

Shipbuilding
& Shipping Scenario in China
14th May, 2012



RINA
150 YEARS

In the face of a worsening downturn in the shipping industry, Mr. Tan Zuojun, the President of China's largest shipbuilder, China State Shipbuilding Corp, cautions that as many as half of China's shipyards face bankruptcy.

- Shipyards are Struggling -

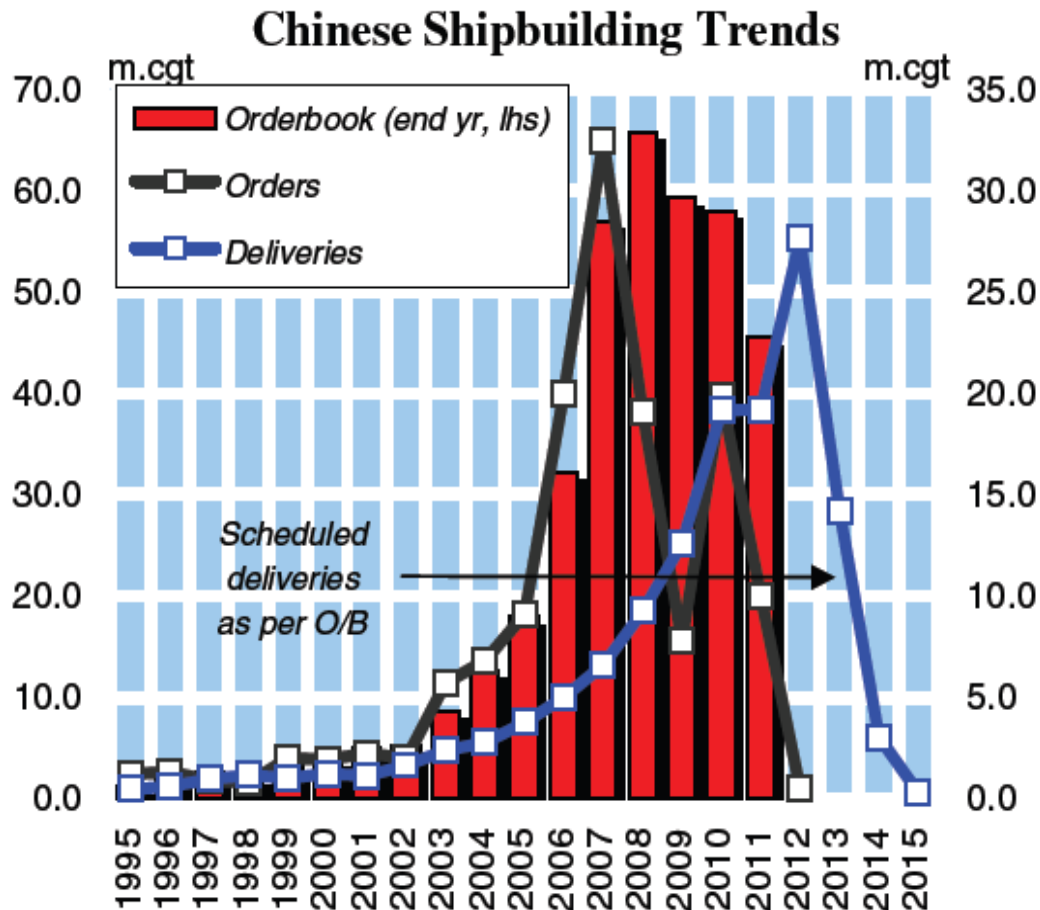
➤ According to China Association of the National Shipbuilding Industry, since January 2011, at least 30% shipyards in China has not receive any contract.

➤ Chinese media have reported that many domestic shipyards were on the verge of bankruptcy amid a severe industry glut and falling orders.

➤ Shipyard including Nantong Qiya, Nantong Huigang, Henghou Shipyard, Zhejiang Blue Sky , and even Zhejiang Eastern, which was listed on London AIM stock market, and the list is getting longer.



- Chinese Shipbuilding Trends -



- Active Chinese shipbuilding capacity has peaked to 19 - 20 million CGT per year in 2011.
- On 1st April 2012, the orderbook at Chinese shipyards stands at 2,363 vessels of 41.42m CGT.
- 30% of vessels on order are Chinese owned, while 14.5% and 13.7% are Greek and German owned respectively.
- Current order book can only sustain 2 years work, while during 2006-2011, the figure was respectively 6 year, 9 year, 7 year, 5 years, and 2 year.
- Theoretically, there will be about 30% over capacity in 2013, and 85% in 2014, so there is a lot of empty berths needs to be filled.