live in the city. In the old French and English concessions, the buildings constructed at that time meld naturally into the area. Shanghai is an international city with a unique atmosphere where Eastern and Western cultures are mixed superbly.

Climate and Commodity Prices of Shanghai

Shanghai City is located at 31°N 121°E. Its latitude is almost the same as that of Kagoshima City.

A guide book that I read said, "Shanghai has four distinct seasons and its climate is similar to that of Tokyo," but I feel that spring and autumn are very short (about two weeks, respectively) and summer and winter are very long.



East Asia soccer games for the relationship between Japan, China and South Korea (author: third man from the right in the last row)

It is warm in spring, but in summer the humidity is high and the sun is very strong. Some days the highest temperature exceeds 40° C. The weather is comfortable in autumn (although it is very short and winter arrives suddenly). When winter is finally here, strong, cold winds blow and I feel very cold. Although it seldom snows, once a few years ago, it snowed heavily with extensive accumulation.

Regarding commodity prices, many regional Chinese foods and everyday goods are less expensive than in Japan, while imported goods from Japan and other countries are often more expensive so I wonder about the extent to which I should buy imported goods.

Recently the prices for real estate have increased a lot. One flat in a dilapidated apartment building, decades old, is often priced at over 100 million yen. In contrast, transportation is inexpensive, and you can take a subway or bus for a minimum of about 50 yen and the starting fare of a taxi is approximately 300 yen. Electricity and water fees are higher than expected and seem to be almost the same as those in Japan.

In addition, cashless payments are very advanced in China. Many people do not carry wallets these days. Not only payments at restaurants but also payments for transportation and utility fees are all done with a smartphone. In recent years, cashless payments have even penetrated to street vendors in the city. When you go to a restaurant with your friends, it is common for one of you to pay the total meal charge and the others pay that personal for their meal via smartphones. Cash payments are seldom used. At a restaurant I visited the other day, only a smartphone was required for everything from placing the order to paying (order placement and payment can be done by reading a QR code at each table). The restaurant staff only brought the meals and cleaned the table.

Shanghai Cuisine

I am often asked by my friends in Japan, "Are Chinese dishes in Shanghai delicious?" I always reply, "Yes, Shanghai cuisine is delicious." In some cases, they were surprised when I said, "I heard that the Chinese dishes we are accustomed to are dishes arranged for Japanese (such as ramen (noodles), fried rice and fried dumplings) and are different from the original Chinese dishes." (I also did not know that before I came to China.) Of course, ramen, fried rice and dumplings also exist in Chinese dishes, but their flavors and cooking methods are completely different from the Chinese dishes in Japan. For example, dumplings in China generally mean boiled dumplings, and the Chinese do not have a culture of eating them together with steamed rice. You may say that they are completely different dishes.

The landmass of China is large, making Chinese dishes difficult to categorize. China has many kinds of dishes. One of the famous four major styles of China is Shanghai cuisine (the others are Sichuan, Cantonese and Beijing cuisine). Shanghai cuisine is defined by sweet, hot and rich flavors of dishes, because its local specialty is soy



Mixture of old Chinese houses and high-rise buildings

Wai Tan, viewed from the top of a high-rise building



Garden at a sightseeing spot in Shanghai

source. However, the most famous food is Shanghai crabs, which are very popular among local people and tourists. Shanghai crabs are freshwater crabs that are as large as an adult's fist. We mainly eat their paste, rather than their meat. While the crabs are available throughout the year, the best season for them is autumn. It is said that the time for female crabs, whose bellies are round, is October, and the time for male crabs, whose bellies are sharp, is November. This is because the soft roe of male crabs is more delicious than the eggs in female crabs. The male crabs become more popular in November when the soft roe increases. Shanghai crabs are very delicious; however, because they are smaller than sea crabs, they are slightly difficult to eat. I always struggle to eat them. I feel that it is the same anywhere in the world—when crabs are served people concentrate on eating them and do not speak.



Left: Shanghai crabs, which people eat silently



Upper right: Authentic xiaolongbao (soup dumplings) are delicious

Lower right: Shanghai pan-fried noodles are thick with soy source flavor



Holidays in China

China has two long holiday periods: the Lunar New Year (Chinese New Year from January to February) and China's National Day (National Foundation Day in the first week of October). During each period, schools and companies are closed for about a week. I believe that a lot of Chinese go on trips to Japan during those periods. In the past few days, a lot of firecrackers were set off all over the city in celebration of the Lunar New Year's Eve and the National Day. (I have fond memories of sleeping with earplugs when I first arrived in China). However, now they are banned because they pollute the air and so on. During both periods, many of the people working away from their home return to their hometown, and extraordinary traffic congestion during those periods is a seasonal tradition. Because many people return to their hometown, the normally crowded Shanghai City becomes comfortable to live in with uncongested roads only during those periods.



Happiness is turned upside down (comes)



The Lunar New Year

Chinese people have special meals on the Lunar New Year's Eve. In particular, they often have fish for good luck. In Chinese, the pronunciation of fish is the same as that of surplus. Therefore, having fish every year means having a surplus every year. They have fish while praying for

an abundant harvest. China has a culture of loving things that have the same pronunciation for lucky objects. Even in Japan, you might have seen that the kanji for happiness is hung upside down in Chinese restaurants during the Lunar New Year period. It comes from the fact that the sentences "happiness comes" and "happiness is turned upside down" have the same pronunciation in Chinese.

Chinese is Interesting

As you know, Chinese only consists of kanji. Therefore, Japanese people have an advantage in reading and understanding Chinese sentences over other foreigners. However, when it comes to conversation, the situation changes dramatically. It suddenly becomes difficult to listen to and speak Chinese. The pronunciation is particularly difficult, containing many sounds that do not exist in Japanese. Therefore, often my intention is not conveyed at all. Although Chinese and Japanese use the same kanji, some characters exist in both languages but have completely different meanings. Allow me to introduce some of them:

- (1) 手紙 (letter in Japanese): Toilet paper in Chinese.
- (2) 老婆 (old lady in Japanese): Wife in Chinese. It can be used for young ladies, too. Do not be angry when it is used.
- (3) 告訴 (accusation in Japanese): Communication in Chinese. It does not contain any legal implications.
- (4) 工作 (spy in Japanese): Work in Chinese. It does not have any connotation of spy.
- (5) 暗算 (mental calculation in Japanese): Conspiracy in Chinese. The sentence "I am good at 暗算" may cause misunderstanding.

Thank you for reading this. I hope I could convey part of my life in China and Shanghai to you. You are always welcome to visit Shanghai for business or pleasure. See you soon!



Author: Left

