



# **A Case Study- Avoiding Ship Arrest in China**

**Xinwei ZHAO**

**HIHONOR LAW FIRM**

# CASE BACKGROUND

## Applicant:

YH Marine Tech Limited (YH), HK company

## Respondent:

Taiyoung Shipping Co., Ltd. S. Korea

## Vessel:

Sister ship MV TY Ever, a general cargo ship, owned by Taiyoung.

The vessel arrived at Port Zhangjiagang, along Yangtze River, south China on January 10, 2025, scheduled to depart on January 13, 2025.



# CASE BACKGROUND

10 Jan. 2025, YH applied to **Nanjing Maritime Court (NMC)** for Arrest of the sister vessel to demand security for ship repair cost claims arising from MV TY INCHEON.

As per immediate check with the NMC Case-Filing Division, we were aware that the court had accepted YH's ship arrest application, but had not yet issued Civil Ruling and Writ of Arrest.



## 11 Maritime Courts in China

中國海事  
Maritime Co

---



## BARRIERS FOR PROVIDING CASH DEPOSIT

Although applicant submitted Arrest Application to court, court usually does NOT accept Security from Respondent prior to Ship Arrest.

If vessel schedule is very tight, normal procedures for Ship Arrest and Release will often cause delay, resulting in vessel delay/detention losses onto the Owners.



---

## NORMAL PROCEDURES FOR SHIP ARREST IN CHINA

### Submission of Application by **Applicant**

- Required documents
- Application
  - Counter-Security.
  - POA etc.
  - Supporting Evidence

### Issuance of Order by Court

The court will issue a ruling/ order for arresting the ship within **48 hours** subject to approval and acceptance of the application.

### Service of Order on board by Court

The court will serve ruling and Writ of Arrest on board.

### Notice to MSA by Court

The court will serve notice to MSA for assistance in execution of the arrest order

---

---

## NORMAL PROCEDURES FOR RELEASING A SHIP FROM ARREST IN CHINA

➤ Cash Deposit from Respondent / Owner

remitted to the court's bank A/C, and Judge checks with court accounting department to confirm the receipt.

Or,

➤ LOG or other format of security

provided to the Applicant (subject to the acceptance of the Applicant), and the Applicant applied to court for releasing the vessel from arrest.

Then, Court will issue an ruling/order to release the ship, and to serve notice to MSA that the ship has been released from arrest.

---

---

## INNOVATIVE SOLUTIONS FOR AVOIDING DELAY

➤ **Proactive communication with court Case-Filing Division**

managed to impress the judge the very tight schedule of the vessel and significant potential loss to be caused by the arrest.

➤ **Verbally agreed by court to accept the cash security prior to ship arrest**

Through effective communication, Court did not rigidly adhere to usual arrest procedures but verbally agreed to accept the Respondent's cash security prior to ship arrest, provided on that two Parties reached an agreement on cash deposit.

➤ **Negotiation with Applicant on the Cash-Deposit Agreement**

managed to reach Agreement on cash deposit with Applicant, specifying the purpose of cash deposit, it is for PRC Court to keep and dispose of the deposit subject to effective judgment or final settlement.

---

---

## OUTCOME

Agreement on cash deposit was reached on Monday 13/01/2025 after half day tight negotiation between parties, terms of which was approved by court.

Respondent immediately paid Cash Deposit to A/C of Nanjing Maritime Court.

Applicant withdrew ship-arrest Application on 13 Jan. 2025.

The risk of vessel's delay departure from port Zhangjiagang was fully eliminated.

---



---

## RECOMMENDATIONS

to seek security via ship arrest in PRC court, or facing threatening of ship arrest at PRC port,



Via PRC lawyer's dynamic effective communication with court,



it is possible to persuade PRC court to accept Security prior to the issuing of civil Ruling and Writ of Arrest,



so as to avoid delay/detention losses caused by progressing formal procedures for ship arrest and ship release, save as to considerable time and costs.

---



# THANK YOU

**Ms. Xinwei ZHAO**

*Managing Partner*

**HIHONOR Law Firm**

**QINGDAO | CHINA**

**+86 137 0642 0263**

**xinwei.zhao@hihonorlaw.com**

**www.hihonorlaw.com**