

International Marina Investor

BOATBUILDING INDUSTRY IN CHINA

CHINESE YACHTING DOMESTIC MARKET

MARINA DEVELOPMENT IN CHINA AND HONG KONG

RECOMMENDATIONS FOR NEW MARINA IN CHINA

JANUARY 2009 NEW UPDATE

BY

MARINE DRAGON CONSULTING

INDEX

EXECUTIVE SUMMARY.....	5
TO THE READERS.....	6
Part One: Yachting Industry in China.....	7
A. Snapshot of the Yacht Building Industry in China.....	7
1. Profile of China Based Boatyards.....	9
2. Location of Boatyards in China.....	11
3. Yachting Industrial Cities and Boatbuilding Clusters.....	18
4. Profile of the Top 10 China Based Boatyards.....	23
B. China: An Emerging Shipbuilding and boat building Nation.....	31
1. Analysis of Export Statistics 2008.....	31
2. Valuation of Exports of Yachts and Boats by MDC.....	33
3. Trends, estimation of Growth and conclusion	35
Part Two: Chinese Boating Market.....	37
A. The emerging domestic boating market.....	38
1. Growing demand for leisure in China.....	38
2. Leading role of Hong Kong.....	39
3. Estimation of market size and perspective.....	40
B. Boating Market Starting from Scratch.....	41
1. Market Outlook and segmentation.....	41
2. Market Size and valuation.....	43
3. Infrastructures and marinas.....	45
4. Yacht Brokers and Dealers.....	56
5. Yacht transportation and Insurance.....	62
6. Marine Equipment Dealers	62
C. Yachting Today In China.....	64
1. Yachting Areas in China.....	64
2. Regulations and Permits.....	64
3. Customer Profiles	65
4. Work Boats	68

D. Towards More Mature Market.....	69
1. Association and Federations.....	69
2. Olympic Games and World Expo.....	69
3. China Team.....	70
4. International Sailing Events.....	70
5. Media.....	71
6. Boat Shows.....	71
Part Three: Recommendations for New Marina in China.....	73
A. Competition Analysis.....	73
1. Marina and Business Model in ** Province.....	73
2. Marina and Business Model in Hong Kong.....	75
3. Other Competing Marina Projects.....	80
B. Recommendations for Marina Investor in China.....	80
1. Business Model and Membership Policy.....	80
2. Marina size and breakdown by pontoon size.....	82
3. Marina Services.....	85
4. Club House and other functionalities.....	88
C. P&L Analysis.....	89
CONCLUSION.....	92

EXECUTIVE SUMMARY

In a context of globalization of the world boating industry, China appears as a possible place for on the one hand boat building and on the other hand as a potential new market for international boat manufacturers.

After having penetrated successfully many industrial sectors, China aims now at braving a manufacturing sector where it has little experience or demand at home. However, more than 150 yards are already manufacturing recreational boats mainly for exports. Marine Dragon Consulting is estimating the export value of pleasure boats at \$US220 million dollars in 2007, and USD 260 million for 2008 resulting in a 20% growth rate over the previous year.

Besides, the emerging domestic boating market promises a great future for European and American boat builders. Marine Dragon Consulting estimates the domestic market to reach USD 70 million in 2007, a 60% increase compared to previous year. With 10 operating marina and another 20 marina projects, increasing income and demand for leisure, China will become in the coming years a significant boating market.

Marine developers in China definitely need foreign expertise to design, build and also manage marinas in China. With over 1,500 available berths for a market so far estimated at 500 yachts, the pure marina business model is not yet profitable in China. Additional source of income should be integrated into the business plan, such as real property retail or yacht dealership. In the meanwhile, Hong Kong marinas are today reaching full capacity and Hong Kong boat dealers are desperately looking for place to berth new yachts arriving in Hong Kong.

The list of main boat builders, yacht dealers and a detailed analysis of business model of existing marinas in China will provide a solid and accurate database for your company as a guide to scale and adjust its investments for marina investment.

TO THE READER: International Marina Investor

The requested market survey on Marina development in China has to be considered in the context of a worldwide strong growth of the yachting industry and the attractive potential of the Chinese market which has become a major target for the all European, Australian and American companies.

Achieving the penetration of this market means before all understanding the rules of an atypical economy on one hand, and to take into account the habits of its Chinese people on the other hand, whatever suppliers, partners or customers. China is a marketplace of huge potential, but equally huge complexity. Consumption habits and the nature of the population vary wildly across the country, making it difficult for overseas investors to identify and locate their partners and customers, as well as the size and nature of the marketplace of tomorrow.

The capacity of China to absorb new technology, knowledge, fashion and trends can be considered as a guideline of this study. This is certainly where the formidable strength and potential of China is to be found.

The objective of this survey is to provide a comprehensive overview of Chinese boating market as well as its future trends. It should let you understand challenges and difficulties marina developers are facing in China. It is also to highlight strengths and weaknesses of other international competitors already active in China.

The quantity and the quality of collected information have induced a strict method to undertake this study. The search for a practical and readable document was a priority. More than a white paper, this study makes detailed suggestion for size, services and business model for your company in China.

All conclusions and recommendations are based on market needs and its future trends. We have also taken into account previous mistakes made by other marina developers in China.

As a conclusion, many thanks for renewing and updating the survey on Yachting Market in China. You will certainly find numerous changes among players understand movements in market shares compared to last year and appreciate the pace of growth inside the industry.