

Capital Link's 4th Annual International Shipping Forum – China

Friday, May 10, 2019
Shanghai

Conference Notes



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**“2019 CAPITAL LINK 4TH ANNUAL INTERNATIONAL SHIPPING FORUM - CHINA”
FRIDAY, MAY 10, 2019, GRAND KEMPINSKI HOTEL IN SHANGHAI**

**CONFERENCE MATERIALS AND AGENDA ARE AVAILABLE AT
forums.capitallink.com/shipping/2019china/index.html**

Capitalizing on the long established track record of organizing highly successful large scale maritime conferences in major industry centers around the world, the **“4th Annual Capital Link International Shipping Forum – China”** took place on Friday, May 10, 2019 at the Grand Kempinski Hotel, in Shanghai, China with huge success attracting 400+ delegates. The event was held in partnership with Columbia Shipmanagement and Singhai Marine Services, and with the support of the Shanghai Pudong New Area Commission of Commerce (International Shipping Service Office).

ICBC Financial Leasing was the Lead Sponsor of the Forum.

Dr. Martin Stopford, Non-Executive President of Clarkson Research Services Limited delivered the Forum Keynote Address

The event explored how International & Chinese shipowners, leasing firms, shipyards, and industry players can benefit from the latest trends in global financing, capital markets, private equity, and alternative financing. It connected shipowners with global shipping industry leaders, investors and capital providers to discuss joint venture opportunities, demonstrate how to optimize technical & commercial ship management, and tackle issues of critical significance to the industry such as cybersecurity & digitalization, preparing for 2020 regulations and beyond, geopolitical & market trends affecting shipping.

Speakers and panelists were experts and top decision makers from global and Chinese organizations. They came to Shanghai prepared to address critical topics of interest to the industry and to discuss, meet and interact with high level executives from the shipping, shipbuilding and finance communities.



Save the Date for our 5th Annual International Shipping Forum – China on Friday, May 15, 2020

WELCOME REMARKS



Mr. Andreas Hadjipetrou, Managing Director - Columbia Shipmanagement Ltd. - Conference Co-Chairman; Mr. Terence Zhao, President - Singhai Marine Services - Conference Co-Chairman; Mr. Nicolas Bornozis, President - Capital Link

- **Mr. Terence Zhao**, President - Singhai Marine Services - Conference Co-Chairman
- **Mr. Andreas Hadjipetrou**, Managing Director - Columbia Shipmanagement Ltd. - Conference Co-Chairman, welcomed all participants on behalf of Columbia ship management. He expressed Columbias' full commitment to promote the Capital Link conference in Shanghai aiming to strengthen the already solid links between Chinese and foreign companies and create new partnerships. He noted that the selection of topics but especially the distinguished speakers and panelists safeguard a successful conference with interesting presentations, discussions and debates. He thanked all participants, sponsors, Capital Link and Singhai for their support and contribution.
- **Mr. Nicolas Bornozis**, President – Capital Link, in his welcome remarks thanked the Shanghai Pudong New Area Commission of Commerce for their support of the Forum. He mentioned that within four years, the Capital Link Forum has been established as a key platform that brings together industry leaders from China and from abroad to exchange views and information, to network and develop new contacts and new business. This year, the Forum takes place against the backdrop of increasing regulatory development, rapid technological changes and new market trends that can have a transformational impact on shipping.

OFFICIAL REMARKS



Ms. Dong Xiao Ling, Vice Chairman - Shanghai Pudong New Area Commission of Commerce

Ms. Dong Xiao Ling, Vice Chairman - Shanghai Pudong New Area Commission of Commerce delivered the Official Remarks.

OPENING REMARKS



Mr. Jeff Ji, Managing Director of Shipping - ICBC Financial Leasing

Mr. Jeff Ji, Managing Director of Shipping - ICBC Financial Leasing delivered the Opening Remarks.

KEYNOTE ADDRESS:

“COMING TO TERMS WITH THE NEXT ERA FOR SHIPPING & SHIPBUILDING”

The Forum Keynote Speaker, **Dr. Martin Stopford**, Non-Executive President of Clarkson Research Services Limited stated: “The shipping market is still struggling, but the fundamentals are looking better. His main focus was on reviewing the actions needed to deal with the major structural changes facing the shipping and shipbuilding industries in the coming years”.



Dr. Martin Stopford, Non-Executive President - Clarkson Research Services Limited

OPPORTUNITIES & RISK: TAKING A LOOK AT THE KEY DATA

Mr. Charlie Hockless, Head of Singapore – VesselsValue, presented on the potential opportunities and risks in shipping. This was a data based approach to how values had moved in the short term, where the assets were in sense of their position in the value cycle, but also how demand and supply had grown over the last year for all vessel types. Mr Hockless cited opportunity within Aframax Tankers, and the Large and Midsize LNG space.

Mr. Hockless was less positive on big ticket tonnage, particularly in the Bulker and Tanker sector. Whilst there is still opportunity when timed correctly, the larger ships in most sectors are chronically oversupplied and, are at or approaching their long term median values.



Mr. Charlie Hockless, Head of Singapore - VesselsValue

2020 - IS A MARKET DISRUPTION ABOUT TO HAPPEN?

A discussion among leading industry participants on the likely impact of the new low sulfur regulations on shipping.

Marine Fuel Availability, Compatibility, Standardization and Pricing

Market disruption risks, strategies and options to comply with the new environmental regulations



Mr. Per Askeland, Regional Finance Manager GSS - DNV GL; Mr. Sverre Bjørn Svenning, Director Maritime Research -Fearnley AS ; Mr. Andreas Hadjipetrou, Managing Director - Columbia Shipmanagement; Captain Gerry Larsson-Fedde, Vice President Marine Operations Costa Group Asias - Costa Crociere S.p.A.; Mr. Christopher L. Hall, Managing Director, SCB Hong Kong - The American P&I Club; Mr. Andrew Knox, Managing Director - TOTAL Lubricants Hong Kong Limited; Asia Pacific General Manager - Marine Lubricants

Moderator: Mr. Per Askeland, Regional Finance Manager GSS - DNV GL

Panelists:

- **Mr. Sverre Bjørn Svenning**, Director Maritime Research -Fearnley AS
- **Mr. Andreas Hadjipetrou**, Managing Director - Columbia Shipmanagement
- **Captain Gerry Larsson-Fedde**, Vice President Marine Operations Costa Group Asias - Costa Crociere S.p.A.
- **Mr. Christopher L. Hall**, Managing Director, SCB Hong Kong

Kong - The American P&I Club

- **Mr. Andrew Knox**, Managing Director - TOTAL Lubricants Hong Kong Limited; Asia Pacific General Manager - Marine Lubricants

Mr. Per Askeland, Regional Finance Manager GSS - DNV GL, stated: "The global 0.50% sulphur cap will enter into force in 2020, and more than 70 000 ships will be affected by the regulation. Actually the whole shipping industry will be affected". Beyond the expended environmental footprint, ranging from increased fuel cost and different fuel mix to a change in the operational patterns of ships and the impact on asset values. Will this represent a Market Disruption in the industry? The topic was discussed by a panel of industry experts covering shipping analysis, insurance, fuel producers, ship management and not at least shipowners. The overall conclusion is that there are still a number of uncertainties related to the sulphur cap implementation."



Mr. Per Askeland, Regional Finance Manager GSS - DNV GL



Mr. Sverre Bjørn Svenning, Director Maritime Research - Fearnley AS

Mr. Sverre Bjørn Svenning, Director Maritime Research - Fearnley AS, stated: "The switch to LSFO/MGO in 2020 caused engine blackouts, stranded vessels due to lack of compliant fuels and on several occasions, vessels experienced serious engine trouble due to incompatibility between LSFO blends. In addition, it all proved quite costly

as bunkers prices shot up. For trade and normal operations, luckily so many ships were fitted with scrubbers.

In aftermath it is ironic that an entire industry was so ill-prepared given the fact that the industry had known for more than a decade that this regulation would come. It was all a big mess.”



Mr. Andreas Hadjipetrou, Managing Director - Columbia Shipmanagement, highlighted that whilst we do expect to face a challenging transition period, it is expected that operators who have done their homework correctly and started early the implementation process will not face any major issues. He mentioned that all ships managed by Columbia will be ready to comply with the regulation well before the year end. As a winner of the 2020 regulation as well as future regulations coming up, he sees the environment and the future generations as inevitably shipping will become more environmentally friendly, cleaner, more transparent with better technology and higher connectivity.



Captain Gerry Larsson-Fedde, Vice President Marine Operations Costa Group Asias - Costa Crociere S.p.A., stated: “After to the implementation of the 0,5% Sulphur cap in Chinese ECA in October 2018 and the recent announcement of the ban of open loop scrubbers (EGCS)

in major Chinese ports and waterways, Costa has made modifications to their current fleet in Asia to be able to carry and use different types of fuel as HFO, MGO and Low Sulphur Fuel Oil. He also stated that Costa Asia has done several improvements to reduce the fuel consumption, like developing less fuel intensive itineraries and upgrading the vessels with more energy efficient technology. Finally he talked about the potential safety risk of not allowing vessels to use open loop scrubbers all the way to the pier. The vessels will have to do fuel changeovers prior to entering the ports, with the risk of engine failures in areas with high traffic congestion, this is especially relevant for cargo vessels with less redundancy than cruise vessels.”



Mr. Christopher L. Hall, Managing Director, SCB Hong Kong - The American P&I Club, discussed the marine insurance implications of IMO 2020. In particular, there are concerns that fuel blending and compatibility issues may lead to an increase in claims, including possibly casualties. There could also be fuel-related disputes with bunker suppliers and charterers, both of which could require FD&D legal assistance from the Clubs. Nothing is really certain except uncertainty. Will it be “Armageddon” or another “Y2K”? The best advice is: “hope for the best but prepare for the worst.” Experts across the industry agree that now the time to make careful preparations. The clubs remain ready to assist with this on the insurance front.

Mr. Andrew Knox, Managing Director - TOTAL Lubricants Hong Kong Limited; Asia Pacific General Manager - Marine Lubricants, stated: “The introduction of the IMO 2020 Sulfur Cap regulation is arguably the most significant challenge the industry has faced with regards to how ships are powered since the transition from coal to fuel oil. From January 1 2020, vessel operators will need to have either fitted a scrubber system or switched to a compliant low sulfur fuel.

Of course, these changes will subsequently impact how operators lubricate their engines. For both two stroke and

four stroke engines, there will subsequently be a shift from the traditional high BN cylinder to lower BN products. Now is the time to plan this change over.”



Mr. Andrew Knox, Managing Director - TOTAL Lubricants Hong Kong Limited; Asia Pacific General Manager - Marine Lubricants

THE IMPACT OF TRADE SANCTIONS ON INTERNATIONAL SHIPPING & FINANCING

The section remarks were made by **Mr. Lianjun Li**, Partner - ReedSmith Richard Butlers, who stated: “Sanctions risks have become an increasingly important consideration for shipping companies and banks with exposure to international shipping market. With the introduction of “secondary sanctions” by the US, non-US persons should also be made aware of the potential sanctions risks when dealing with US sanctioned persons/countries. Implementation of sanctions compliance policy is therefore fundamental to parties involved in cross-border shipping transactions. Thorough due diligence check by a ship owner is also inevitable to identify any sanctioned parties involved in the chain of transaction. Enforcement actions are becoming aggressive and non-compliance with sanctions regimes may lead to severe consequences.”



Mr. Lianjun Li, Partner - ReedSmith Richard Butlers

CHINESE SHIPYARDS & INTERNATIONAL SHIPOWNERS: ADDRESSING THE 2020 GAME CHANGER

(how Chinese shipyards, Chinese leasing firms and international shipowners can cooperate to address the new environmental regulations, technological and ship design innovations)

Moderator: Ms. Han Deng, Senior Associate - Reed Smith LLP

Panelists:

- **Mr. Chen Tao**, Vice Chairman - AVIC Dingheng; Vice President - AVIC Ship
- **Mr. Carlos Pena**, Commercial Director - C Transport Maritime S.A.M.
- **Mr. Liu Minjie**, Deputy General Manager Finance - China Merchants Industry Holding
- **Mr. Li Jiayu**, Marketing Director - CSIC Leasing Co., Ltd
- **Mr. George A. Kaklamanos**, S&P Managing Director - TMS Group of Companies
- **Mr. Xu Gang**, General Manager - Sumec Marine Co., LTD



Ms. Han Deng, Senior Associate - Reed Smith LLP; Mr. Chen Tao, Vice Chairman - AVIC Dingheng; Vice President - AVIC Ship ; Mr. Carlos Pena, Commercial Director - C Transport Maritime S.A.M.; Mr. Liu Minjie, Deputy General Manager Finance - China Merchants Industry Holding; Mr. Li Jiayu, Marketing Director - CSIC Leasing Co., Ltd ; Mr. George A. Kaklamanos, S&P Managing Director - TMS Group of Companies ; Mr. Xu Gang, General Manager - Sumec Marine Co., LTD

Ms. Han Deng, Senior Associate - Reed Smith LLP New York office stated: “The new environmental regulations are a game changer for the industry, including the low sulfur fuel oil regulations coming on board in a few months and the longer path to decarbonization. This necessitates technological innovation across the board. Market players have to take important decisions on things that may be difficult to predict under IMO 2020. We discussed with distinguished panelists from Chinese state owned shipyards and shipyard’s leasing arm as well as from western owners and managers about how they are preparing and responding to this challenge. The panelists introduced their business models and primary focus and shared their views on various topics, including, general market trend, scrubbers, compliant fuel availability and pricing, consolidation of shipyards and owners, incentives



Ms. Han Deng, Senior Associate - Reed Smith LLP

for the international owners to choose Chinese shipyards, shipyard-backed leasing house's role to interact with shipyards and owners to offer a package deal, ship new designs, long term solution to reduce CO2 emission, fuel of the future and so forth."



Mr. Chen Tao, Vice Chairman - AVIC Dingheng; Vice President - AVIC Ship

Mr. Chen Tao, Vice Chairman - AVIC Dingheng; Vice President - AVIC Ship, stated: "1. The IMO 2020 new regulation means challenge and also opportunity to shipyard. 2. Shipyard need to be more cooperative and innovative with the owners to adopt new design, technology and equipment to meet the new regulation. 3. AVIC Ding Heng is optimistic about the future chemical tank market due to its abundant experience in delivering ships with fuel gas supply system (FGSS)."



Mr. Carlos Pena, Commercial Director - C Transport Maritime S.A.M.

Mr. Carlos Pena, Commercial Director - C Transport Maritime S.A.M., stated: "The upcoming IMO 2020 regulation will be a big challenge for the whole industry and as a manager, C Transport Maritime, has clients that we are installing scrubbers for as well as clients who will be opting to bunker with compliant fuel. Whichever route our clients choose we will support their decisions and adjust the management of their vessels accordingly always taking the utmost care of their assets. It is impossible to say what is the right or wrong choice seeing that there is still a high degree of uncertainty surrounding availabilities of both high and low sulphur fuels, pricing of the fuels as well as the functional capabilities of scrubbers. What is more certain is that the IMO 2020 regulations will be a disruptor to the market and a significant amount of tonnage days should come out of the market for preparations in relation to tank cleaning, scrubber installations including associated days for deviations for the installations as well as for bunkering with compliant fuels."



Mr. Liu Minjie, Deputy General Manager Finance - China Merchants Industry Holding

Mr. Liu Minjie, Deputy General Manager Finance - China Merchants Industry Holding, stated: "The Capital Link International Shipping Forum is highly recognized and appreciated in China. It was an excellent opportunity to participate panel discussion and get in-depth knowledge. Ranging from manufacturing of offshore engineering equipment to the luxury cruises end, we are uniquely positioned to offer long term solutions for our customers."



Mr. George A. Kaklamanos, S&P Managing Director - TMS Group of Companies

Mr. George A. Kaklamanos, S&P Managing Director - TMS Group of Companies, stated: "There are signs indicating that NB prices will keep rising not only due to upcoming 2020 regulations but also due to steel prices."

He further noted that another trend currently under development is the consolidation of state-owned Chinese shipyards in order to become more competitive and responsive to their clients' needs.

As discussion progressed, he stated that international ship-owners need to also take into consideration various factors when contemplating to place a NB order in China apart from the paramount factors of price, delivery and payment terms such as: attractive financing and in particular from Chinese Leasing Houses who have become extremely keen to create business, high specification vessels in line with new regulations and excellent quality/after sales services."

Mr. Xu Gang, General Manager - Sumec Marine Co., LTD, stated: "It is more than a technical issue. It brought us significant affect to the daily operation of the ships in both technical management and PNL, and there is too many uncertainty. The shipowners are not clear about which direction to go, so lots of them keep watching before they place order. Such scenario did not appear before."



Mr. Xu Gang, General Manager - Sumec Marine Co., LTD

As a shipyard, we respect the market, we are willing to stand together with our clients to find out the solution addressing the changes, for example, we have the solution to fit scrubber or scrubber-ready as option to our Crown82 and Crown63 bulk carriers. We will keep improving the quality of ships, to integrate new technologies to increase reliability and efficiency of ships, to reduce fuel consumption, to reduce OPEX, to reduce emission. Anyway we have the responsibility to protect our environment."

TECHNOLOGY & ITS TRANSFORMATIONAL IMPACT ON SHIPPING

(Digitalization, Cybersecurity, Blockchain, etc)

The section remarks were made by **Mr. Andreas Chrysostomou**, Chief Strategy Officer - Tototheo Maritime.



Mr. Andreas Chrysostomou, Chief Strategy Officer - Tototheo Maritime

HONG KONG - UPDATE ON ONE BELT ONE ROAD



Mr. Benjamin Wong, Head of Transport & Industrial Sectors - InvestHK

The section remarks were made by **Mr. Benjamin Wong**,

Head of Transport & Industrial Sectors - InvestHK, who stated: "With the GDP almost the same as the entire Republic of Korea, the Guangdong-Hong Kong-Macao Greater Bay Area is the fastest growing Bay Area in the world. As one of the starting points of the 21st Century Maritime Silk Road, the GBA is an important support pillar for the Belt & Road Initiatives by means of two-way opening up. Blessed with the Outline Development Plan promulgated in Feb 2019, Hong Kong is underpinned as international financial, transportation and trade centres and continue to provide high-end maritime services."

THE NEW ENERGY LANDSCAPE IN SOUTHEASTERN MEDITERRANEAN - BUSINESS & TRADING OPPORTUNITIES FOR SHIPPING

The section remarks were made by **Mrs. Natasa Pilides**, Shipping Deputy Minister to the President - Republic of Cyprus, who stated: "The positive economic outlook of Cyprus was a result of the strategic focus on key sectors of the economy, such as shipping, energy and services, according to Mrs Pilides. The flourishing Cyprus shipping industry has reached new levels in terms of its Register's tonnage capacity, the number of people employed in the sector, the number of companies based in Cyprus as well as the range and quality of services offered by the resident industry. The recent discoveries of natural gas resources offshore Cyprus, confirm the strategic potential of the eastern Mediterranean region and the shipping prospects emanating from energy related activities."



H.E. Natasa Pilides, Shipping Deputy Minister to the President - Republic of Cyprus

The Shipping Deputy Minister of Cyprus stated that 'At the Shipping Deputy Ministry, providing top quality public services to the shipping industry is our highest priority. In fact, the expertise and customer-orientated, proactive approach of maritime specialists in both the private and the public sector are the driving force of the Cyprus maritime cluster. This, together with a unique set of competitive advantages has allowed Cyprus to grow and develop into a world-class maritime centre."

CHINESE FINANCIAL LEASING - THE GROWTH CONTINUES

Moderator: Mr. Conor Warde, Partner - Mayer Brown

Panelists:

- **Mr. Lu Zhendong**, Deputy Head of Shipping - Bank of Communications Financial Leasing Co., Ltd.
- **Mr. Jack Xu**, Deputy Head of Shipping - CMB Financial Leasing Co. Ltd.
- **Mr. Bill Guo**, Executive Director, Shipping - ICBC Financial Leasing
- **Mr. Jerry Yang**, CEO, Shipping, Offshore & Logistics - Minsheng Financial Leasing



Mr. Conor Warde, Partner - Mayer Brown; Mr. Lu Zhendong, Deputy Head of Shipping - Bank of Communications Financial Leasing Co., Ltd.; Mr. Jack Xu, Deputy Head of Shipping - CMB Financial Leasing Co. Ltd.; Mr. Bill Guo, Executive Director, Shipping - ICBC Financial Leasing; Mr. Jerry Yang, CEO, Shipping, Offshore & Logistics - Minsheng Financial Leasing



Mr. Lu Zhendong, Deputy Head of Shipping - Bank of Communications Financial Leasing Co., Ltd.

Mr. Lu Zhendong, Deputy Head of Shipping - Bank of Communications Financial Leasing Co., Ltd., stated: "Shipping loan will still be main part of shipping finance. We saw the banks support to main and key players every much. However, the landscape for raising capital for shipping industry shall contain many means or resources of funds with different preference.

It is positive thing for shipping industry to take advantage of the capital of Chinese leasing companies to develop and

operate.

In 2019, Chinese leasing industry may still be very active in the market with larger players and large cargo and cash flow.

There are more chance for us to develop with project of LNG and Ethane driven by demands at Chinese market and also other replacement demands for Ropax and other sectors, as well as the opportunity for finance cruise ships."

CAPITAL RAISING OPTIONS FOR INTERNATIONAL SHIPOWNERS

International Ship Finance, Chinese Leasing

Moderator: Mr. Vincent Xu, Partner - Stephenson Harwood

Panelists:

- **Mrs. Uta Urbaniak**, CFO - Epic Gas
- **Mr. Peter Schulz**, CFO - Pacific Basin Shipping Limited
- **Mr. Gautam Khurana**, CFO - Precious Shipping
- **Mr. Vikram Hiranandani**, Director of Corporate Finance - Scorpio Bulkers & Scorpio Tankers
- **Mr. Harrys Kosmatos**, Chief Development Officer - Tsakos Energy Navigation



Mr. Vincent Xu, Partner - Stephenson Harwood; Mrs. Uta Urbaniak, CFO - Epic Gas; Mr. Peter Schulz, CFO - Pacific Basin Shipping Limited; Mr. Gautam Khurana, CFO - Precious Shipping; Mr. Vikram Hiranandani, Director of Corporate Finance - Scorpio Bulkers & Scorpio Tankers

Mr. Vincent Xu, Partner - Stephenson Harwood, stated: "We have the privilege of participating in the rapid



Mr. Vincent Xu, Partner - Stephenson Harwood

development of China's ship finance business as Chinese financial institutions play an increasingly significant role in global capital markets. We see more operational lease transactions whereby lenders assume residual value risk of assets as well as more time charters on an index linked basis. Players in some niche sectors are considering collaboration via joint venture or merger/ acquisition at listed company level. Chinese market is exciting. To catch up with its growth, you are advised to prepare capital, improve skill, and yourself should be there."

Mrs. Uta Urbaniak, CFO - Epic Gas, stated: "Epic Gas successfully raised over \$300 million of traditional bank debt with European banks over the last 4 years despite a general tightness in the ship finance market. We expanded into the Japanese finance market at competitive terms and are keen to grow our financing sources further."



Mrs. Uta Urbaniak, CFO - Epic Gas



Mr. Gautam Khurana, CFO - Precious Shipping

Mr. Gautam Khurana, CFO - Precious Shipping, stated: "More loose monetary conditions should stimulate the global economy and the demand for dry bulk commodities. A resolution of the US China trade war should provide a further boost of confidence to markets. This together with improved supply-side fundamentals for the dry-bulk market should help sustain a gradual improvement in

earnings. Precious Shipping, with its modern fleet, is well positioned to capture what we believe will be a stronger market over the next few years. We are encouraged by the strong growth of Asian ship financiers which have to a great extent filled the vacuum left by European lenders who have exited the business."



Mr. Vikram Hiranandani, Director of Corporate Finance - Scorpio Bulk & Scorpio Tankers

Mr. Vikram Hiranandani, Director of Corporate Finance - Scorpio Bulk & Scorpio Tankers, stated: "In today's time, where bank financing options are limited, it is very encouraging to see several leasing institutions in China financing international shipowners. Such positive support has certainly helped in filling the gap created by the traditional shipping banks. It has now become more important and relevant to diversify one's capital sources as we see value in ensuring that financing appetite still exist within our different financing sources."



Mr. Peter Schulz, CFO - Pacific Basin Shipping Limited

Mr. Peter Schulz, CFO - Pacific Basin Shipping Limited, stated: "Shipowners today have a plethora of options to finance their businesses, ranging from traditional secured bank financing, alternative sources, such as sale-and leasebacks as well as the capital markets. Capital discipline is however suffering as a result of the easy availability of finance. Oversupply and new environmental regulation

means that a newbuild ordered today especially with an old, HSFO optimized engine is unlikely to make a lifetime return covering its capital costs. Providers of finance, whether banks or alternatives, should be weary of funding newbuilds if they want to avoid large losses in the future and a repeat of previous busts.

However, when funding existing fleets, we believe that the bank market remains the most attractive form of long term secured financing, still offering better flexibility and cost compared to the alternatives. Access to bank financing on second hand ships is one of the key competitive advantages in today's shipping market and a key differentiator between strong and weak companies."

GLOBAL SHIPPING BANKS & THE AVAILABILITY OF FINANCE FOR THE CHINESE & INTERNATIONAL SHIPPING INDUSTRY

Moderator: Mr. Ji Woon Kim, Shareholder - Vedder Price

Panelists:

- **Mr. Darryl Tan**, Head of Transportation and Logistics, Asia Pacific - ABN AMRO
- **Mr. Logan Chong**, Managing Director Transport Sector, Investment Banking Asia Pacific - BNP Paribas
- **Mr. James Tong**, Managing Director, Head, Asia Pacific & Japan, Global Shipping & Logistics - Citi
- **Mr. Nicolas Duran**, Partner & Director Investment Banking - Fearnley Securities
- **Mrs. Maureen Xiang**, Director - Standard Chartered Bank



Mr. Ji Woon Kim, Shareholder - Vedder Price; Mr. Darryl Tan, Head of Transportation and Logistics, Asia Pacific - ABN AMRO; Mr. Logan Chong, Managing Director Transport Sector, Investment Banking Asia Pacific - BNP Paribas; Mr. James Tong, Managing Director, Head, Asia Pacific & Japan, Global Shipping & Logistics - Citi; Mr. Nicolas Duran, Partner & Director Investment Banking - Fearnley Securities; Ms. Maureen Xiang, Director - Standard Chartered Bank

Mr. Ji Woon Kim, Shareholder - Vedder Price, stated: "The Global Shipping Banks' panel demonstrated that bank financing will continue to be a valuable source of financing in the shipping sector. While alternative sources of capital continue to grow in their own right, the banks maintained their continued commitment to the shipping sector and steadfast commitment to the long-term relationships in

the industry as financial partners and advisors. The competition to lend to the top borrowers remains fierce, but there may be room for creativity from the traditional bank financing model to make bank financing available to a wider range of borrowers."



Mr. Ji Woon Kim, Shareholder - Vedder Price



Mr. Darryl Tan, Head of Transportation and Logistics, Asia Pacific - ABN AMRO

Mr. Darryl Tan, Head of Transportation and Logistics, Asia Pacific - ABN AMRO, stated: "Commercial bank lending will continue to feature as an important source of capital to the shipping industry. Regulatory pressure had resulted in several traditional shipping bankers leaving the scene, but it had also inspired different pockets of liquidity from non-bank institutions. ABN AMRO remains committed to the shipping sector and we continue to be a leading financial partner to our clients, providing both innovative advisory and financing solutions to help grow their business. With shipping and environmental regulations becoming an important topic, we are also eager to help our shipping clients make the energy transition for greater sustainability in their business."

Mr. Nicolas Duran, Partner & Director Investment Banking - Fearnley Securities, stated: "There is no doubt that we've seen a flight to quality in the last two years when it comes to senior debt from traditional lenders. More lenders are

focusing on fewer borrowers and this has created a formidable downward price pressure on margins for the lucky few sitting in the banks' crosshairs.

Plenty of bankable, private shipowners have been left faced with fewer and more costly financing options, while large listed entities, rightly or wrongly, are pushing down their cost of funding. That a sustainable market for alternative lenders is here to stay for the foreseeable future seems fairly obvious to us. Unfortunately, as cost of funding is an important factor in weathering the cycles, it will be interesting to see who is left standing after the next down-cycle."



Mrs. Maureen Xiang, Director - Standard Chartered Bank, stated: "SCB is still very committed to lending in shipping industry and the appetite remains. But in the meantime we will focus more and more on clients who have good risk control and are risk resistant, because by nature shipping is a cyclical industry. Competition for good names will become more and more fierce which will drive down pricing but in the meantime with Basel 4 being implemented for some banks the pricing will inevitable increase, therefore the net net impact is yet to be seen. Relationship still matters and sometimes outweighs a single transaction's profitability but overall we look at the

relationship return as a whole."

PUTTING IT ALL TOGETHER - THE INTERNATIONAL SHIPOWNERS' PERSPECTIVE

Moderator: Mr. Christoforos Bisbikos, Partner - Watson Farley & Williams

Panelists:

- **Mr. Philippos Philis**, Founder & Managing Director - Lemissoler Navigation Co. Ltd.
- **Mr. Christopher Cheng**, Managing Director – LD Bulk (Louis Dreyfus Armateurs)
- **Mr. Eddie Valentis**, CEO - Pyxis Tankers
- **Mr. Stamatis Tsantanis**, Chairman & CEO - Seanergy Maritime Holdings
- **Mr. Bing Chen**, President & CEO - Seaspan Ltd.



Mr. Philippos Philis, Founder & Managing Director - Lemissoler Navigation Co. Ltd., stated: "International shipowners are more and more frequently seen in Asia, particularly China, mainly due to the financing opportunities made available by the leasing companies. Nevertheless, to my understanding this form of funding is primarily addressed to companies of sizeable balance sheets. With limited traditional mortgage financing and a

shortage of available equity to be invested in shipping assets, the order book is at historically low levels which is very positive for the supply side. Further, we are heading towards the implementation of low sulphur fuel and eventually towards additional measures to meet the CO2 targets that the industry has committed to gradually achieve by 2050. These regulations may require radical changes in our industry. More efficient vessels, alternative and more environmentally friendly fuels and many other technical and operational measures. Having the above in mind in addition to the limited or expensive funding available, the industry will struggle to meet the expectations of politicians.

The market fundamentals are positive towards a better freight market, yet black swans such as the Vale incident and the 102 words of Mr Trump's tweets are keeping the market under pressure. Despite the fact that the iron ore deficit should have had an impact only on Capes and less on the other dry bulk sectors, the freight market reacted negatively affecting the entire sector. My opinion is that we, as shipowners, are losing our positive sentiment and are compromising in chartering our vessels below their break even point. The dry bulk sector is far below the mid cycle freight rates and the vessels are far behind from achieving a decent profit yet ironically are fully employed. It is already over a decade where owners are struggling for survival, it is therefore time for shipowners to reconsider their chartering strategies."



Mr. Eddie Valentis, CEO - Pyxis Tankers

Mr. Eddie Valentis, CEO - Pyxis Tankers, stated: "Year 2019 marks the 11th anniversary since the shipping crisis started. Except for limited periods, 2015 for tankers and 2017-18 for bulk carriers, market conditions have been extremely challenging. Paradoxically, during this time, two major environmental regulations came in force which subject shipping companies to significant expenditures and uncertainties, especially in the case of IMO 2020. We need a shipping industry with a strong voice to protect shipowners' interests worldwide. It is imperative that besides our local shipowner associations, we should all

embrace and empower international associations, such as, INTERTANKO, INTERCARGO, ICS and BIMCO to protect our interests against regulations which could be poorly crafted, planned and executed."

Mr. Stamatis Tsantanis, Chairman & CEO - Seenergy Maritime Holdings, stated: "We remain optimistic about the Capesize market in 2019 and 2020, despite the recent temporary market slowdown. The drastic reduction of new vessel deliveries in combination with the fleet disruptions from the implementation of the new environmental rules as well as the anticipated installation of scrubbers, especially in bigger vessels such as Capesizes, are expected to lead to a significant tonnage supply contraction and in turn, to higher charter rates in the second half of 2019.



Mr. Stamatis Tsantanis, Chairman & CEO - Seenergy Maritime Holdings

Although, in the beginning of 2019, we have experienced a sharp drop in the market that was driven primarily by the supply disruption caused by the Brumadinho dam disaster in Brazil. The main drivers of the market in 2019 are expected to be the Chinese government policies and trade relations, the availability of long-haul iron ore cargoes from Brazil, the disruptions caused by the upcoming implementation of IMO 2020 regulations and fleet growth prospects. It appears that the U.S. and China are moving closer to a temporary agreement on trade, and we expect that the situation in Brazil will normalize within the second half."

PUTTING IT ALL TOGETHER - THE CHINESE SHIPOWNERS' PERSPECTIVE

Leading Chinese Shipowners will discuss opportunities and challenges for the shipping industry across the board. Shipping markets outlook, energy and commodity flows, investment opportunities, access to capital, operational and regulatory challenges and more

Moderator: Mr. Terence Zhao, President - Singhai Marine Services

Panelists:

- **Mr. Xu Ting Hui**, Deputy Director, The Shipping Business Management Planning Office - China Merchants Group
- **Mr. Zheng Yanbing**, Manager, Process Management Division information & Section - COSCO Shipping Bulk Co., Ltd
- **Mr. Li Duo Zhu**, Chairman - Dingheng Shipping
- **Mr. Su Bin**, CEO - Shandong Marine Energy CO., Ltd
- **Mr. Fu Jian**, Deputy General Manager - Shandong Shipping Corporation



Mr. Terence Zhao, President - Singhai Marine Services; Mr. Xu Ting Hui, Deputy Director, The Shipping Business Management Planning Office - China Merchants Group; Mr. Zheng Yanbing, Manager, Process Management Division information & Section - COSCO Shipping Bulk Co., Ltd; Mr. Li Duo Zhu, Chairman - Dingheng Shipping; Mr. Su Bin, CEO - Shandong Marine Energy CO., Ltd ; Mr. Fu Jian, Deputy General Manager - Shandong Shipping Corporation



Mr. Terence Zhao, President - Singhai Marine Services

Mr. Terence Zhao, President - Singhai Marine Services, stated: “2020 Sulphur Cap and market uncertainty such as the US-China trade friction make global economy unpredictable. The Chinese Shipowners provided their views on the latest development and trends in international trade, dry bulk commodities and energy markets. To stay ahead is challenging and require long term strategies. Raising capital, assets investment, maritime crewing, China maritime education and most importantly sustainability were shared. Singhai Marine supports the event as a partner of the forum and supply quality Chinese seafarers to the international shipowners.”

Mr. Xu Ting Hui, Deputy Director, The Shipping Business Management Planning Office - China Merchants Group, stated: “The Shipping Business Management Planning

Office of China Merchants Group is the shipping business management platform of the group. Shipping is the traditional and main industry of the group. After many years development, it also ranks second among non-financial shipowners. We currently are the largest VLCC owner and VLOC owner in China and world, which forms a special business structure covering oil tankers, dry bulk carriers, gas transportation and special transportation. New era, new shipping. We are based on the strategic principle of the group, by adhering to long-term strategies, seizing present opportunities, focusing on technology-driven development and embracing changes, we will continue to deepen reform and speed up innovation to gain quality-and-effectiveness growth within a matching development scale, and we will advocate "green, innovative, scientific and technological" approach to lead new shipping. We will constantly improve the quality of our operations and services, maintain a rational expansion fleet, and spare no efforts to build ourself as a globally competitive and world-leading conglomerate.”



Mr. Xu Ting Hui, Deputy Director, The Shipping Business Management Planning Office - China Merchants Group



Mr. Su Bin, CEO - Shandong Marine Energy CO., Ltd

Mr. Su Bin, CEO - Shandong Marine Energy CO., Ltd, stated: “We are not optimistic for the shipping industry as well as gas carrier sector for at least next three years according to the slowing down of global economic

development.

The competition for the gas carrier sector including LNG/LPG will be very fierce in the near future as more traders started to order their own vessels instead of chartering from ship owners. Additionally, lots of newbuilding deliveries makes the market worse.

Shandong Marine Energy & Pacific Gas is turning into a clean energy supply chain company with shipping, trading, warehouse and logistics business which follows Belt and Road strategy initiated by China.”

CLOSING REMARKS

Mr. Zhang Ye, President - Shanghai Shipping Exchange delivered the Closing Remarks.



*Mr. Kevin Humphreys, General Manager – Merchant & Gas Carrier Segment
Sales - Wartsila*

2019 CAPITAL LINK CHINA SHIPPING LEADERSHIP AWARD



Mr. Huang Youfang, during the presentation of the award, he stated:

“2019 CAPITAL LINK CHINA SHIPPING LEADERSHIP AWARD

is not only a recognition of my work as a university educator and administrator, but especially a recognition of social responsibility carried by maritime education. New technology, new market orientation, new supply chain models and new service standards create an environment of new opportunity and challenge. Facing with the risks and challenges in turbulent shipping industry, Shanghai Maritime University would spare no effort to promote the cultivation of international shipping talents and the advancement of scientific research, enhancing cooperation with the domestic and international maritime organization, shipping companies and well-known universities.

‘The new trends of port and shipping industry development in the new era’

1. The port and shipping industry will be transformed towards the integration of the global supply chain. The resources of the supply chain will be cost-effectively allocated by promoting the combination of logistics, commercial activities, finance and information with the port and shipping industry.
2. The port and shipping industry should be jointly developed with the construction of the global free trade areas and free trade ports for strategic update and the innovation of operational services.
3. In this new era, the port and shipping industry will lead the innovation and application of new technologies like the 5G, Big data and AI (Artificial Intelligence).”

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Founded in 1995, Capital Link is a New York based investor relations, financial communications and advisory firm with a strategic focus on the maritime, commodities and energy sectors, MLPs, as well as Closed-End Funds and ETFs. Based in New York City, Capital Link has presence in London, Athens & Oslo. Capital Link is a member of the Baltic Exchange and works very closely with the New York Stock Exchange, NASDAQ and the London Stock Exchange as well as with major international and supranational organizations and industry associations in the areas of the firm's strategic concentration.

Our proactive approach, which integrates Investor Relations, Information Technology and Media, enhances awareness and branding for our clients through tailored outreach programs targeting analysts, institutional and individual investors and the financial media complemented by extensive and uniquely powerful marketing platforms.

Capital Link offers a full suite of services including strategic and corporate advisory, investor relations, media relations, public and industry relations and the organization of corporate events. Capital Link is also known for the organization of large scale, high quality Investment Forums focusing on maritime transportation and U.S. investment products in key industry centers, such as New York, London, Athens, Limassol, Shanghai, Singapore and as of this year in Tokyo. We organize twelve to fourteen conferences annually, of which seven are focused on the maritime sector. The Capital Link Investment Forums feature industry leaders and draw the elite of the global financial and investment communities. The Capital Link brand is widely-recognized and valued worldwide by participants in these communities for combining rich informational and educational content with as well as superior networking opportunities. In addition to conferences, Capital Link organizes Webinars focusing on investment strategies, sectors, critical topics of interest to the investment community and company presentations. Capital Link's global marketing platform enhances the visibility and reach of these events on a global scale that lasts well beyond the date on which each event is held, becoming a continuous reference point for market participants.

Capital Link's efforts have been recognized by the 2011 Lloyds's List Greek Shipping Awards, in 2012 and 2013 by the InterContinental Finance Magazine and in 2016 by the Wealth & Finance Magazine, Also, by the International Propeller Club of the United States and AHI-American Hellenic Institute.

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