01 Aug 2017 | **Opinion** | Europe | Italy | Tankers and Gas

How lease financing carries both risk and opportunity

by Lambros Papaeconomou

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D'Amico's High Discovery deal could be a case of viable financing but Italian owner needs to use prudence

High Discovery's sister ship High Fidelity was sold and leased back in May, generating $11.2m in cash. *Source: d'Amico*

LEASE financing is quickly replacing traditional bank lending as several banks are exiting the shipping sector. But cash-strapped shipowners should use this alternative form of financing wisely or risk overleveraging their balance sheets.

To illustrate the risk of overleveraging, consider the following real-life example.

Imagine your credit card has an outstanding balance of $1,700. As you are considering your payment options (pay the balance in full or make a partial payment) you receive an offer from another credit card company that is willing to lend you $2,800.

You accept the offer, pay the outstanding balance on the first card and pocket the difference of $1,100. The good news is you have temporarily "bolstered" your cash reserves by $1,100. The bad news is you now owe $2,800 instead of the original $1,700.

Sooner or later you will repay the debt (if you wish to remain credit worthy). Until then you will be generally paying more in monthly interest.

This is unfortunately the predicament that many shipping companies find themselves today. By executing sale-and-leaseback transactions, they generate a temporary positive net cash effect at the expense of higher debt outstanding and higher interest costs.

Case in point is the sale-and-leaseback transaction just announced by d'Amico International Shipping. The Milan-listed product tanker specialist sold the 2014-built medium range product carrier *High Discovery* for $28m to a Japanese lending institution. It leased the carrier back on a 10-year bareboat charter with a purchase obligation at the end of the term. D'Amico has the option to repurchase the vessel after three years.

The transaction allowed the company to repay its bank loan of approximately $17.3m and generate $10.7m in cash.

Chief executive Marco Fiori said in a written statement: "This transaction will strengthen our balance sheet and liquidity position… at the same time d'Amico will keep full control of this new eco ship and will have the option of repurchasing it starting from the third anniversary of its sale date at a competitive cost of funds."

Liabilities

While it is true that d'Amico will keep commercial control of the vessel, here lies the problem. Such transactions are classified as capital leases because d'Amico has the obligation to purchase the vessels at the end of each respective

term. They are therefore carried in the company's financial statements as liabilities from financial leases.
Before the transaction, based on the $17.3m bank debt and the $28m vessel value, we may say there was a loan-to-value ratio of 62%. After the deal is completed, the LTV is effectively 100% with the $28m financial liability.
An earlier example was that in May 2017 d'Amico sold and leased back under similar terms *High Discovery*'s sistership *High Fidelity*, generating $11.2m in cash.
For example, d'Amico had a $26.7m liability from financial leases as of June 30, 2017, which we assumed was stemming from the sale-and-leaseback of *High Fidelity*. D'Amico had total bank debt of $523m as of June 30, 2017, compared to $552m as of December 31, 2016. But if you added liabilities from financial leases, total debt outstanding as of June 30, 2017 was $550m.
Despite an increase in leverage and finance costs, shipping leases have a hidden advantage. Mr Fiori told Lloyd's List that since d'Amico had the option to repurchase the vessels, it could capture all the upside should asset values rise in the future. This was in addition to building liquidity during a market downturn.
Mr Fiori told Lloyd's List that the company's strategy was to improve its current liquidity and fleet's age profile through structured disposals.
If lease proceeds are used prudently, the value of liquidity and optionality might indeed outweigh the extra interest cost and higher leverage.
In the end, it's all about proper fiscal management. Like our credit card example, some consumers pay their credit card debt while others default. Credit per se is not the problem, only bad behaviour stemming from it.

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Gener8 plunges $82.6m into the red in second quarter

by Anastassios Adamopoulos

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Company hit by non-cash losses from vessels held for sale

Gener8 chief executive Peter Georgiopoulos is confident in the company's vessel-selling strategy.

GENER8 Maritime was hit by a $120m drop in earnings during the second quarter of this year as it looked to unload the older members of its fleet amid a squeezed tanker market.

A $29m reduction in voyage revenues and inflated operating expenses slashed last year's second-quarter $38m profit and forced the tanker owner into a $82.6m net loss, $67.9m of which was due to vessels being held for future sales.

New York-listed Gener8 agreed to sell four vessels during the second quarter to refinance debt obligations. It sold an aframax and a suezmax vessel, as well as very large crude carriers *Gener8 Noble* and *Gener8 Theseus*. After repaying a $119.7m debt obligation, it banked $65.4m from the sales.

The company agreed in July to scrap two 1999-built suezmax tankers and sell a 2002-aframax tanker. The sales will earn Gener8 $3.4m net proceeds after it pays off a $24.1m debt obligation.

Gener8 chief executive and chairman Peter Georgiopoulos said: "We continue to dispose of older vessels, streamlining our fleet and focusing on high-quality tonnage with the best return profile. This strengthens our competitive position in the market.

"We believe the strategy we are pursuing is prudent and reflects our approach to managing our balance sheet and market exposure."

Charter earnings also saw a significant dip, with average daily time charter equivalent rates across all vessel types dropping from $35,635 during last year's second quarter to $21,713 this year.

Gener8 now owns 33 vessels, as well as a 300,000 dwt newbuilding VLCC due for delivery in September 2017.

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Hanjin's ghost still haunts Danaos results

by Wei Zhe Tan

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Company suffers $19.3m decline in operating revenues on ships previously chartered to the former Korean flagship carrier

Coustas: Danaos has yet to see a meaningful market recovery.

THE spectre of now-defunct Hanjin Shipping continues to hover over Danaos Corporation as it reported a drop in adjusted net income for the three months ended June 30, 2017 to $29m from $47.7m in the year-ago period.

Danaos chief executive John Coustas attributed the decline to a $19.3m fall in operating revenue of eight ships that were formerly chartered to Hanjin. The vessels were subsequently re-chartered out at lower rates, with some experiencing off-hire periods during 2017 so far.

Operating revenue for the quarter was down 16.9% year on year to $113.9m.

The company also saw a $4.3m fall in revenue versus the year-ago period as it re-chartered out other vessels at lower rates, though that was partly offset by higher fleet utilisation that contributed $500,000 to operating revenue.

Danaos experienced 99 unscheduled off-hire days in the second quarter, while fleet utilisation rose to 97.9% from 96.9% in the first quarter.

Vessel operating expenses were down 2.9% to $27.2m for the quarter, depreciation expenses fell 9% to $29.2m, amortisation for deferred drydocking and special survey costs rose $300,000 to $1.7m, general and administrative expenses fell $100,000 to $5.3m while voyage expenses were stable at $3.2m.

The New York-listed containership operator continues to be in breach of a number of financial covenants due to Hanjin's demise and is in talks with its lenders to substantially refinance all debt maturing in 2018.

"In the meantime, we continue to generate positive cash flows from our operations and currently are in a position to service all our operational obligations as well as all scheduled principal amortisation and interest payments under the original terms of our debt agreements," said Dr Coustas.

Looking ahead, the company said that the charter market continued to move sideways but at levels higher than the lows seen over 2016.

However, it has not yet seen any significant indications of a market recovery.

Dr Coustas said: "Box rates have improved as a result of improved capacity deployment through the alliances and the recent industry consolidation activity has reduced our counterparty risks. On the other hand, consolidation in the liner industry combined with legacy newbuilding orders for large vessels still to be delivered is anticipated to maintain pressure on charter rates for a considerable amount of time."

He said the company was maintaining low exposure in the immediate term to the tepid spot market, with charter coverage of 87% over the next 12 months based on current operating revenues and 66% in terms of contracted operating days.

"During this extended period of market weakness which has presented many challenges, we remain focused on taking necessary actions to preserve the value of our company by managing our fleet efficiently and taking prudent measures to manage and ultimately deleverage our balance sheet."

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Contractor loses at arbitration in dispute over Panama Canal locks construction

by Wei Zhe Tan

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Tribunal orders GUPC to pay over $22m in expenses and reimburse $900,000

The dispute related to the building of a temporary cofferdam to conduct dry works.

AN arbitration tribunal has ruled in favour of the Panama Canal Authority (ACP) in a dispute with contractor Grupo Unidos por el Canal relating to the construction of the third set of locks for the key shipping waterway.

In the ruling, the panel told GUPC to fork out more than $22m in costs related to the arbitration process, as well as a $900,000 disbursement that ACP had made as a provision for expenses fixed by the International Court of Arbitration of the International Chamber of Commerce.

GUPC is a consortium comprising Spain-based Sacyr Vallehermoso, Italy-based Impregilo, Belgium-based Jan De Nul and Panama-based Urban Construction.

In the dispute, over a temporary cofferdam situated at the entrance to the Pacific Ocean that GUPC had designed and built to enable dry work, the consortium and its shareholders had filed claims of $192.8m against ACP.

ACP subsequently said the tribunal had found GUPC to be fully accountable for the design and construction of the structure and dismissed the latter’s claims of negligence as well as a time extension request.

Both the ACP and GUPC have been locked in a number of longstanding disputes over the construction of the third set of locks, which encountered delays and cost overruns, among other problems, before the functional completion date on June 1, 2016.

Lloyd's List has approached GUPC for comment.

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Hill Dickinson lures Burdass from CJC

by David Osler

Lawyer switches firms to join former colleague

Burdass: Will work closely with former CJC colleague Julian Clark, who became Hill Dickinson's global head of shipping earlier this year. *Source: Hill Dickinson*

SHIPPING law firm Hill Dickinson has poached Campbell Johnston Clark's Tom Burdass as legal director at its London office.

Mr Burdass spent six years with his former employer, specialising in dry shipping litigation, with a particular focus on P&I and freight, demurrage and defence disputes. He has also acted in a variety of wet shipping matters.

His expertise includes charterparties, bills of lading, pool agreements, MOAs and other commercial shipping contracts. He also has experience advising on towage, general average, salvage and marine insurance issues.

Mr Burdass will work closely with former colleague Julian Clark, a CJC founding partner, who was appointed as Hill Dickinson's global head of shipping earlier this year.

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> Hill Dickinson hires Julian Clark as head of shipping

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Maritime UK draws up export strategy hit list

by Helen Kelly

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Trade body eyes ‘bigger slice’ of government spending on export trade support

Dingle: Draft document designed to influence government export spending and prioritisation

MARITIME UK is ramping up its UK export investment strategy with a ‘hit list’ of key target markets that hold the greatest opportunities for UK maritime skills and expertise.

Target countries are China, the US, Japan, South Korea, Singapore, Greece, Italy, Indonesia, India and Iran.

The draft document was designed to influence Department for International Trade spending and prioritisation, Maritime UK chairman David Dingle told Lloyd’s List.

“We are looking at what track record we have there already, and what our [export] offer can look like to those countries."

“Ideally we want to be aligned [with DIT] on target markets and where to invest resource," he said.

“A big job for us with government is to make sure that we get a bigger share of the pie that is available to support exports. We have seen some good movement already.”

Maritime UK had been working with UK Embassy and High Commission staff in the targeted countries to ensure that they had “maritime at the forefront of their minds”, Mr Dingle said.

“They are the forward intelligence for us. They are the ones who will learn about the opportunities.”

The next stage is to highlight key projects and initiatives within the 10 target countries — such as India’s $150bn Sagarmala project, a huge industrial programme for port modernisation, improving port connectivity, developing industries linked to port areas and advancing coastal communities.

Maritime UK says that creates opportunities for UK-led consultancies, for experts in port processing systems and logistics.

The US is on the list with focus on its leisure sector including cruise and recreational vessels.

Additionally, the draft document is considering inward investment from the targeted countries, such as international bank lending for UK infrastructure projects or more overt examples, such as Chinese money coming into UK port investments.

That could include upgrading port brownfield locations to accelerate vehicle imports by providing pre-delivery checks on site, Mr Dingle suggested.

Maritime UK expected the draft document to be finalised and a “way forward” agreed by early September, he said.

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ITF condemns 'modern slavery' for crews of three abandoned Turkish-owned vessels

by Kuganiga Kuganeswaran

Turkish company in breach of MLC guidelines, ITF reports

The Indian members of the Seccadi crew were given no cash and air tickets allowing for only 20 kg of luggage.

THE violation of several Maritime Labour Convention guidelines by Istanbul-based Voda Shipping has led to the International Transport Workers’ Federation claiming that there is modern slavery on UK waters.

HFW (formerly Holman Fenwick Willan) senior associate William MacLachlan told Lloyd’s List that it might be difficult to bring a case forward over the incidents as what constitutes slavery is not always black and white, but that there had been a clear breach of the MLC.

Seccadi, Reggae and *Tahsin,* all general cargo vessels with container capacity, were detained in UK ports in June 2017 by the Maritime and Coastguard Agency, largely as a result of wage-related violations.

The *Tahsin* crew consisted of five Turkish seafarers, two Indians and two Georgians. The two Indians who had not been paid since joining in September and October 2016, while the others had not been paid for three months.

ITF inspector Darren Proctor said of *Tahsin*: “There were many findings on board, including evidence of the crew drinking seawater as there was no potable water on the ship for over 10 days, out of date food, non-operational galley equipment and a genuine concern over the labour practices.”

Voda has now paid the outstanding wages. The Indian crew members of *Tahsin*, who had been contracted on wages as low as $250 per month, have been paid International Labour Organisation minimum wages, the ITF reports.

Voda paid for the repatriation of the crew of all three vessels back to their countries of origin. Voda's intention appeared to be to bring in new non-European Union crew to man the vessels, according to the ITF.

The ITF reported that Voda failed to follow MLC guidelines on repatriation, as the Indian crew members from *Seccadi* were given no cash and received air tickets with only a 20 kg luggage restriction, resulting in the loss of 10 kg of personal belongings for one crew member.

Two Georgian crew members on *Tahsin* had their onward flight from Turkey to Georgia cancelled while in mid-air and had to pay for transfers themselves.

Insurance mechanism

The ITF reports that it has been in touch with the Panama Registry and that the P&I club responsible for abandonment insurance, Lodestar, claimed it would be premature to trigger the insurance mechanism.

Mr MacLachlan said abandonment was the stage at which the crew were no longer capable of supporting themselves. So if the ship were without water, without fuel, without food, without funds, and had been for any period of time, then the crew could argue they had been abandoned and would be automatically entitled to repatriation — at which point the insurance should have kicked in and if that failed, the flag state.

He added that there was no mechanism in place for ensuring accountability on companies that have signed up to the MLC, which is a voluntary UN piece of legislation. It is up to the flag state to enforce the MLC against the shipowner, and if it does not do so, then the flag state itself has failed to comply with its obligations under the MLC.

The ITF told Lloyd's List that these cases represented "modern slavery" due to what it saw as indicators of forced labour. Those indicators included negligible wages; the Indian seafarers having to pay for their recruitment and some of the costs for joining the vessels; the immigration status of the crew making them vulnerable to exploitation; and their not being paid for several months, leading to the crews' families being left in debt-bondage.

According to Mr MacLachlan, the MLC is not, first and foremost, designed to tackle slavery but rather is focused on general questions of crew welfare and ensuring at least a basic level of welfare and protection, including entitlement to a salary, repatriation, a decent wage and decent living conditions.

He suggested that the UK's Modern Slavery Act set a global standard but he questioned whether, even if these individuals were victims of slavery, a claim could be successfully brought against the shipowner under the Act. For the Act to apply, the shipowner must have a global turnover of over £36m ($47.6m) and carry out business in the UK.

He added that even if the shipowner was carrying out business in the UK, unless the corporate veil could be pierced, it was likely that the global turnover of the individual shipowning companies would be found to be below the threshold.

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LNG carrier spot rates hit $42,000 per day on Asian

demand

by Eric Yep

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First unescorted merchant LNG vessel on Northern Sea Route to reach Asia via Bering Strait in 15 days

SPOT rates for liquefied natural gas carriers have hit $42,000 per day on strong Asian summer demand and higher gas prices in the region, which have made inter-regional arbitrage shipments profitable.

Demand is being driven by buyers in North Asia and spot rates are nearly 20% more than a year earlier, and 7.7% higher than the $39,000 per day posted a month earlier.

The Singapore Exchange North Asia Sling index for liquefied natural gas prices in September averaged $5.85 per million British thermal units, up 2.2% from the previous month, while the US Henry Hub gas price has dropped below $3 per mmBtu, helping open the US-Asia LNG price arbitrage.

Of the several developments in the LNG market in the past week, the most notable were the arrival of Royal Dutch Shell's *Prelude* floating liquefied natural gas facility in Australia, and the first cargo on an icebreaking LNG carrier on the Northern Sea Route.

Total said that South Korean-built icebreaking LNG carrier *Christophe de Margerie* loaded at the Snøhvit LNG export terminal in Norway, and is taking the Northern Sea Route to Boryeong in South Korea, where it will deliver a cargo for Total Gas & Power.

"It is the first unescorted merchant LNG vessel ever to take this route, which makes it possible to reach Asia via the Bering Strait in 15 days versus 30 days via the Suez Canal," Total said.

The first ever LNG shipment on the Northern Sea Route from Snøhvit to Asia was Dynagas LNG Partners' LNG carrier *Ob River* in 2012, under a Gazprom charter, accompanied by Russian nuclear icebreakers. Since then companies have been testing the route for their cargo interests.

Christophe de Margerie is a first-of-its-kind LNG carrier that can transit the frozen Northern Sea Route without escort icebreakers during the period from July to November, when the ice is at its thinnest.

It is the first of 15 planned LNG carriers and was named after the former chief executive of Total, who died in an air crash in 2014.

These LNG carriers were specially designed for the Yamal LNG project in the Russian Arctic, in which Russia's Novatek has a 50.1% share, Total has 20%, Chinese state-run CNPC has a 20% stake and the Silk Road Fund has 9.9%. Yamal LNG is yet to start.

Meanwhile, Malaysia's Petronas delivered its first LNG cargo to Thailand on July 14, under a sales agreement to a terminal owned by state-run PTT.

Qatari LNG suppliers have reportedly declined offers for delivering new LNG cargoes to Egypt, as the Gulf crisis turns into a stalemate.

New LNG supplies are still coming. Chevron said in its earnings results that the first production from the Wheatstone

LNG Project was expected next month.
Wheatstone LNG is one of Australia's heavyweight LNG projects, with a hefty price tag of $34bn.
Australia-listed Origin Energy said that Australia Pacific LNG shipped 33 cargoes under long-term contracts during the June quarter, to buyers including China's Sinopec and Japan's Kansai Electric.
China's Wison Offshore & Marine has delivered *Caribbean FLNG* to Exmar, which is looking for a new customer for the vessel after the cancellation of Pacific Exploration's Colombia project.
LNG project developer NextDecade Corp has completed a reverse merger with its fully owned subsidiary Harmony Merger Corp and listed on the Nasdaq stock exchange under the ticker symbol "NEXT".

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Supramax bulker rally loses steam despite Black Sea support

by Inderpreet Walia

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China prepares to open the way for US rice imports, raising hopes for tonne-mile demand later on

SPOT supramax bulker earnings have eased over the past week after a strong showing in July, with charter activity failing to meet expectations in several main markets across the globe. Although the Black Sea market remained positive, rates from the eastern coast of South America and the US Gulf both moved lower, said Baltic Briefing in its weekly report. The Pacific market also softened due to there being fewer coal shipments from Indonesia, the note added.

In the Middle East, owners were holding back from fixing their vessels, which resulted in lower intra-regional raw materials movement, Gulf Maritime said.

The average weighted time charter on the Baltic Exchange declined to $8,870 per day on Monday from $9,266 on July 24, as most of the main trading lanes weakened, while the index was down by 3.8% over the week to settle on Tuesday at 783 points.

The two voyages that saw an increase in rates in the past week were the S1B_58 Canakkale trip via Mediterranean or Black Sea to the China-South Korea range, which was assessed at 2.3% up on the week at $17,644 per day on Monday, and the S4B_58 Skaw-Passero trip to US Gulf, which stood at $5,694 per day versus the week-ago level of $5,566.

“There is still a lot of tonnage in the Atlantic and we do not see many orders coming out of the eastern coast of South America,” a broker in Singapore said. “The only hope for now is the Black sea region.”

However, there are signs of optimism for tonne-mile demand later on.

Chinese officials have agreed on the final details of a protocol to allow the US to begin exporting rice to China for the first time, US Department of Agriculture Secretary Sonny Perdue said in a statement on July 20.

The opening of the Chinese market to US rice exports will potentially increase the demand for supramax and handysize vessels, adding greatly to the tonne-mile demand for those segments.

US rice exports will begin following the completion of an audit of US rice facilities by China’s General Administration of Quality Supervision, Inspection and Quarantine, and fumigation measures approved by Beijing, the Chinese government said, without specifying a timeline.

China is the world’s largest producer and importer of rice. Chinese imports reached nearly 5m tonnes last year. This could present a huge opportunity for shipowners to trade on longhaul routes.

Around 30 spot trades were reported in the past week, according to Clarksons, versus 35 in the previous seven days. Four period charters for four to nine months were inked in the week, with rates ranging from $9,500 per day to $11,200, Clarksons data shows.

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GSL sees improving outlook

by James Baker

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Order discipline and scrapping to boost charter market fortunes

Webber: Outlook for charter market is improving.

NEW York-listed boxship lessor Global Ship Lease expects the containership charter market to firm up as conditions in the sector improve.

Reporting the shipowner’s figures for the second quarter, chief executive Ian Webber said he expected continuing firming in the charter market, driven by discipline in the orderbook, increased scrapping and better demand growth.

“We remain encouraged by the upward movement of the spot charter market throughout 2017 and believe that this should benefit those of our vessels due to become open later this year and early next,” Mr Webber said.

He added that the orderbook was heavily skewed towards larger vessels and that scrapping was taking place largely in the mid- and small-size segment, where GSL is focused.

GSL, which was spun out of CMA CGM, owns a fleet of 18 containerships, most of which are on long-term charter to CMA CGM and to OOCL.

The company reported revenues of $40.3m in the second quarter, down from $41.3m in the corresponding quarter of 2016.

Normalised net income, which excludes the premium paid on the purchase of the company’s 10% notes in April 2017, was $7.3m for the three months ended June 30, 2017, compared to $5.6m in the second quarter of 2016.

Off-hire time fell to 42 days during the quarter, but revenues were still affected by amendments to charters on two vessels, the company said.

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GSL seeks options for bond restructuring

Boxship owners 'unlikely' to opt for consolidation

INVITATION TO TENDER
IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
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ADMIRALTY JURISDICTION

RE: HCAJ 47 of 2017
The ship or vessel **"KY VENUS" (**the "Vessel")

Pursuant to the order for sale of the Vessel made by the High Court of the Hong Kong Special Administrative Region on the 16 June 2017 and 26 July 2017 respectively tenders are invited for the purchase of the Vessel (a general description of which is set out below) upon the following terms.

1. The Vessel is offered for sale as she lies in the waters of Hong Kong in her "as is" "where is" condition at the date of delivery without any warranties or guarantees. The Vessel is sold free from incumbrances, with everything on board belonging to her but excluding any equipment on hire.

2. No error or misdescription in this invitation or otherwise by representatives of the Government or the High Court of the Hong Kong Special Administrative Region shall entitle the successful tenderer ("the Buyer") to annul the sale.

3. Tenderers are advised to make all and any such enquiries as they think fit. Permission to inspect the Vessel may be obtained from the Chief Bailiff.

4. Tenders for the purchase of the Vessel must:
   (a) be in writing addressed to the Registrar of the High Court, Hong Kong Special Administrative Region;
   (b) be in a sealed envelope so addressed and marked **"HCAJ 47 of 2017 – CONFIDENTIAL";**
   (c) be accompanied by way of deposit by a cashier's order or bank draft drawn by a Hong Kong bank or a bank having a branch office or banking correspondents in Hong Kong or certified cheque drawn on such a bank of 10% of the offer payable to **"Registrar, High Court"** and crossed in **"HCAJ 47 of 2017"** (the "Deposit");
   (d) be expressed to be irrevocable until 23 August 2017;
   (e) reach the Registrar c/o Chief Bailiff (Administration & Admiralty) at Bailiff Office, LG 3/F, High Court Building, 38 Queensway, Hong Kong not later than 2:00 p.m. on 16 August 2017, otherwise such tenders will be treated as invalid; and
   (f) be expressed in Hong Kong Dollars or United States Dollars with payment of the Deposit being made in the same currency as the tender.

5. The Registrar is not bound to accept the highest or any tender.

6. If a tender is accepted the balance (plus the sum payable for bunker fuel) of the purchase price also in the form of a cashier's order, bank draft or certified cheque payable as aforesaid must be paid within 7 days of the acceptance of the tender and if not so paid the deposit of 10% will be forfeited in which event the Registrar will be at liberty to sell the Vessel to any other party or parties.

7. The Buyer shall within 7 days of the acceptance of the tender pay by the aforesaid methods the Hong Kong market price for the bunker fuel remaining on board on the date of delivery, such quantity and price to be determined by the Chief Bailiff or his agent.

8. Upon payment of the balance of the purchase price, a bill of sale will be duly executed on behalf of the High Court of the Hong Kong Special Administrative Region in favour of the Buyer.

9. The Registrar may in his discretion agree that the Vessel be sold to a nominee of the Buyer. Such nominee and the Buyer shall sign an addendum to this Invitation to Tender in such form as the Registrar may require. Any nomination shall be made no later than 3 working days prior to the delivery of the Vessel. Any nomination made by the Buyer shall be irrevocable. No further nomination is permitted.

10. Deposits will be refunded to unsuccessful tenderers.

11. Any tenderer who does not receive notice by 23 August 2017 that his tender has been accepted may assume that such tender has been rejected.

12. Should the Vessel become a total loss (or be accepted by underwriters as a constructive total loss) before delivery of the Vessel to the Buyer the sale shall be null and void and the Deposit will be refunded to the Buyer.

13. The Buyer shall be liable for any fees duties taxes or dues of whatever nature which may become payable upon the purchase and transfer of the Vessel.

14. On completion of the sale the Buyer will assume all responsibility for complying with all Hong Kong Marine Department directions regarding the Vessel.

15. This invitation and the sale of the Vessel is made and effected without any liability of whatsoever nature of the High Court of the Hong Kong Special Administrative Region or its officers, employees or agents.

(K. W. LUNG)
Registrar
High Court
26 July 2017

PARTICULARS OF THE VESSEL

NAME:	"KY VENUS"
IMO NO.	9478107
REGISTRY:	Jeju, Republic of Korea
TYPE OF VESSEL:	Oil & Chemical Tanker (IMO II)
BUILT:	Kwang Sung Shipbuilding Co., Ltd. Mokpo, Republic of Korea.
DATE OF BUILD:	06 May 2010
CLASSIFICATION:	Korean Register of Shipping + KRS1 Oil/Chemical, +KRM1-IGS
LENGTH:	128.60 m. (OA) 120.40 m. (BP)
BREADTH:	20.40 m. (M)
DEPTH:	11.50 m. (M)
GRT:	8562
NRT:	4095
LIGHT WEIGHT:	4450 mt.
SUMMER DEADWEIGHT:	13049 mt.
SUMMER DRAUGHT:	8.714 m.
CRANE:	SWL 5.0 t.
MAIN ENGINE:	STX-MAN B & W 6S 35 MC 4440 kW
AUXILIARY ENGINES:	Hyundai Himsen 5H 17/28
BOILER:	Miura Co., Ltd. HB-12T, Vertical Water Tube
BOW THRUSTER:	400 kW
CARGO CAPACITY:	14315.708 M3 12 tanks + 2 slop tanks
CARGO PUMPS:	FRAMO, Carso 12 x 300 M3/h, slops 2 x 100 M3/h, Portable 1 x 70 M3/h.
SERVICE SPEED:	13.5 knots