

# CMC PRESS RELEASE

## Company Statement

Recently, several Cypriot media outlets have published reports discussing the Cyprus LNG import terminal project. At the same time these reports portray discussions taking place with the Energy Commission. Specifically on this, the media portal Politis on the 2nd of September 2025 reported in their article “Papanastasiou: in the coming days, the project manager’s report for the Terminal in Vasilikos” and in the last paragraph that “Subsequently, the President of the Parliamentary Committee on Energy announced the opening of the closed session of the Committee, in the presence of the Minister of Energy, the Auditor General, the representatives of the institutions, the contractors and the subcontractors of the project.” As Contractor, CPP was never invited or had any knowledge of any such kind of meeting.

CPP has always honored its commitments and remains committed to cooperating in good faith so that the Project can be responsibly completed and for the benefit of the Cypriot people. Unfortunately, due to fundamental differences in expectations between the Contractor and ETYFA, the Project has reached a standstill.

Given the concerns expressed by the Government, Parliament and the media, CPP believes that it is necessary to provide the public with a clear explanation of the real situation and the reasons for the current difficulties.

### **i. History and facts of the Project**

- The Consortium led by CPP signed an Engineering, Procurement, Construction, Operation and Maintenance Agreement (EPCOMA) in December 2019, strictly following the tender procedure, local procurement rules and ETYFA guidance.
- Confirmed by ETYFA, the Commencement Date of the Project happened only at the end of September 2020, which was almost 10 months after EPCOMA signed.
- There were two excuses / reasons for the delay, (1) according to ETYFA, were the unavailability of funds until May 2020 and (2) the huge delays in appointing the Owners Engineer until late 2020.
- CPP was pressured by the ETYFA to purchase the LNGC vessel that will be modified to a FSRU a few days after the signing of the EPCOMA. The said vessel went to the drydock at the beginning of August 2020 in the full knowledge of ETYFA. But due to not having the Owners Engineer presence, every design, procurement and construction work needed on the vessel, ETYFA was systematically finding ways to delay.
- Did ETYFA have the relevant knowledge, experience and expertise to handle such project? Clearly not. ETYFA had only one engineer on board that not only had zero experience on similar projects, but zero project experience of any kind of project. ETYFA

later on hired another engineer to assist who unfortunately also had zero experience in similar projects and managing projects. Did ETYFA's Owner Engineer have any experience in similar projects? According to the website at that time, it had zero experience in any Oil and Gas project.

## **ii. True reasons for the Project Termination**

1. ETYFA from the beginning of the Project was delaying payments and always finding cheap excuses.
  - One first example is that according to the EPCOMA an amount of €60+ million should have been paid after the vessel's arrival at the shipyard in early August 2020. This amount was only paid at the end of February 2021.
  - This tactic of delayed in payments from ETYFA was the rule throughout the Project. It is interesting to mention that the next payment after the end February 2021 only took place in late July 2022, 16 months later.
  - CPP was forced all the time to finance the cashflow of the Project although this is fully against the principals and the clauses of the EPCOMA. On early 2024, several public statement made by the Minister of Energy, declaring that "We will not give a cent extra to the Chinese for the Vasilikos terminal". Such a declaration, made through the media rather than within the framework of the contract or established dispute resolution mechanisms, amounts to political interference in a commercial project. This conduct is inappropriate, as it undermines the sanctity of the contract, prejudices the contractor's legitimate rights, and exerts undue political influence over what should be a matter of contractual negotiation or arbitration. Moreover, by making such a statement, the Minister effectively condones the owner's failure to make timely payments, thereby indirectly contributing to delays and difficulties in the execution of the project.
  - CPP, although continued working on the project, found it extremely difficult without being paid, thus was forced in January 2024 to suspend the works due to non-payments, fully respecting and following the EPCOMA.
  - After assurances from the Minister of Energy himself that payments will be harmonized and be on time, CPP resumed works in March 2024.
  - Unfortunately, ETYFA failed to fulfill the Minister's promise and did not make any payments to the Contractor in 2024, CPP was forced to Terminate the Project on the 18th of July 2024, strictly following the EPCOMA.
  - It is particularly important to note that although ETYFA refused any CPP staff to access the Project site from the first day of the Project Termination, in contrast to the EPCOMA, as a responsible contractor and the goodwill to assist ETYFA in advancing the Project, CPP has sent numerous official and verbal invitations to ETYFA regarding project handover. Unfortunately, and inexplicably, ETYFA has never responded positively to this kind gesture of goodwill. Project handover means (1) clearly showing the current state of the completed works, (2) handover of all procurement items existing on site, (3) handover of all procurement items outside the site or in customs, (4) handover of all procurement items that are either on route to Cyprus or under manufacturing, (5) handover of all designs. All completed construction works and procured items went under ETYFA's possession and care from the termination date onwards without any proper hand over. There is no single piece of paper that ETYFA confirms what did they received and what the condition was.

## 2. ETYFA weaponized the payment and force CPP to accept the work outside the scope of work

- In early 2021, ETYFA decided to unilaterally alter the EPCOMA and its scope by demanding that the jetty be Cryogenic. A Cryogenic jetty is needed only when exporting LNG, yet Cyprus does not have the facilities to export LNG. This decision was made regardless of the billions of Euros and years of construction that such facilities would require, and without any clear plans or ideas on how to transport Natural Gas from the gas fields to Cyprus. In plain words, ETYFA was forcing CPP to build a boat engine without having any idea about the size of the boat or the cargo it would be carrying. This resulted in significant project cost increases of more than €100 million.
- ETYFA was continuously delaying all design approvals since the non-experienced ETYFA engineers were insisting on commenting on every document or drawing, resulting in huge delays. ETYFA never respected the time limit that they had to comment on the designs and drawings resulting in even more delays. ETYFA never tried to help the Project or expedite its completion but only continued to create more problems and delays.
- ETYFA was continuously trying to enforce extra works from CPP in all fields without accepting that these works were not stipulated in the EPCOMA. ETYFA went to the extent of trying to increase the performance of the FSRU by intentionally misinterpreting the EPCOMA clauses.
- Unfortunately, ETYFA refused to hold meeting with CPP to discuss the impact and totality of the problems despite CPP's repeated requests in order to resolve any of these conflicting items. CPP was forced, by following the EPCOMA without any other solution, to ask support from the London Court of International Arbitration, LCIA, in February 2023.

## 3. On Alleged Equipment and Materials Safety Issues

Claims of equipment safety risks are also without basis. All suppliers, equipment, and materials were pre-approved by the Owner and complied with international applicable standard as well as strict testing and inspections.

- All equipment applied to the Project by CPP underwent strict procurement and inspection procedures to ensure safety and quality, with full participation of ETYFA and Owner's Engineer (Hill International).
- Every supplier and vendor had the previous approval of ETYFA and the Owners Engineer to be allowed to participate in the Project.
- Any equipment or material selected during Project execution were reviewed and approved by ETYFA and the Owner's Engineer. All critical equipment and materials underwent Factory Acceptance Tests (FAT) before leaving the factory, attended by ETYFA and the Owner Engineer representatives, with FAT certificates issued. Third-party inspection reports on safety and quality were also provided by internationally recognized inspection companies.

- Upon arrival in Cyprus, all materials and equipment underwent Site Acceptance Tests (SAT). Only after passing both FAT and SAT could the contractor proceed with installation or use. During installation and use, the contractor's safety management personnel and ETYFA and the Owners Engineer's quality and safety management personnel conducted real-time supervision to ensure material and equipment quality and safety.
- CPP would also like to clarify on the alleged problem with the piles. All projects face problems and challenges. The work of a prudent and experienced contractor such as CPP, always under the supervision and approval of an Owner and Owners Engineer, is to address and successfully resolve all challenges. Indeed, there was a defect with the painting of the piles. The defect was identified, CPP accepted and assumed all liabilities, costs and responsibility to remedy the defect. CPP discussed with ETYFA and the Owners Engineer, on the possible solutions. A solution was found and was agreed by ETYFA and the Owners Engineer. A relevant Work Method Statement was prepared by CPP and was agreed by ETYFA and the Owners Engineer. Part of the procurement was successful completed with the procured materials arrival in Cyprus. Unfortunately, the project was terminated shortly after the procured materials arrived in Cyprus. Since there was never a handover CPP has no knowledge whether these works were ever executed, by who, what happened with the procured materials, were they ever used, or properly stored, and more importantly whether the completed jetty works were properly maintained and taken care of.

#### **4. On Alleged Design Problems**

The accusations of design problems are also groundless. The project was strictly designed according to the standards and requirements stipulated in the EPCOMA, with every single drawing and design document being reviewed and approved by ETYFA and the Owner's Engineer before proceeding to any further stage regardless of if this was procurement or construction. Construction strictly followed those approved designs and drawings. Throughout construction, ETYFA and the Owner's Engineer continuously supervised, checked, approved and accepted the work at each stage. These approvals were the direct basis for CPP to receive any progress payments. Therefore, questioning the project's design has no basis.

#### **5. On the FSRU Vessel**

There have been public claims that the FSRU vessel is incomplete or missing critical components. These claims are false.

The FSRU vessel's conversion was carried out strictly within the EPCOMA and received the relevant certifications, from regulatory institutions and acceptance from ETYFA and the Owners Engineers. Claims of missing components are inaccurate and false. Specifically:

- On January 16, 2024, Lloyd's Register issued a statement confirming that the vessel was ready for delivery. However, the Owner repeatedly refused to accept the vessel, despite multiple formal requests by CPP between January and December 2024.

- Final acceptance by ETYFA was only completed on December 16, 2024.
- On December 9, 2024, at the time of vessel delivery, Lloyd's Register issued an LNGC certificate that identified 12 outstanding works, all related to incomplete jetty works. It also included 3 pending actions, that were successfully completed before delivery of the FSRU to ETYFA, which resulted in the issuance by ETYFA upon vessel delivery of the Provisional Acceptance Certificate. These did not include the 2 additional components publicly claimed by the Minister of Energy.
- In December 2024, while transferring the FSRU to ETYFA, CPP provided a quality guarantee, promising to assume the quality assurance responsibility for the FSRU. However, ETYFA, without notifying CPP, made unauthorized modifications to the vessel. CPP has informed ETYFA that these modifications will cause great uncertainty regarding CPP's quality assurance obligations. Regrettably, CPP has not received any response from ETYFA regarding this matter. CPP also noticed that the Minister of Energy had previously stated to the media that these modifications cost € 9 million, while recent media reports indicated a cost of less than € 420,000, e.g. it is read in the article yesterday in Philenews that: "The mathematics of Prometheus, by the hand of ETYFA through a confidential document to the Parliament" that the alleged huge problem that made the FSRU inoperable and that will cost 9 million euro is merely a "repair and Maintenance Spare Part" that "The total cost of the two components amounts to €209,000 for which an advance payment of €66,400 was given. It is a nitrogen generator from the company Atlas Copco, worth €191,000, for which 30% has been paid as a deposit with the issuance of the order (€57,400), as well as valves (PCV Valve HP BOG Compressor) from the company Eastwind/Conti Ocean, worth €18,000, for which 50% has been paid as a deposit with the issuance of the purchase order, That is, €9,000" . We don't know the intension why the cost of those two components was alleged to be €9 million.
- CPP being a responsible contractor, consulted Lloyd's Register, which confirmed that CPP's design complied with all standards and that the two additional items requested by ETYFA were not necessary. This explains why they were never included in the outstanding FSRU works list.
- ETYFA never informed CPP officially or unofficially of any missing components or any problems with the FSRU. CPP only became aware of any problems from media reports.
- To the great surprise to everyone, It is also highly communicated in the media that the Contractor was keeping the vessel in ransom. This is a complete false and inaccurate statement. The FSRU belongs to the Owner since June 2022 and in order for someone to keep it in ransom should have at least taken a court order or even imply something like that. We urge the Owner to publicly display the documents, court orders, official threats that even imply that the vessel is kept in ransom. On the contrary the FSRU was ready for the Owner to receive but he delayed for 11 months. ETYFA was proven to be incapable, incompetent and unprepared to receive the FSRU, not able to provide mandatory documents and certificates for sailing until end of Nov. 2024 and trying to resort to spreading false and inaccurate statements and conducting communication trickery.
- In that same article it also states that:  
 "The letter from ETYFA provides clarifications on the certificates held by the ship and on the 12 conditions set by Lloyd's. In detail, in relation to the certification and operation of the ship, the ship is fully classified and has a Certificate of Class from the classification society Lloyd's Register, under 12 conditions (Conditions Of Class-CoCs) and 3 Action Items (AI), as a ship that has two functions, i.e. it can operate as a liquefied natural gas

LNG transport vessel, but also as a floating storage and regasification unit (FSRU). As noted in the letter, the 12 conditions are due to the fact that the ship has not yet received a full load of liquefied natural gas and has not performed refueling operations since it has not yet been put into operation, while for the 3 Action Items the works are in progress for their completion. The conditions can only be lifted when the ship is carrying liquefied natural gas or when it operates as a floating storage unit, with a full load of liquefied natural gas in its tanks and re-venting verification. "The ship also has an international certificate of suitability for the transport of liquefied gases, which is currently conditional for the exact same reason mentioned above," it said. It is also indicated that the conditions for the certificate of suitability will be lifted during the first LNG cargo journey where the overall performance of the cargo containment system will be verified."

- It's extremely surprising and alerting that ETYFA, based on the above articles, has been communicating the correct status of the FSRU both internally and to Government officials, in full compliance and acceptance with CPP's positions. Yet at the same time, the same officials were spreading false and inaccurate information to the media.

## **6. Position Going Forward**

CPP wishes to make clear the following points:

The dispute over unpaid amounts and the extra work outside of EPCOMA scope of work has been formally submitted to arbitration in LCIA.

Out of a sense of responsibility to Cypriot taxpayers, CPP is willing to maintain constructive dialogue to explore ways and solutions for the project to be completed as soon as possible.

For any questions about the Project, CPP remains open and ready, within the limits of the law, to provide any assistance and to clarify any misunderstandings.

CPP remains committed to transparency and responsible cooperation in the best interests of The Republic of Cyprus and its people.