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J. Ray NEWS

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Qingdao

Vibrant, diverse and
popular port city in
China has become a
major economic and
cultural powerhouse



Qingdao

A vibrant kaleidoscope of ancient lands, sophisticated architecture, magnificent coastlines and rich tradition

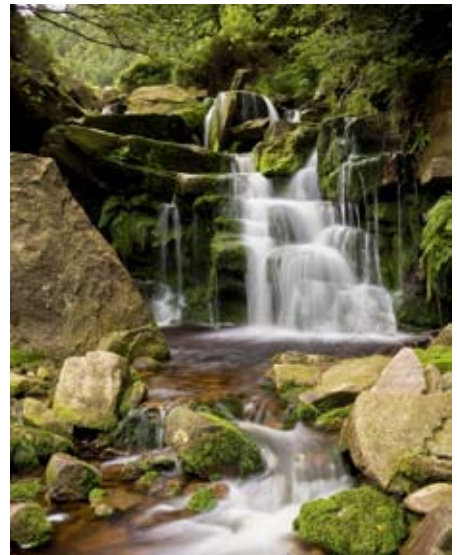
As one of China's most popular and famous port cities, Qingdao has rapidly developed into a major economic and cultural powerhouse. Located in China's beautiful Shandong Province, Qingdao has molded itself into a significant trade port and marine research base; industrial, technological, and manufacturing center; international financial and banking hub; and culturally diverse resort destination. This model city of environmental protection has also taken its place as one of China's most important international convention sites.





Weaving a tapestry of old and new, Qingdao is a mix of pre-World War II colonialism and polished post-modernism, still evidenced by its unique European and colonial architecture. The seaside city is nestled in the southern tip of Shandong Peninsula, on the coast of the Yellow Sea, a short distance from Japan and Korea.

Literally meaning “green” or “lush” “island,” Qingdao perfectly describes the city with 454 miles of coastline and five significant rivers flowing throughout the region. It’s no wonder that *China Daily* named Qingdao China’s ninth most livable city. Often known as the “Switzerland of the Orient,” Qingdao’s kaleidoscope of blue sea, azure sky, quaint and sophisticated architecture, and coastal capes and bays blend into a mosaic of breathtaking beauty.



Inviting environment

The city attracts foreign investment from all over the world because of the pleasant climate and lower cost of land and labor. In fact, 99 countries and more than 40 globally recognized companies have invested more than US\$20 billion into the city in the past few years. The return on that investment has not disappointed.

Offering opportunities for manufacturers and investors alike, Qingdao has flourished under its foreign trade and tourism focus. Qingdao is home to some of China’s biggest manufacturers and brands, including Haier and Aucma, air conditioners and home appliances; Doublestar, rubber and plastics machinery; and Hisense, major electronics. Guitar manufacturer Epiphone has opened a factory — all netting the city by the sea awards as the “nation’s most economically energetic city” and “entrepreneurs’ most favorite city.”

Plum blossoms are among the most beloved Chinese flowers. Blossoming in the Winter, they are seen as an example of resilience and perseverance in the face of adversity.



Seaworthy Tradition

Designated as a Special Economic and Technology Development Zone (SETDZ) by the Chinese government, Qingdao's desire to construct a modern industrial system, centered on port, ocean development, and tourism, is well on track. Four pillar industries: electronics and home appliances; shipbuilding, locomotives, rolling stock and container manufacture; petrochemicals; and new materials set the cornerstone of its industrial framework, leading to Qingdao Port's distinction as one of the largest container transportation hubs in the Yellow River region.

Its foreign trade handling capacity of 82 million tons makes Qingdao Port the largest port in Mainland China and the second-largest foreign trade seaport in the country. This has given rise to trade relations with more than 450 ports in more than 130 countries and regions around the world, contributing to China's 9.9 percent growth in gross domestic product in 2005.

Tsingtao (pronounced "ching-dow") Brewery is a landmark of Qingdao's business and culture, as China's largest producer of beer. Founded in 1903 by German settlers, the company's logo displays an image of Zhanqiao, the famous pier on Qingdao's southern shore that serves as the city's symbol. Sold today in more than 50 countries worldwide, and accounting for more than 50 percent of China's beer exports, Tsingtao beer is popular for its taste that comes from the pure water of eastern Qingdao's Mt. Laoshan spring.

A recent development has been the city's growth as a film and TV production center. Since the 1990s, filmmakers have

increasingly been attracted to Qingdao's scenic coastal regions, with six main beaches, and Badaguan ("Eight Passes") for its architectural showcase of Russian, British, French, German and Danish construction.

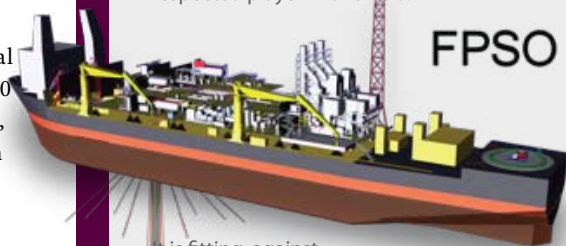
As might be expected, the rise in the city's political, economic, financial and cultural fortunes has supported an increase in personal income and spending. This influx of money has transformed the city into a region of graceful estates and sleek modern high rises. Young people flock to the downtown entertainment district to participate in the city's growing cultural events and nightlife.

Fascinating culture

And with the Qingdao Liuting International Airport connecting the city to more than 30 other large Chinese cities, as well as Tokyo, Osaka, Singapore and Hong Kong, tourism

The naval history of China dates back thousands of years to 722 BC. Now, the most populist nation on earth and the third-largest country in shipbuilding has emerged as a dominant player in both shipbuilding and as an international trade port. These distinctions help underscore its deserved place as an undisputed industrial power.

Chinese shipyards have also decisively entered the offshore oil and gas arena with an intense demand for Floating Production, Storage and Offloading (FPSO) vessel facilities. With FPSOs representing one of the fastest growing offshore construction segments in the oil industry today, China aspires to be a respected player in this field.



It is fitting, against this backdrop of shipbuilding and international sea trade, that the port city of Qingdao is the sailing venue for the 2008 Summer Olympics.

With a focus on "Green Olympics," "High-Tech Olympics" and "Humanistic Olympics" as its foundation, the Qingdao Olympic Sailing Center events are located in Fushan Bay, near the city's political, cultural and commercial center. The new center includes a state-of-the-art national sailing athlete training center, an Olympic village, a boat park, a news center, an international passenger liner wharf, a conference

Qingdao Shandong Peninsula



center, a five-star tourist hotel, a yachting club and a seaside marina. The entire area covers more than 111 acres and is located on the former site of Beihai Shipyard, also owned by J. Ray's China joint venture partner CSIC. As a test run of the facilities, the center hosted two yacht races earlier this year.

To make this Olympic event possible, the municipal government of Qingdao moved the Beihai Shipyard to West Sea Bay in the Huangdao District of the city (next to the McDermott Wuchuan joint venture), to make room for the new sailing center. At a cost of US\$9.5 billion, it was the largest investment of its kind in China.

The new Beihai Shipyard is bigger and more modern than ever with new factories, workshops, piers, boiler stations, sewage pumping stations, and power stations. Additional investment has been raised to construct leisure water vessels on the property. About 60 percent of the repair work on the 150,000- and 30,000-ton docks should be completed by the end of the year.

For a city that wanted to host the 20th Olympic Sailing events in style, Qingdao has built a green, high-tech Olympic metropolis that boasts one of the highest world-class sailing venues in Asia today.



has become a linchpin of the area's economy. In 2005, Qingdao had almost 685,000 foreign tourists who infused US\$415 million in foreign exchange. The region hosted another 24 million domestic tourists, all drawn to venues such as Zhan Bridge, Huashi Iou (Granite Mansion), Tianhou Palace, Huiquan Square ("urban lobby"), Lu Xun Park, (above), Zhongshan Park, Wusi Square, "May Breeze" (right) and Qingdao Arboretum.

An International Dragon Boat Festival, Ocean Festival, Beer Festival, Arts Carnival and Festival of the Hungry Ghosts are just some of the myriad festivities that help draw millions of tourists to the region every year.

Thirty trains also operate between Qingdao and other cities, shuttling people every day to and from their jobs and tourist attractions. By mid-2009 the two-way, six-lane Qingdao Haiwan Bridge and two seabed tunnels will connect the east and west crossing of the Jiaozhou Bay rim, further promoting regional development in the area.



Originally colonized by the Germans and Japanese, the current majority of Qingdao's 4.3 million residents are immigrants, who have migrated from other locations to take advantage of the economic and cultural opportunities that Qingdao offers. At least 30,000 South Korean nationals reside in the city. Despite this surge of immigration, Qingdao still manages to keep its local accent known as "Qingdao Hua," which distinguishes the residents of the city from those of the surrounding province.

Long a hub of professional sports in China, through such events as the Chinese Super League Football and Jia League, Qingdao now finds itself in the world spotlight as co-host of the 2008 Summer Olympics and Paralympics (September 6 to September 17). Olympics sailing events took place at Qingdao's newly constructed Sailing Center, located in Fushan Bay, in the eastern part of the city.

Reward for years of hard work and forward vision, this crowning achievement ushers in a new era for one of the most economically and culturally dynamic cities in China. 