

Wah Kwong and Sanko seal alliance with VLCC deal

Joint venture will see \$140m vessel built at Dalian

Keith Wallis
Hong Kong

WAH Kwong Maritime Transport has inked its first newbuilding joint venture with Japan's Sanko Line after the two companies agreed to take a 50% stake each in a \$140m very large crude carrier order at Dalian Shipbuilding.

Simultaneously, Wah Kwong also placed a \$140m contract with Dalian Shipbuilding for a sister vessel that will be wholly owned by the Hong Kong-based dry and wet bulk operator.

The two 298,000 dwt tankers will be delivered in the second half of 2011 and will both be Hong Kong flagged. Their delivery will take Wah Kwong's VLCC fleet to five, making the Hong Kong-based owner the territory's largest independent operator of VLCCs.

Aside from its first joint venture — George Chao's Wah Kwong Maritime Transport — the deal marks another first for Sanko Line in that this is the first time the Japanese operator has ordered a tanker from a Chinese shipyard.

Tim Huxley, Wah Kwong chief executive, said the tie-up between Wah Kwong and Sanko marks the latest stage in a 30-year relationship between the two ship-owners. Senior Sanko executives were in Hong Kong this week to finalise the deal. Sanko Line has already chartered Wah



Starlight Venture: chartered by Sanko.

Kwong's 318,000 dwt VLCC *Starlight Venture* for five years under a deal that ends in December 2009.

The deals also reinforce Wah Kwong's relationship with Chinese shipyards and take the firm's total orderbook at yards in China to around \$800m.

Vessels already on order comprise two capesize ships, including a 180,000 dwt bulk carrier on order at Dalian Shipbuilding, six 53,000 dwt supramax ships at Chengxi and one 93,000 dwt post-panamax vessel. These nine ships are due for delivery between 2009-2011.

Mr Chao said the latest tanker deals strengthen Wah Kwong's relationship with both Dalian Shipyard and Sanko Line.

"These new ships will add to our existing presence in the VLCC market, a sector we have great confidence in, given the continued demand for energy from the Asian economies, particularly China," he said.

Mr Huxley added: "Dalian Shipbuilding is the premier VLCC yard in China. As a state-owned company, the yard does not have the issue of refund guarantees and component shortages — including engine delivery problems — affecting private shipyards."

He added that Dalian Shipbuilding can also guarantee early delivery compared with South Korean yards, which are booked until 2012.

No decision had been taken on whether to trade the vessels on the spot or period charter markets. "We have an open view on the spot and time charter markets; it is whatever is the most attractive at the time," Mr Huxley said.

He said Wah Kwong is continuing to pursue its growth strategy, even though it recently postponed an initial public offering because of poor market conditions in the US and London.

"During our recent investor presentations we clearly stated our growth plans for the future, which included further investment in the tanker sector. This latest order demonstrates both our continued commitment to developing our business and our confidence in the long-term outlook for shipping."

Sanko sets its sights of 2009 listing

SANKO Line has reaffirmed plans to list on the Tokyo stock exchange by December 2009, writes Keith Wallis.

Sanko Line president and chief executive Takeshi Matsui told Lloyd's List that a final decision on when the listing would take place would be made by stock exchange regulators.

"We are targeting the end of next year," Mr Matsui said after Wah Kwong's very large crude carrier contract signing ceremony with Dalian Shipbuilding on Friday.

Mr Matsui said proceeds are likely to help finance the carrier's extensive newbuilding programme. "We will grow the fleet to 250 ships" by 2010, he said.

Sanko Line has a fleet of 155 ships total-

ling 12.4m dwt including 62 bulkers, 52 tankers and 21 boxships.

At the start of this month, the company had 109 vessels of more than 6.9m dwt on order, which include 42 bulkers, 18 containerships, 18 tankers and 28 offshore vessels.

If the listing proceeds, it will be a significant recovery for the shipping line. It was declared bankrupt and de-listed in 1985 and went into a court-mandated reconstruction programme. Sanko Line only emerged from the programme in 2000.

Mr Matsui said Sanko Line is keen to seek further business opportunities with Wah Kwong Maritime Transport after it agreed to take a 50% stake in one of the

two Dalian VLCC newbuildings. Mr Matsui and Wah Kwong chairman George Chao have known each other for 30 years but it is the first time they have partnered on a newbuilding.

Mr Matsui remains confident about long-term prospects for the tanker market, pointing out that the single-hull phase out by 2010 is expected to reduce total fleet capacity by 35%.

Meanwhile, Mr Chao reiterated that Wah Kwong's initial public offer will go ahead when market conditions improve, although there is no pressure to raise money from a listing. Finance for Wah Kwong's newbuildings is covered by existing loans.

British Admiralty Charts & Publications

The following charts and publications have recently been published by the British Hydrographic Office and are available from branches of Kelvin Hughes Charts and Maritime Supplies.

NEW EDITIONS

Mediterranean Sea, Maltese Islands, Approaches to Malta and Ghawdex (Gozo). [194]	August 2008
International Chart Series, Indian Ocean, Mauritius, Port Louis and Grande Riviere Noire Bay. [713]	August 2008
Mediterranean Sea, Maltese Islands, Malta. [2538]	August 2008
Baltic Sea - Denmark, Smalandsfarvandet, Western Part. [2583]	August 2008
Reproduction of Australian Government Chart.	
Aus27 Australia - North Coast, Northern Territory, Middle Arm including Channel Island. (Published 23/05/08).	
Aus8 Australia - North Coast, Northern Territory, East Arm (Published 23/05/08).	
Aus130 Australia - South Coast, South Australia, Approaches to Port Adelaide. (Published 06/06/08).	
Aus137 Australia - South Coast, South Australia, Port Adelaide. (Published 23/05/08).	
Aus195 Australia - East Coast, New South Wales, Approaches to Port Kembla. (Published 28/03/08).	
Aus306 Australia - North Coast, Northern Territory, Cape Grey to Elcho Island including Wessel Islands. (Published 23/05/08).	

ADMIRALTY PUBLICATIONS

NP78 Admiralty List of Lighthouses and Fog Signals Volume E Mediterranean, Black and Red Seas. Edition 2008/09.
NP204-09 Admiralty Tide Tables, Volume 4, Pacific Ocean (including Tidal Stream Tables). Edition 2009.
NP286[2] Admiralty List of Radio Signals. Pilot Services, Vessel Traffic Services and Port Operations Part 2: Europe (excluding UK, Ireland, Channel Ports and Mediterranean). Edition 2008/09.
NP286[3] Admiralty List of Radio Signals. Pilot Services, Vessel Traffic Services and Port Operations Part3. Mediterranean and Africa (including Persian Gulf). Edition 2008/09.

Information Supplied by Kelvin Hughes Charts & Maritime Supplies

Nanjing Tanker in \$14m deal with Sinopec for product oil

NANJING Tanker Corp has signed a Yuan100m (\$14m) shipping contract with China Petrochemical Corp (Sinopec) and is considering a Yuan1.08bn newbuilding order for four 24,000 dwt tankers, writes Sandra Tsui.

The Shanghai-listed tanker and specialised vessel operator said on Friday that it had sealed a deal with Sinopec to ship at least 1m tonnes of product oil for the energy group from July to the end of this year.

Nanjing Tanker expects the new contract to reap Yuan100m in revenue and gross profits of Yuan30m to the firm.

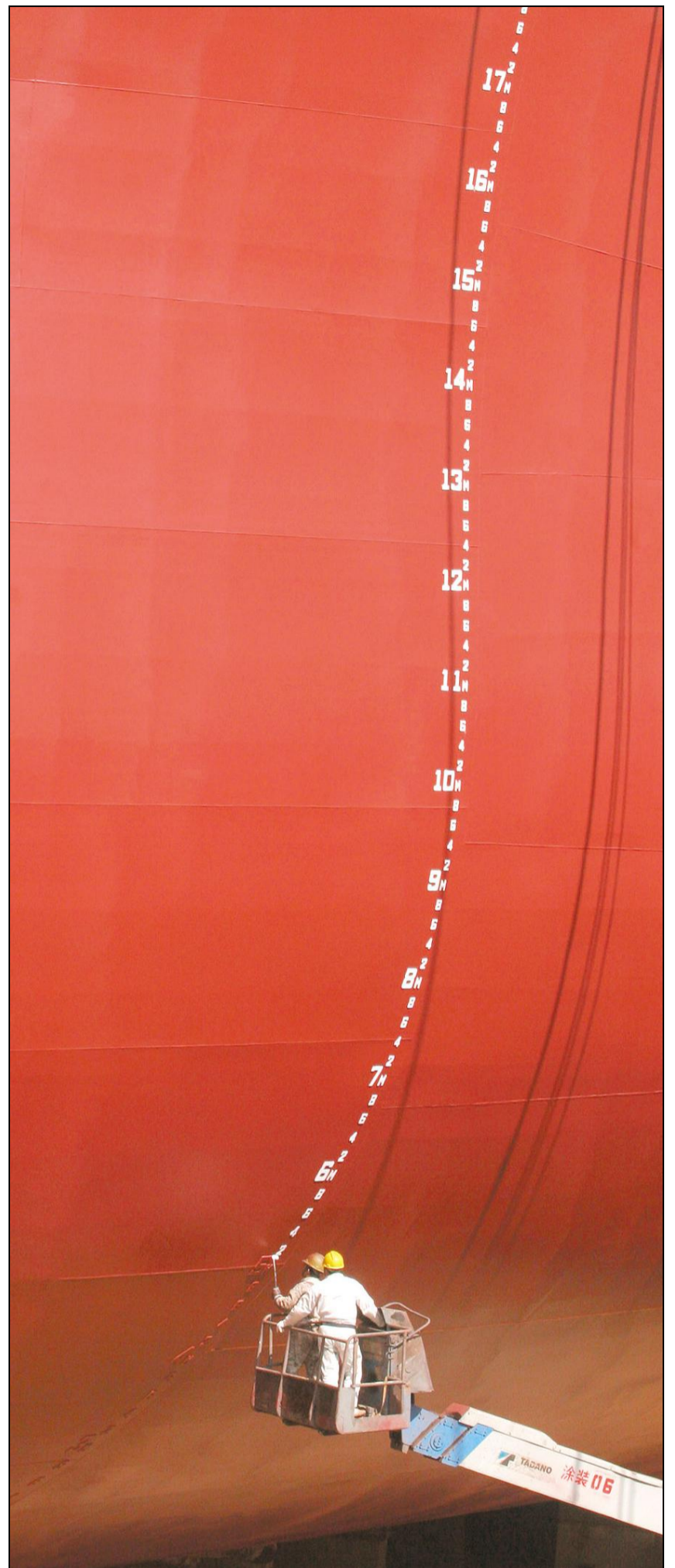
In a separate announcement, the shipowner under China Yangtze Transportation Group said it planned to add four 24,000 dwt oil tankers to its current fleet of 59 vessels with a purchase from sister company CSC Nanjing Tanker Corp Zijinshan Shipyard.

The four tankers, each costing Yuan269.8m, are expected to be delivered between 2010-2012.

The order, which is pending approval from shareholders, will bring the number of vessels in the firm's orderbook from 39 to 43, according to information from the company's website.

Nanjing Tanker currently has 16 very large crude carriers, 16 40,000 dwt oil tankers, four chemical tankers and three asphalt carriers in its orderbook.

China retakes shipbuilding number one slot from Korea



CHINA's shipbuilders captured orders totalling 12m dwt last month according to data issued by the China Ship Marketing Research Centre, writes Mike Grinter.

The data reflects a remarkable turnaround, after the first half of the year saw South Korea taking the lion's share of global orders in what appeared to be a flight to quality.

China Ship Marketing said that global orders totalled 20m dwt, of which 11.9m tonnes was taken up by Chinese shipbuilders, leaving South Korea a poor second with 5.9m tonnes.

Notable orders at Chinese yards in July included Vale's huge contract with Jiangsu Rongsheng Heavy Industries to

build a dozen 400,000 dwt very large ore carriers — a deal worth \$1.6bn.

More weight was added to the nations' orderbook when Jiujiang Yinxiang Shipbuilding picked up an order from Dalian Haichang Group to build 20 60,000 dwt bulk carriers, valued at \$900m.

Some of the orders appear to show owners looking for bargains. The price of Jiangsu Rongsheng's VLOCs for Vale, priced at \$133m each, show a discount of \$9m a piece, compared with Fearnley's guide price in May of \$142m.

Sources within South Korean yards have suggested a price closer to \$150m today.

HHIC hit by 15th fatality in less than two years

CONTROVERSY surrounds the latest death of a worker at Hanjin Heavy Industries and Construction, writes Mike Grinter.

HHIC general manager Pyeong Jung Yu said 24-year-old machine operator Efen de la Cruz collapsed after suffering a heart attack while working at the motor pool.

This was given as the reason why the death — the 15th since the end of 2006 — was not immediately reported to the relevant authorities.

But conflicting reports of the cause of death have since emerged, with the family of the dead man claiming that doctors at

the San Marcelino hospital found evidence of electrocution.

Mr Pyeong said that Subic Bay Metropolitan Authority officials who investigated the death of Mr de la Cruz could find no evidence of safety standards being breached either by HHIC or its subcontractor.

On August 7, Arvy Mahinay, who was employed by Hanjin subcontractor Bodahh, died when he fell from a roof while retrieving his helmet.

The Subic Bay Metropolitan Authority said Mr Mahinay's death could be attributed to "human error" and not non-compliance of the Korean shipyard with safety standards.