

Wah Kwong places order for capesize at Dalian

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Wah Kwong Shipping will add a capesize newbuilding to its fleet.

The Hong Kong owner confirms it is ordering one ship for itself and a second on behalf of an unnamed charterer at Dalian Shipbuilding Industry Co.

Wah Kwong boss George Chao confirms the order but says only one 180,000-dwt capesize has been booked.

He added: "We ordered the other ship on behalf of our charterer."

The company also discloses it has dropped plans to include an option in the original order.

TradeWinds understands the unnamed charterer will fix the

capeesize for five years, although no rate has been disclosed.

Wah Kwong says it teamed up with the charterer in order to "seal a good deal from Dalian".

The capesizes are said to be costing less than \$90m each and are scheduled for delivery in the second half of 2010.

Observers familiar with Wah Kwong say it got a "special price" because of its long relationship with the yard.

"In the early days of Dalian Shipyard, Wah Kwong ordered a series of 30,000-dwt products tankers that lifted the yard's reputation," said one source. "This is uniquely Chinese. They remember who helps them."

Wah Kwong, which is one of

the more active shipping companies in Hong Kong, has been busy building up its fleet with newbuildings.

In October, it added five more 57,000-dwt supramax bulkers worth \$200m at Chengxi Shipyard. It has seven of the diamond-type newbuildings on order at the yard.

Chao says Wah Kwong will operate the supramaxes itself out of China. "We have just opened an office in Shanghai and we have more than 10 staff there," he said. Wah Kwong is scheduled to take delivery of four ships in 2009 and three in 2009. The remaining two, which are co-owned with Bocimar of Belgium, are slated for delivery in 2009.

Chao indicates more orders could be in the pipeline. The company is mulling an order for a 95,000-dwt post-panamax bulker in China. "We are currently speaking to the same end user for this vessel," said Chao.

Meanwhile, Chao says he has not firmed up his plan to list the company on the Hong Kong Stock Exchange. "No decision has been made on the initial public offering (IPO). If the price offer is right, then will we go ahead," said Chao.

Wah Kwong currently has over 30 vessels, including newbuildings, in its fleet. The company was previously listed on the Hong Kong Stock Exchange from 1972 but privatised in 2000.



GEORGE CHAO: The Wah Kwong boss says more orders are likely. Photo: Irene Ang