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Cover Story

Foray into the High Seas

Hong Kong to Singapore passage

Having just joined Rickmers Trust Management in August 2013, during my second week at work, I travelled to Hong Kong to spend three days on board one of Rickmers Maritime's containerships, MOL Dominance, joining her captain and crew on their journey to Singapore. Fresh out of school, I was very fortunate to be given an opportunity to gain insights into the daily operations and realities of life on board a containership.

On the first day, a local agent fetched me to the harbour, where I was greeted by the imposing stature of the containership. As I made my way up the gangway, the captain welcomed and led me to the ship security office to complete the paperwork for immigration and security purposes. Thereafter, the third officer led me around some emergency assembly points and briefed me on contingency plans, always in place in case anything unforeseen happens. The fourth officer then familiarised me with the various areas on the vessel and talked me through the container stowage plans.

I was then shown to my cabin and was pleasantly surprised at how cosy and clean it was. It even had an en suite bathroom – certainly a great improvement on what I had imagined would be my home for the next few nights.

When it was time to depart from Hong Kong, I went to the bridge where ship control and navigation takes place. Seeing the pilot and officers manoeuvre the vast ship with such efficiency and precision was incredibly impressive. Using the bow thruster and assisted by a tugboat, they steered the ship out of the bay and on to open waters.



On the bridge

When the ship was out at sea, the bridge was used as a lookout point where the officers monitored ship vitals on the control panel and kept watch for nearby obstacles. It was there that I learnt more from the seafarers about navigation equipment, and appreciated the difficulties of life as a seafarer, being away from close ones for extended periods of time. I enjoyed walking on the deck and admiring the spectacular view of the wide open seas too.

In addition, I got to spend time in the engine room, where I had my first encounter with the main propulsion system and generators on board a ship. The main engine was massive and emitted loud churning noises. Seeing all the complicated machinery operating and the engineers busy at work was a sight to behold. Working conditions in the engine room, albeit clean and bright, were extremely hot and stuffy.

The third officer also brought me along to do a check on fire safety equipment, ensuring sensors were working well and that there were sufficient tools at each point, according to safety guidelines.

On a lighter note, the food on board was another pleasant surprise. Attendants paid close attention to my personal food preferences and the chef never disappointed me with his scrumptious dishes.

I also frequented the table tennis table on the upper deck, joining in the games with the seafarers. This gave me a good sense of the strong camaraderie among crew mates.

As we finally approached Singapore, a Port of Singapore Authority pilot came up to the bridge from a speedboat to direct us towards the designated bay. As we drew closer to shore, the teams in the mooring points began working to secure the ship stably to the dock. After witnessing the discharging of containers, I disembarked the ship.

The seas were reasonably calm during my

time on board although when I returned to shore, I found myself bobbing from side-to-side the following day!

Looking back, the three days I spent on board the vessel was extremely enjoyable. From the crew who were hard at work, I learnt what family meant despite the distance. It is hard to appreciate their sacrifices and the little things that they miss out on while at sea, like not having any mobile phone connection or being unable to celebrate their children's birthdays. It was through our conversations on family and personal lives that I was able to gain a greater understanding of life at sea.

Back at the office, we regularly receive reports from ship managers on the ships' operational matters such as engine performance and equipment maintenance. Observing how the seafarers maintain equipment and navigate the waters gave me a better understanding of vessel operations. Seeing and hearing the engines in motion is very different from reading and talking about it. Now, I am more prepared to provide fleet updates to the board, and better positioned to face queries from investors.

The knowledge I have gained and the hospitality of the captain and crew made my stay immensely enjoyable and I will remember this experience for a long time.



Wayne on the deck

Images:
Images taken by Wayne Jiang

Corporate Updates

Oct 2013 – Feb 2014

22 October 2013

Rickmers Maritime reported an improved set of results in 3Q2013. Charter revenue remained stable at US\$36.6 million, increasing 1% year-on-year, while net profit surged 59% year-on-year. The Trust also achieved an extremely high vessel utilisation rate of 99.9%, and Kaethe C. Rickmers' charter was extended for a further six months.

Rickmers Maritime successfully deleveraged its balance sheet further, repaying US\$20.5 million of secured bank loans, thereby lowering its outstanding secured bank loans to US\$456.1 million. As at 30 September 2013, the Trust's cash balance stood at US\$57.8 million. Distributions for unitholders for 3Q2013 remained unchanged at 0.60 US cents per unit.

19 November 2013

Rickmers Maritime announced the establishment of a S\$300 million multicurrency medium term note programme. DBS Bank and HSBC were appointed to act as joint arrangers and dealers of the programme. Unless specified otherwise, the net proceeds arising from the issue of the notes under the programme will be used to finance capital expenditures and for general corporate purposes. These include the refinancing of borrowings and the financing of the Trust's and its subsidiaries' working capital requirements.

24 February 2014

Rickmers Maritime released its financial results for its 4Q2013 and FY2013 ended 31 December 2013. To access the results announcement and presentation, please visit <http://www.rickmers-maritime.com>.



CEO's Message

Dear Investor,

First and foremost, on behalf of the entire Rickmers Maritime team, I would like to wish you a Happy New Year and a prosperous year of the Horse. Since our last newsletter, we have announced the establishment of a S\$300 million multicurrency medium-term note (MTN) programme that we can tap on in future for general corporate purposes and to finance capital expenditures. Shipping remains a capital intensive industry, and with traditional financing sources remaining tight, it has become a competitive advantage and necessity to have in place more diversified funding sources. With the MTN programme, we are now better positioned to capitalise on growth opportunities as and when they occur.

As 2014 unfolds, we hope to see a recovery beginning in the container shipping industry. Major industry players such as Maersk Line, the largest container shipping company in the world, have said that the shipping cycle has bottomed out and that the worst is over. Indeed, the global

macroeconomic situation is showing signs of improvement, and demand for goods in the key consumer markets of the US and Europe is expected to increase, boding well for container shipping.

At the other end of the equation, the ship oversupply seen in recent years appears to be moderating. Though there still are some companies taking delivery of a number of large vessels, the global idle fleet is slowly shrinking. At the same time, a record high of more than 450,000 TEU was estimated to have been scrapped last year. These all assist in bringing the supply and demand fundamentals closer to equilibrium.

In this issue, we feature a voyage undertaken by our newest staff addition Wayne Jiang, Project Executive, from Hong Kong to Singapore on board our vessel MOL Dominance, as part of his orientation programme.

In keeping with Wayne's voyage, our Ports of the World series takes us to the Port of Hong Kong, one of the busiest ports in the world. Continuing with our series, Crew on Board, we interviewed Mr Ye Aung, the chief cook on board MOL Dominance. Chef Ye Aung shares with us details on his job which allows him to pursue his passion for cooking and travelling.

I hope you'll like the new design of our newsletter and that this edition will be an enjoyable read for you. Have a good year ahead!



Thomas Preben Hansen
Chief Executive Officer
Rickmers Trust Management Pte. Ltd.



Wishing you a smooth-sailing year ahead!



Port of Hong Kong

Ports of the World

Port of Hong Kong

The Port of Hong Kong, one of the Busiest Ports in the World

After a visit to the up and coming Port of Balboa in Panama, we head to the well-established Port of Hong Kong.

Since its establishment as the main port for Sino-British trade in the 1840s, Hong Kong has been recognised as one of the world's major trading posts. From facilitating mainly the trade of tea, opium, silk and spices around the mid-19th century, a myriad of goods from a wide variety of industries move to, from, and through Hong Kong today.

At the heart of all this trading activity is the Port of Hong Kong, which consists of more than 20 container terminals, river trade terminals, mid-stream sites, public cargo working areas, and floating docks stretching from the Urmston Road Shipping Channel near the Tuen Mun district, to the Tathong Shipping Channel near the Sai Kung district.

Gateway for Trade in the Far East

Situated at the mouth of the Pearl River Delta, the Port of Hong Kong has a strategic location, both in relation to Mainland China, as well as other Asian countries which have seen considerable growth over the recent years in general, and still present significant growth potential. Trading at the Port of Hong Kong is also particularly inviting because of the city's favourable regulatory environment, with its relatively low corporate tax rates and double taxation relief agreements with many of the world's major economies. Factors such as these have contributed to the rise and success of the Port of Hong Kong, which is now visited by vessels from all around the world.

Hong Kong's largest trading partner by far, is Mainland China, especially since the latter increased its openness to foreign trade in the 1970s. Today, China accounts for around half of Hong Kong's imports and exports. To further strengthen trade between the two sides, Mainland China and Hong Kong signed the Closer Economic Partnership Agreement in 2003. As part of the agreement, both sides pledged to progressively reduce or eliminate tariff and non-tariff barriers to trading goods. Supplements to the original agreement have also bolstered the appeal of maritime trade between the two sides, enhancing services such as shipping undertaking, service contract signing, and freight rate settlement.

Vibrant Vessel Movements

Around 191,000 vessels arrived at the Port of Hong Kong in 2012, an astounding 69% of which bore the Mainland China flag, with most of the rest, or 34%, bearing the Hong Kong flag. These comprise approximately 160,000 river vessels, mainly cruise ships and container ships; and 31,000 ocean vessels, mainly container ships. Among the ocean vessels, 76% of them were at the Port of Hong Kong mainly to load and/or discharge cargo.

Container Shipping Activity

The Port of Hong Kong handled 23.1 million TEUs in 2012, making it the third busiest port in the world in terms of container throughput, behind only the ports in Singapore and Shanghai. The bulk of container shipping activity in the Port of Hong Kong takes place at the Kwai Chung and Tsing Yi Container Terminals, which are located in the north-western part of the Victoria Harbour.

The Kwai Chung and Tsing Yi Container Terminals span 279 hectares, and include nine sub-terminals with 24 berths and 7,694 metres of deep water frontage, container freight stations, and container freight yards. Together, they have a total handling

capacity of about 20 million TEUs per year, and accounted for around 17.5 million TEUs of the Port of Hong Kong's container throughput in 2012. The other 5.6 million TEUs were handled at mid-stream sites and other wharves.

Performance and Outlook

While the Port of Hong Kong is still bustling with activity, it has actually lost some of its shine in the past decade. It used to be the busiest port in the world from 1999 to 2004, before dropping to second in 2005 and 2006, and is now languishing in third place. Not only has it slipped in relative terms in global rankings, the port's container throughput has been on a general decline too, falling in year-on-year terms in 17 out of the 23 months between January 2012 and November 2013.

Nevertheless, hopes that a recovery may be coming are on the rise, with container throughput marginally increasing year-on-year in September, October, and November 2013. During those months, container throughput at the Port of Hong Kong grew around 1.0%, 1.6%, and 1.8% from the previous corresponding periods to about 1.9 million TEUs, 1.8 million TEUs, and 1.9 million TEUs respectively. Whether this upward trend will persist remains to be seen.

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Chef Ye Aung preparing a meal for the crew

Crew On Board

What does it take to be a Chief Cook?

In this instalment of our Crew on Board series, we speak with MOL Dominance's chief cook, Ye Aung, to find out more about life as a chef on board a vessel that is almost always out at sea.

1. What is the role and key responsibilities of a chief cook?

A chief cook's main role is to prepare meals for a ship's crew, and he is responsible for ensuring that the crew is provided with balanced and nutritious meals for their sustenance and well-being.

2. What spurred your interest to pursue a career at sea as a chief cook?

I have always been interested in ships, and in creating delicious dishes that bring delight to people. Serving as a chief cook on board a container vessel allows me to pursue both my passions, and also offers me the opportunity to travel round the world.

3. What are the daily duties of a chief cook?

Besides preparing meals for the ship's crew, a chief cook has to clean the food storeroom, kitchen, and dining area every day to ensure that high standards of hygiene are maintained. He also has to conduct safety checks on those areas, making sure that all walking surfaces are not slippery, and that all items are properly secured to their respective locations so they do not get tossed around when we encounter rough seas.

4. How many crew members work with you in the kitchen, and how are responsibilities divided?

Mostly, I work together with the only other person in the kitchen – the trainee

cook. We split the work, and he is in charge of some tasks. Nevertheless, I still bear the ultimate responsibility of maintaining a well-run kitchen and taking care of the crew's dietary needs.

5. What are the ideal qualities that make someone an effective chief cook?

In addition to being able to prepare tasty dishes, a chief cook has to be a good planner, crafting the sequence of meals to be prepared such that ingredients that are bought first are used first, and those that have a longer shelf life are used only thereafter. On top of that, he needs to pay attention to the dietary restrictions and preferences of each individual crew member, to ensure that no one on board is allergic to any particular ingredient and that in general, the dishes prepared are to everyone's liking.

6. What are the biggest challenges you face catering on board?

As the vessel is mostly out at sea for extended periods of time, ensuring that we are well-stocked with supplies is a challenge. The kinds of food items available near the ports of the various countries we stop at, where I can replenish supplies, differ from one another. It is important that wherever we go, I am able to source a reasonable range of food items so there can be variety in the meals I prepare. The food items must also be to the liking of the crew, and able to last the journey to the next port.

7. Do you cook a special meal for the crew on special occasions?

Yes, especially for crew members' birthdays! I also prepare special meals whenever we celebrate major festivities.

Glossary

Types of Maritime Services

Technical Management – The mandatory duties that a shipping company undertakes to ensure smooth vessel operations. These involve a combination of crew management, logistics, operations, ship to shore communication, servicing, repairs, and maintenance. Technical management may be provided by shipowners or by external service providers.

Commercial Management – The non-technical duties of operating a vessel that involve the chartering of vessels; monitoring and reporting of individual vessel and fleet performances; loading and unloading cargo; resolving charter party disputes; and managing financial matters such as profit and loss accounts, sales and purchases, and other charter related matters. Commercial management may be provided by shipowners or by external service providers.

Crewing – The recruitment and placement of qualified and experienced seafarers on board ships. Crewing is one of the most vital factors for ensuring that vessels operate well. Sea crew have to be equipped with the right skills through a wide range of constitutional and tailor-made maritime training courses. A good crew should maintain a multinational structure and culture both at sea and ashore.

Newbuilding – The construction of ships. Newbuilding services are carried out in shipyards with modern shipbuilding manufacturing techniques that fine-tune hull lines, propulsion trains, and manoeuvring devices. Analysing realistic scenarios for cargo characteristics and sailing routes is essential for determining the specifications, ideas and methodologies that go into constructing a new vessel.

Marine Insurance – Marine Insurance is arranged through various marine insurance brokerage services. A team of professionals will put together bespoke and cost efficient insurance solutions from a wide range of products, to accommodate the specific needs and requirements of each shipping company.