Austal Limited (Austral) (ASX:ASB) is pleased to announce that it is re-entering the Chinese ferry market to design and build the next generation of high speed passenger ferries serving domestic routes in that country.

The company has today signed an agreement to form a joint venture with Guangdong Jianglong Shipbuilding Company (Jianglong Shipbuilding) of Zhuhai, China, to pursue commercial vessel opportunities that build upon Austral’s long history and strong reputation in mainland China.

The Chinese passenger ferry market was Austral’s first major export market, and since 1990 the Company has successfully delivered 52 high speed aluminium ferries to 20 customers in China, Hong Kong and Macau.

The Chinese government mandates a maximum operating life of 25 years for commercial high speed ferries. As a result, Austral anticipates all of these vessels, as well as high speed ferries built by other manufacturers, will need to be replaced progressively during the next few years.

“This mandated fleet replacement combined with a growing domestic requirement will present a major market opportunity for Austral,” said Austral CEO David Singleton.

“As Chinese customers are now seeking locally built vessels, the joint venture with established local shipbuilder Jianglong will allow Austral to compete in the domestic Chinese market without the need to develop new shipyard facilities.”

The joint venture, to be known as Aulong Shipbuilding Co. Ltd, will be 40 per cent owned by Austral and will build and market Austral-designed commercial aluminium vessels manufactured within Jianglong Shipbuilding’s existing facilities in Guangdong province, for mainland China-based customers.
Austal will appoint the new company’s General Manager, support it in delivering vessels that meet Austal’s global reputation for high quality and performance and license to the joint venture the latest in high speed aluminium ferry designs from its established design team in Henderson.

“The Aulong JV is a great example of Australian engineers exporting Australian engineered products to one of the world’s largest markets. We are combining the strength of a current high quality shipyard in China with Austal’s market leading designs.

“The ferry market is global and we have to position ourselves accordingly. Our decision at the start of the last decade to build ferries in the USA led to our current large operational footprint in that country. China is a market in which we also need an established local presence.

“We are delighted to form this valuable, strategic partnership with leading local company Jianglong Shipbuilding and look forward to pursuing the growing number of commercial ferry opportunities in mainland China with both new and repeat customers of our high speed craft.”

Jianglong Shipbuilding has been successfully constructing steel and fibreglass vessels since 2003 and boasts a workforce of close to 1,000 across two shipyards in Guandong province. Specialising in the construction of commercial passenger ferries and other small and medium sized vessels, including luxury yachts, Jianglong Shipbuilding shall bring to the joint venture modern shipbuilding facilities and a common focus on quality, customisation and customer satisfaction.

It is Austal’s intention that the Aulong JV will service the Chinese market, while other international ferries are principally manufactured at the Company’s operations in the Philippines.

-ENDS-

About Austal

Austal is a global defence prime contractor and a designer and manufacturer of defence and commercial ships. For more than 27 years Austal has been a leader in the design, construction and maintenance of revolutionary ships for governments, navies and ferry operators around the world. More than 255 vessels have been delivered in that time.

Ships

Defence vessels designed and built by Austal include multi-mission combatants, such as the Littoral Combat Ship (LCS) for the United States Navy and military high speed vessels for
transport and humanitarian relief, such as the Expeditionary Fast Transport (EPF) ships for the U.S. Navy and High Speed Support Vessel (HSSV) for the Royal Navy of Oman. Austal also designs, constructs, integrates and maintains an extensive range of patrol and auxiliary vessels for government agencies globally, including the Cape Class Patrol Boat Program for Australian Border Force. Defence vessels are designed and constructed in Mobile, Alabama and in Henderson, Western Australia.

Austal has been at the forefront of the high speed ferry market since the early days of the industry. Our market leading designs of high performance aluminium vessels have long been at the heart of Austal’s research and development. Today, commercial ship construction is centred on our shipyard in Balamban, Philippines.

**Systems**

Austal has expertise in integrating complex systems into its ships, including ride control, ship management, and communication, sensors and weapon systems.

**Support**

Austal provides a wide range of support services, including through life support, integrated logistics support, vessel sustainment and systems support. These services are delivered through our global support network in the USA, Australia, Asia, and the Middle East together with partner shipyards worldwide.

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