10 Jul 2017 | **News** | Asia Pacific | China | Europe

Hapag-Lloyd inks $320m leaseback deal with Bocomm Leasing

by Cichen Shen

Deal will involve eight 8,000 teu-9,000 teu containerships

A Chinese version of the announcement is expected to be released soon.

HAPAG-Lloyd has agreed to sell and lease back eight 8,000 teu-9,000 teu containerships to China's Bocomm Financial Leasing for $320m in total, according to two persons familiar with the matter.

Contracts worth about $200m were sealed at the end of last month while the remainder is close to being finalised this month.

All vessels are between four and five years old, with each backed by a 10-year bareboat charter from the shipping line, one of the sources told Lloyd's List.

The deals are part of a $500m strategic agreement signed between the two companies in late June, in which the Chinese leasing giant pledged to provide financing for both newbuilding and secondhand tonnage in the form of financial or operating leases to the German carrier.

A Chinese version of the announcement of the strategic agreement, seen by Lloyd's List, can be expected to be released soon, sources said.

The leaseback contracts mark the first time that Hamburg-based Hapag-Lloyd has ever borrowed from a Chinese lessor.

As the fifth-largest global liner shipping carrier, Hapag-Lloyd has a boxship fleet of 217 vessels, or 1.5m teu in capacity, of which 116 ships are self-owned and 101 are chartered in. It also has two 15,000 teu mega boxships on order, according to Alphaliner.

Shanghai-based Bocomm Leasing, a subsidiary of China's Bank of Communications, is one of the country's leading shipping lessors, with ship assets topping $6.6bn as of end-June, 2017.

The company made headlines on June 1 by inking a $1.35bn financing deal with Trafigura for up to 32 tanker newbuildings.

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- Hapag-Lloyd merger deal with UASC signed off

09 Jul 2017 | **News** | Asia Pacific | China | Hong Kong

Cosco Shipping to take over OOIL for $6.3bn

by Cichen Shen

The deal marks yet another major acquisition move in the liner shipping industry.

The company's container shipping outfit, OOCL, will keep its trademark and brand.

AFTER months of market speculation and denials from both companies, China Cosco Shipping Group has finally agreed to acquire up to 100% equity of Orient Overseas (International) Ltd in a tender offer for a premium price of HK$49.2bn ($6.3bn) in cash.

Shanghai- and Hong Kong-listed Cosco Shipping Holdings, the container shipping outfit of the state-owned conglomerate, and Shanghai-listed Shanghai Port International Group will act as the joint buyer, via their overseas wholly owned subsidiaries Falkner Global and Shanghai Port Group (BVI), according to exchange filings on Sunday.

Cosco Shipping acquired a 15% stake in SIPG last month.

CSH and SIPG have agreed to acquire at least 68.7% equity in OOIL — which is the amount held by the company's majority shareholders, the Tung family — in an irrevocable commitment signed between the buyer and seller, or 100% equity at maximum.

Under the irrevocable commitment, CSH will buy a 58.8% stake in OOIL, while SIPG will purchase 9.9%. The remaining shares will be acquired by CSH.

The price for tender offer is no less than HK$78.67 per share, which means the 100% acquisition value would reach HK$49.2bn.

CSH said that it would pay for the acquisition with its own funds and financing.

Bank of China will offer a $6.5bn bridge loan to support the deal.

The transaction will be dependent on approvals from the Chinese government, competitions authorities in China, the EU and the US, as well as CSH shareholders.

CSH and OOIL said in a joint statement: “The joint offerors intend to keep the existing OOIL branding so that the joint offerors and OOIL can provide customers with more diversified product offerings and better service experience, as both parties explore ways to achieve synergies and better operational efficiency.

They added: “Further, while keeping OOIL management teams and global service network, the joint offerors shall retain the existing compensation and benefit system at OOIL and not terminate the employment of any employee at OOIL as a result of this transaction for at least 24 months after the offer closing date, except for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues.”

The joint offer is also intended to maintain the listing of OOIL shares on the stock exchange following the closing of the deal.

Lloyd’s List reported the agreement of sale on Saturday and was told by sources familiar with the matter that the acquisition could be 100% equity of OOIL and worth more than $6bn.

The long-awaited deal marks yet another major acquisition move in an industry where economies of scale appear to have become increasingly crucial for each carrier’s survival, with an escalating level of consolidation.

The transaction will boost the Chinese carrier’s fleet capacity to 2.4m teu, outstripping its Ocean Alliance partner CMA CGM to become the world’s third-largest carrier, according to Alphaliner statistics.

With the orderbook included, the merged fleet capacity would increase to 3.1m teu, trailing just behind Mediterranean Shipping Co’s 3.3m teu.

The reorganisation in capacity will change the balance of power within the container shipping industry, with the top three carriers no longer all European. It will also shift dynamics within the Ocean Alliance, where CMA CGM is currently the largest member.

“In addition to this increase in scale, both parties will benefit from access to a combined and complementary global sales network and customer base, shipping network optimisation, as well as advanced IT systems, to further drive synergies and operational efficiency,” CSH and OOIL said.

OOCL is regarded as one of the best-run container lines in the business. While there should be fewer clashes of corporate culture than if Cosco had succeeded in its tentative bid for Hamburg Süd last year, the Chinese carrier should benefit from OOCL’s westernised business disciplines

The Cosco group is undoubtedly in an expansionist mode, buying terminal assets as well as growing its container operations, first through the merger with China Shipping, and now the bid for OOIL. The deal will also add to Cosco’s port interests, with OOCL owning the concession for the state-of-the art Long Beach Container Terminal in southern California.

That in turn will add further pressure to consolidate terminal operations in the LA/Long Beach complex, where alliance partners Evergreen and CMA CGM each have separate facilities, as does Cosco. Cosco Shipping Ports is in the process of acquiring a 51% stake in Noatum Ports, which operates terminals in Valencia and Bilbao.

More immediately, though, this takeover will add to further concentration in the container shipping industry, which has involved just about every major carrier, with the exception of Mediterranean Shipping Co.

But none of this will make any sense unless the industry can produce decent financial returns. And yet, ironically, the line that probably achieved the best results during a difficult 2016 was MSC, which prefers to grow through ship purchases rather than corporate acquisitions, so avoiding all the pitfalls of trying to integrate another company, while picking up new business during the inevitable upheaval of the amalgamation process.

OOCL customers are used to a tip-top service. All the other carriers will be trying to woo them as Cosco and OOIL embark on what is likely to be a tricky and sensitive takeover of one of container shipping’s top names.

Cosco Shipping said it believed this acquisition will enable both itself and OOIL “to realise synergies, enhance profitability and achieve sustainable growth in the long term”.

Consolidation timeline

Dec 2014: CMA CGM buys German shortsea operator OPDR

Dec 2015: CMA CGM unveils plans to acquire NOL for $2.4bn

Feb 2016: Cosco and China Shipping complete merger

Aug 2016: Hanjin Shipping files for bankruptcy
Oct 2016: NYK, MOL and K Line reveal plans to merge their container lines
Dec 2016: Maersk’s $4bn bid for Hamburg Süd is accepted
May 2017: Hapag-Lloyd and UASC complete merger
June 2017: Maersk agrees to sell Mercosur to CMA CGM
July 2017: Cosco announces $6.3bn takeover of OOIL/OOCL

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Price for OOIL acquisition higher than expected, but 'still reasonable'

by Cichen Shen

Analysts say the $6.3bn takeover is a good deal for OOIL shareholders

The core value of OOIL is not its ships but its network, clients and management, says analyst Jiang Ming.

THE $6.3bn offer made by the two Chinese state-owned giants to acquire Orient Overseas (International) Ltd equity is deemed to be a higher price than expected yet still reasonable, according to analysts in Hong Kong and China.

On Sunday, Shanghai- and Hong Kong-listed Cosco Shipping Holdings and Shanghai-listed Shanghai International Port Group unveiled their joint precondition voluntary cash offer, in which the two intend to acquire 68.7%-100% of the equity of Hong Kong-listed OOIL for HK$78.67 per share.

Assuming a 100% acquisition, the total price will reach HK$49.2bn ($6.3bn), resulting in a 40% premium against OOIL’s book value as of end 2016, or a price-to-book ratio of 1.4, according to an exchange filing.

The deal “came in line with our expectation but with a more attractive purchase price,” wrote Daiwa Capital Markets analysts Kelvin Lau and Michelle Wang in a report on Monday, adding that the offered share price “is a good deal for OOIL shareholders”.

“[I]t makes sense that the Tung family sell its stake due to the heavy capex to be involved in the future if the company still wants to stay competitive in the industry [,where] outlook remains tough even though we expect a good year for 2017-18."

Dongxing Securities analyst Yan Hai tended to agree that the price was higher than expected. But he viewed it as still at a reasonable level.

"We believe the purchase price is relatively reasonable given the previous comparable transactions, improved market fundamentals and synergy to be created by the merger," Mr Yan wrote.

The acquisition, if it materialises, will lead fleet capacity controlled by CSH — the container shipping and port outfit of state conglomerate China Cosco Shipping Group — to reach 2.4m teu, according to Alphaliner, surpassing CMA CGM to become the world's third-largest liner shipping company, in an industry in which economies of scale have become increasingly crucial.

The increased fleet size, together with the combined port assets, have the potential to achieve more synergistic effects between the two sectors and further drive down operational costs, Mr Yan added.

CSH will also be able to get access to OOIL's cheaper financing sources, and hence reduce its borrowing costs.

Moreover, container shipping has seen a substantial improvement in industry fundamentals, with a solid recovery on the demand side, according to Mr Yan.

A key indicator for the market rebalancing, he pointed out, was that the proportion of idled fleet capacity has been reduced to 2.5% at end-June from 6.5% at end 2016.

An overpaid deal?

However, some suggested that the Chinese shipping giant could overpay the shareholders of OOIL.

"We reckon that the purchase price at a 1.4 [price-to-book ratio] cannot be taken as cheap from a short-term perspective, based on three points," TF Securities analyst Jiang Ming wrote in a note.

Mr Jiang argued that the last time OOIL was priced at or above a 1.4 price-to-book ratio was during 2007, when the liner shipping market was still at its prime.

"The presupposition for this pricing to be reasonable is that the industry is embarking on an upward cycle, which we find it difficult to make." he said, adding vessel glut is still pestering the industry, especially with the large amount of deliveries of the ultra-large containerships.

Also, the analyst found the $2.7bn worth of synergy to be brought by the acquisition as CSH said, was not convincing.

Last but not least, Mr Jiang said the valuation placed by capital markets on shipping firms varied in different countries, while the average price-to-market ratio of 1.37 used as a reference for the takeover was distorted by exceptional factors.

The offer listed price-to-market ratios of six shipping companies in the world: Maersk at 1.3, CSH at 2.68, Hapag-Lloyd at 0.83, Evergreen at 1.06, Wan Hai Lines at 1.12 and Yang Ming at 1.24.

Mr Jiang contended that the ratio of CSH, calculated by the value of its Shanghai-listed shares, was abnormal and a result of the speculative nature of China's A-share markets.

In the long run, nevertheless, the pricing over OOIL was reasonable, he added.

"The key reminder here is that the core value of OOIL is not its ships, but its networks, clients, and management. After all, the company has proved itself as one of the best-run liner shipping carriers, with its past achievements."

While the acquisition is still pending approvals from Beijing, overseas competition authorities as well as CSH's shareholders, the analyst expected the majority of non-controlling interests in CSH to agree to the deal. But he said the company might need to raise funds from the bond and equity markets because "its capital reserve is not abundant."

As of end March, CSH had a cash and cash equivalents of Yuan3.2bn ($463m).

During a conference call with analysts on Sunday, management of CSH, including president Xu Zunwu and vice-president Wang Haimin, said the company would make further financing arrangement before the bridging loan, up to $6.5bn offered by Bank of China, reaches its maturity, according to analysts' notes.

However, details of the subsequent financing have yet to be decided.

The management was "cautiously optimistic" about the market prospects, saying the collapse of Hanjin Shipping and the previous mergers and acquisitions were good for creating synergies between carriers, Industrial Securities analysts Gong Li and Ji Li wrote.

"Our main strategy is to make our container shipping business into the world's top-tier club in terms of scale. And we'll achieve the target when the acquisition completes." Mr Gong and Mr Li quoted the management as saying.

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10 Jul 2017 | **News** | Asia Pacific | Japan | Singapore

Jeremy Nixon picked as chief executive of new Japanese container line

by Janet Porter
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by Wei Zhe Tan
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NYK executive who is a UK national appointed chief executive of ONE alliance, which will start operations next April

Jeremy Nixon will be in charge of a line that will rank number seven in the world in terms of fleet capacity.

JEREMY Nixon has been appointed chief executive of Ocean Network Express, the Singapore-based operating company of the new carrier being set up by Japan's big three shipping groups.

He will be in charge of a line that will rank number six in the world in terms of fleet capacity with a combined 1.44m teu, and a fleet of roughly 240 vessels, including 31 ultra large containerships, according to a press release.

Mr Nixon, who now heads up NYK's container shipping business, had been widely tipped to take over the top job at ONE, which became a legal entity last week and is due to start shipping operations next April.

He is already very well-known in shipping circles, having worked for both Maersk Line and P&O Nedlloyd before joining NYK in 2008 as managing director of NYK Line Europe.

He also has good relations with Hapag-Lloyd, one of the members of The Alliance along with the three Japanese lines and Yang Ming.

NYK will have the largest interest in ONE, which was unveiled last October in response to the unparalleled round of consolidation taking place in the container shipping industry that has left the Japanese trio losing scale and market share.

NYK will have a 38% stake in the new entity, while MOL and K Line will each hold 31%.

Mr Nixon is one of two senior Europeans within NYK, along with Svein Steimler, who was recently promoted to chief executive of NYK Europe.

A UK national, Mr Nixon has been based in Singapore for several years. In 2013, he was appointed a corporate officer of the group, joining NYK's management committee, which heads the global business.

His promotion was seen as a sign that NYK was changing, and not automatically putting Japanese nationals in key roles.

That strategy now seems to have been adopted by the new Japanese line.

A press release from the Japanese trio noted that ONE was formally established on July 7, and has a paid-up capital of $200m.

It will handle all the three shipping lines' container shipping businesses including global terminal operations, except for Japan.

ONE's holding company, Ocean Network Express Holdings Ltd, will be based in Japan with MOL executive officer Masahiro Tanabe assuming the chairman role, NYK senior managing corporate officer Hidetoshi Maruyama as vice-chairman, and K Line senior managing executive officer Toshiyuki Suzuki as vice-chairman.

K Line executive officer Takafumi Kido will become president of the Japan-focused operating entity Ocean Network Express Japan Ltd, which is expected to be established by October 2017.

The global headquarters will be based out of Singapore, along with the Global Operation Room, with regional headquarters in Hong Kong; London; Richmond, Virginia in the US; and Sao Paulo in Brazil.

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- **Three Japanese lines become ONE**

09 Jul 2017 | **News** | **CMA CGM** | **Finance** | **Containers**

CMA CGM raises $741m through note offering

by Janet Porter

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Proceeds will be used to extend the group's debt maturities

The note will mature in 2022.

CMA CGM has stretched out its debt repayment schedule through a note issue that does not mature until 2022.

Proceeds from the €650m ($741.1m) raised will be used to extend its debt maturities, in particular redeeming notes due in 2018 and reimbursing drawings under credit facilities made to repay the NOL 2017 bonds upon their maturity in April, CMA CGM said.

The group said it had now fully delivered on the strategy laid out a year ago when it acquired Singapore's NOL for $2.4bn.

CMA CGM announced a few days ago that it had found a buyer for a 90% stake in its Los Angeles terminal, Global Gateway South, for an immediate consideration of $817m.

The group also said that, in conjunction with the new notes that carry a coupon of 6.5%, CMA CGM had agreed with a pool of lenders the implementation of a new $205m three-year unsecured revolving credit facility.

Against the background of improving industry conditions and CMA CGM's good financial performance, these initiatives resulted in credit rating agency Standard & Poor's recently adopting a positive outlook on its corporate rating (B), said CMA CGM.

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10 Jul 2017 | **News** | Environment | IMO | EU

IMO steers away from Europe's fuel data retrieval system

by Anastassios Adamopoulos

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Member states choose simpler verification process over EU-backed methods

Verification guidelines supported by EU member states have failed to gain wider approval at the IMO.

THE INTERNATIONAL Maritime Organization has approved guidelines for the verification of global fuel oil consumption data collection, further diminishing the possibility of an alignment of the IMO and European Union systems anytime soon.

The Marine Environment Protection Committee 71, the top IMO environment pollution body, last week chose data collection verification processes that are simpler than those touted by EU member states.

The processes supported by Europe resembled some of the aspects of the EU Monitoring, Reporting and Verification process, although that connection was not explicitly made in the proposals.

The proposal that was approved said that the administration of a member state must verify that a company's data collection plan was compliant with the agreed rules and that the data it reported was accurate. The administration should also inform companies of any additional documentation that they required for data verification and could also request that vessels submit more specific records, such as distance travelled and duration of voyages.

The rejected option included a greater degree of reporting by both member states' administrations and companies. Among these were that administrations would conduct risk assessments on control and detection of the data collection plan. They would also have to draft a verification plan that outlined the nature and scope of verification activities, as well as a data sampling plan. Administrations could also conduct site visits to ensure that there is accurate data reporting.

Data collection is the first step in a three-step IMO strategy towards a greenhouse gas missions reduction strategy. The second is data analysis carried out between 2019 and 2021 and the third, in 2023, is the introduction of global measure to curb greenhouse gas emissions.

Opponents of the rejected EU option argued that it would impose unnecessary burdens on industry and administrations and went beyond the agreed scope of the data collection system. Proponents said it would ensure robust data for analysis on the road towards a global GHG measure.

Vessels will begin reporting fuel consumption levels beginning in January 2019 under the IMO scheme. The EU MRV came into force in 2015, with data collection on vessel voyages beginning in January 2018. Both systems apply to vessels above 5,000 gt.

The IMO and EU have publicly clashed over shipping's decarbonisation aspirations in the past few months. Aside from crafting its own MRV, the EU is currently considering including the sector in its revised emissions trading system, much to the ire of the IMO.

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IMO supports protection of Arctic from heavy fuel oil

by Anastassios Adamopoulos

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IMO to hear measures for HFO risk reductions next year

MEPC 72 in April 2018 is to hear risk mitigation proposals

THE International Maritime Organization will initiate discussions on how to best protect the Arctic Sea from the dangers of heavy fuel oil in April 2018, after member states supported a call to consider the risks posed by HFO in the region.

IMO member states agreed during last week's Marine Environment Protection Committee 71 to look into the ways to protect the Arctic following a proposal tabled by Canada, calling for the consideration of measures to minimise the risks from HFO use in the region.

The exact measure, however, will be up for discussion at MEPC 72 in April 2018 where delegations will make proposals toward this end.

The debate will likely centre around the complete ban on HFO use in the Arctic, a measure supported by environmental non-governmental organisations as well as certain member states. The European Parliament, an institution that includes states that tend to be among the more vocal environmentalists in the IMO, adopted a resolution in March that called for the implementation of a ban on HFO use and carriage in the Arctic in March 2017. The resolution also said that in the absence of international regulation, the European Commission should establish rules for vessels calling at EU ports before and after their trips through the Arctic.

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10 Jul 2017 | **News** | Asia Pacific | Singapore | Shipbuilding

Triyards warns of loss for quarter ended May 31, 2017

by Wei Zhe Tan

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Shipbuilder is also seeking extension from Singapore Exchange to report its results

The prolonged oil and gas slump is taking its toll.

SINGAPORE-listed Triyards Holdings has announced that it expects to incur a net loss for the three months ended May 31, 2017, mainly due to the protracted downturn in the oil and gas industry and slump in the marine and offshore market.

Although the shipbuilder has made attempts to diversify its client base away from the offshore vessels segment, it was still inevitably hit by the depressed conditions in the sector.

Subsequently, it made an application to the Singapore Exchange seeking an extension for the announcement of its results for the quarter ended May 31 this year.

The company noted that management planned to rationalise and reassess the carrying value of a number of its assets that it had either purchased or developed with the intention of deploying them to oil- and gas-related projects or business ventures.

Among assets it is considering for impairment are offshore crane properties in Houston, Texas in the US, acquired to serve the oil and gas sector in North America and the Gulf of Mexico.

“With the present market environment, it will be extremely challenging to materialise this business plan at least for the foreseeable future," said Triyards.

“Currently, management is evaluating a few options to unlock the cash in a bid to improve the cash flow for current projects, dependent on which the basis for impairment test will be different.

“It is expected to take approximately 21 days to receive the information necessary for evaluating the options. The provision for impairment is expected to be material and the impairment amount can be assessed objectively only after receipt of information required.”

Additionally, the shipbuilder may be affected by the bankruptcy filing of its parent firm, offshore services provider Ezra Holdings, announced in March this year.
Triyards revealed in the same month that it was liable for up to $30m in the event of a default by Ezra due to the fact that the group had partly guaranteed joint bank facilities granted to Ezra and itself.
It said in April that it had thus far signed $32.9m worth of agreements that month, as its product diversification efforts continued to bear fruit.

The deals included a contract to build seven tugs and one 16 m aluminium crew transfer vessel for a Vietnam-based shipowner and operator, with the vessels to be built and delivered by the group's Saigon shipyard.

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ICTSI signs MoU to deepen Congo River

by Lloyd's List

Dredging project to eliminate current draught restrictions

The Congo River will be deepened in phases to an eventual depth of 40ft.

Source: Fabian Plock/Shutterstock.com

INTERNATIONAL Container Terminal Services and Dredging International have signed a Memorandum of Understanding to co-operate in the further deepening of the Congo River.
Supported by the government of the Democratic Republic of Congo, Philippines-based ICTSI and Belgium-based contractor Dredging International are deepening the Congo River in phases to an eventual depth of 40ft and beyond, eliminating current draught restrictions in the Divagante area, near Boma.
The companies expect the

project to require an initial investment of €35m ($39.9m), delivering extensive operational efficiencies and cost savings to the western Democratic Republic of Congo supply chain and the market.

Historically, the ports of Matadi and Boma were the gateway to the capital city of Kinshasa and its surrounding area, which is home a market of 30m people, the single largest market in Central Africa. The project will enable direct calls by mainline vessels, meaning the ports can resume this role.

ICTSI senior vice-president for Europe, Middle East and Africa region Hans-Ole Madsen said: "[The project] builds on the co-operative approach taken to the development of the Matadi Gateway Terminal and will represent a key component in the modernisation of DRC marine infrastructure with benefits felt along the whole supply chain."

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- **ICTSI to open $100m Congo terminal August 2016**

10 Jul 2017 | **News** | Handies | Dry Bulk | International

South America keeps handysize bulkers afloat

by Nidaa Bakhsh

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Clear divergence between Atlantic and Pacific trades emerging as gains linked to South America while Pacific remains quiet

THE handysize market overall strengthened during the week, led by gains in Atlantic trades. According to the Baltic Exchange, there was a "clear difference between the Atlantic and Pacific basins", with routes from northwest Europe and South America making "steady gains", while other trading lanes "lost ground".

Indeed, the biggest moves were in the Rio de Janeiro-Recalada to Skaw-Passero voyage, which increased by 3.8% to $10,206 per day, and the reverse trip, which rose by 3.1% to $5,770 per day, according to the

Baltic Exchange.
Other gains came from the Skaw-Passero to Boston-Galveston trip, which was up by 2.1% to $5,750 per day, according to the London-based exchange.
China's ban on coal imports at second-tier ports from July 1 may be leading to the quiet Pacific market, as imports shift to the larger vessel classes, according to Banchero Costa.
"While the true impact of the coal import ban remains to be seen, short-haul routes on smaller vessels into small ports could be hampered, with larger shipments on panamaxes or capesizes possibly increasing to large hub ports to make up for the shortfall," it said in a note.
The handysize average weighted time charter on the Baltic Exchange rose by 1.2% to $6,927 per day at the close on Monday, while the index was up just six points to 474.

Spot deals were few and far between, with only three fixtures reported in the week, according to Clarksons data.
The highest was concluded at $9,000 per day for loading in Amsterdam-Rotterdam-Antwerp and discharging in east coast India, the data showed. A steels cargo was dealt at $6,750 per day for delivery to southeast Asia, while a fixture at $6,000 per day was destined for the US Gulf. In both instances the loading port was not disclosed.
In the assets market, a 2006-built, 35,300 dwt vessel was sold for $9.2m, which is higher than a similar deal in May, according to VesselsValue.
At least three vessels, with a total capacity of 75,700 dwt, were sold for demolition at yards in Turkey and India, according to the online data provider. In addition, two vessels in the handymax category, for a total of 94,300 dwt, were sold for scrap, it said.

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INVITATION TO TENDER

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
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 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 2 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 26 July 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 2 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.

(A. HO)
Registrar
High Court
3 July 2017

PARTICULARS OF 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