



# CAPITAL LINK SHIPPING MASTER SERIES PODCAST

## China and the Evolving Landscape of the Global Shipping Industry

Presented by



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## Transcript: China and the Evolving Landscape of the Global Shipping Industry

**Vincent:** Hello everyone, welcome to Capital Link's shipping talk show. I'm (Vincent), and this is (Evangeline), a lawyer. We are both copartners with Stephenson Harwood. We are both honored to be the hosts of this talk show. Our topic for today is "China and the evolving landscape of the global shipping industry," and will examine the history and future of China in the global shipping industry.

The key points of the show are the importance of China and some prospects in the global shipping development. Of course, we all know that China has played a very important role in the shipping industry over the past few decades. It has been involved into shipbuilding industry at the beginning and last to the shipping ownership, operation, finance and investments.

Gradually, the importance of China has continuously enhanced in the global shipping industry. So today, we invite three guest speakers who are experts in the industry to talk about above topic.

Let's welcome our guest speakers. First, we have Mr. Lou Jiwei, Lou general manager. Lou has been engaged in shipping shipbuilding more than 30 years and has worked as the chairman of Jiangnan Heavy Industries' listed sector. He is currently the deputy general manager of the CIMC shipyard.

The second guest speaker is Gary Chen, a director of the Beijing Insurance and Compensation Association, who has extensive experience in the shipping industry and has senior experience in ship-owning and related responsibilities.

The third guest speaker is Bill Guo, who is currently the executive director of ICBC Leasing and Shipping. He was previously working for the world's largest company (inaudible) and now works for the largest ship financier and welcomes the three of them.

**Bill Guo:** Thank you.

**Vincent:** Welcome to our guests. Today's topic is the history and future of China in the global shipping industry. I would like to invite guests to introduce about their respective fields, and a brief summary of it. Please welcome our first guest speaker, Mr. Lou.

**Lou Jiwei:** OK, greetings to the hosts and guests today. First of all, thank you so much to Capital Link for inviting me to this interview, and for this great opportunity to share some of my ideas on the shipbuilding industry over the years.

I graduated from college and started working in Jiangnan shipyard, and ever since I have been engaged in the shipbuilding industry. I have also witnessed the entirety of the shipbuilding industry, from the reformation and opening up into the international market, and as it gradually became one of the leading forces in the world's shipbuilding industry.

After nearly 40 years of experience, I personally think there are two stages. The first stage began in 1980: It was about entering and integrating into the international shipbuilding market and gradually accumulating a variety of experiences and skills. The starting point was the establishment of China

State Shipbuilding Corporation, until the Waigaoqiao Shipbuilding Co. Ltd. was established at the beginning of this century. This stage occurred during the initial stage of China's reform and opening up. As a result, the Chinese shipbuilding industry, like many other industries, began to integrate into the international market. Many of our original Chinese shipping from the main state-owned enterprises began to receive export ships.

The export ship became the main business for shipyards of the China State Shipbuilding Corporation (CSSC). Deliveries accounted for about 80-90 percent of our total delivery in some years. We learned a lot from this stage, which included international practice and international standards for designing and building ships. We also learned the practices and requirements of international shipping, and how to deal with foreign ship-owners, classification societies, and regulatory agencies.

At the same time we also accumulated some of our international experience, learning the various stages of design, construction and management of international standards. This stage, it would be said, was very difficult; it wasn't easy and we paid a high price for it, but we gained a lot of practical experience.

In this case, practically every original main shipyard of the CSSC had several brilliant projects as well as some painful experiences. So, during this stage, there were also many local shipyards, beginning to receive powerless ships, progressively also joining the accepted rank of the thus-called export vessels. They also accumulated experience and accrued strength for future developments.

The second stage starts from the beginning of this century, signaled by the establishment of the construction base of Shanghai Waigaoqiao Shipbuilding Co. There are a few key features from the first stage: Firstly, our lack of large shipbuilding facilities. At that time, building a VLCC ship was every shipbuilder's dream. Apart from the successful creation by a Dalian shipyard, we were not able to create one.

However, the construction of the Waigaoqiao Shipbuilding Base ushered in a major expansion of shipbuilding facilities. From the south to the north peak, there will be more than 20 after the peak of the VLCC ship. The second feature is the design. At that time, the main design was provided by foreign design companies only, and so we installed and assimilated them. So, the second stage came after the construction of the Waigaoqiao shipyard.

Then China's shipbuilding industry, together with the prosperity of the world economy at that time, and the prosperity of the shipping industry, has a period of rapid expansion and growth of about 10 years. Gradually, our shipbuilding industry has taken the lead in the development of the industry. In the vast majority of ship segmentation areas, it has reached a stage of leading the development of the industry.

**Vincent:** Your session of presentation is done.

**Lou Jiwei:** That's about an experience; a lot of data verification, this China Ship Industry Association will have a clear record.

**Vincent:** Thank you, Mr. Lou. The next presenter is Gary.

**Gary Chen:** OK. Hi, everyone, I'm Gary from the Beijing Insurance and Compensation Association (CPI). I'll briefly discuss the development of the entire shipping industry, from the perspective of the shipowner. Without a doubt, if we want to discuss shipping at its earliest, perhaps we need to trace it back to those years when Zheng He sailed to the West; that time was, perhaps, a really brilliant segment of Chinese shipping history.

Of course, with our current understanding of the modern shipping industry, it ought to be 200 years later than that. My feeling regarding the modern shipping industry is that China has actually been in a position of learning and catching up. Including the earliest modern merchant fleet, we all know that it was the fleet of the China Merchants Group, one of the Westernization movements that Li Hongzhang engaged in.

It was also the model for the formation of the fleet of Western powers. Then, after the liberation of New China, we also realized that shipping is a very important industry, strategically, for a country. So, our country set up the China Ocean Shipping Corporation to be responsible for foreign international trade transportation. Later, this country has also established the China Maritime Safety Administration, which is responsible for Chinese coastal transport.

At the beginning, our national-owned shipping company at that time managed and owned ships, basically some old ships and mainly grocery ships. For a long time, we actually prided ourselves on the level of management and the length of time we used for this old ship, which was actually a last resort at the time.

Later, with the gradual strengthening of our national power, our domestic ship owners, especially state-owned ship owners, continue to improve the quality of ships and improve the size of this ship, and we came to have the world's most advanced and largest ships.

About this state-owned enterprise, I know that in recent years there have been several times where the central government and state-owned enterprises in the industry had a few relatively large integrations, including the recent integration of COSCO and CNOOC, and of China Merchants Group to China and Foreign Transport Chenggang Group. So, these two integrations, I think, have had a relatively far-reaching impact not only on China, but also on the shipping industry as a whole.

In fact, COSCO, CNOOC and this investment, foreign transport integration, the two central enterprises from the tonnage, have been the world's number one and two largest ship-owners. In addition to this state-owned shipping company, China's ship financial leasing market has developed very rapidly in recent years.

This is also a feature of the development of our country's shipping industry in recent years; there are also some private ship-owners who have risen. Of course, these private ship-owners are slightly inadequate to combat the volatility of this market, so development is not particularly stable. But I believe that in the future, private ship-owners will be a very important part of China's entire shipping industry.

So, looking to the future, I hope that our country's shipping industry can rely on our country's advantage as a trading power, but at the same time have such a wealth of resources and can continue to make our shipping industry bigger and stronger.

At the same time, I hope that there will be some excellent ship owners with strategic vision and long-term objectives for development, guiding the industry to have a good market reputation and fame in the international shipping market. Thank you.

**Vincent:** Thank you Gary. Mr. Guo.

**Bill Guo:** Hello. Thank you to Capital Link for arranging this great opportunity, I'm Bill Guo, and currently working at the ICBC Leasing, which is the world's largest ship financial leasing company. The previous speakers have talked about the current development of China's shipping, from weak to strong historical development.

From a financial point of view, China's financial industry is also the same as China's shipbuilding industry, including its expansion and it's strengthened growth. Let's talk about leasing. From last couple years until now, China's leasing capital in the global shipping capital financing market has developed rapidly.

In fact, ICBC Leasing was established in November 2007 and is the first financial lease license granted by the China Banking Regulatory Commission (CBRC), the Chinese government's regulator. However, at the beginning of its establishment, ICBC was already taking shipping operations as a key directional development.

But at the time of 2007, it was just the eve of the financial crisis, when the entire global shipping industry was very hot. Including the relatively low financing costs, the international banks were also very popular in the global financing market.

At the beginning of its establishment, a group of leasing companies represented by ICBC Leasing established four to five financial leasing companies in 2007 and 2008, all of which had a banking background. ICBC Leasing is also the world's largest bank, a wholly owned subsidiary of the Industrial and Commercial Bank of China.

The background of these bank for financial leasing companies were just set up at the beginning of the more difficult to enter the international market. Therefore, since 2007, it has mainly carried out some financing for some domestic shipping companies.

However, with the outbreak of the financial crisis, the relative market of the global shipping industry has entered a certain low point, which has also caused a certain blow to the global financing institutions.

So from 2012 until the beginning of 2013, international capital for shipping capital showed a trend of Western retreat and Eastern advance. Some banks, including Britain and Germany, have voluntarily pulled out of the global shipping financing market.

This gave a batch of financial leasing capital represented by ICBC Leasing, which laid the foundation for entering the ship financing market. So basically starting from 2012 and 2013, we gradually entered the international market, and through some influential projects, gradually went from the traditional financial leasing finally to achieve operational leasing, including some contracts, there are a variety of innovative models.

As a result, gradual development continued up until today, to the extent that ICBC Leasing business shipping property has reached a value of 700 million RMB, equivalent to almost 120 million USD. This scale is also reflected in the background of this industry; that is, the entire industry just mentioned by several experts.

The industry, including the shipbuilding industry itself, has already advanced westward, mainly in China, Japan, South Korea, especially China. Several general ship types has gradually stood up. At the same time, regarding capital, it may be a little behind shipbuilding; however, it's also gradually risen to become a major global shipping financing representative, so this piece is a big trend.

In the ship type, there are four types of ships, including scattered, collected, oil and gas. Also included are luxury tankers, including in the offshore sector, and including some other smaller market segments which have all entered the sector.

Several other financial leasing companies have similar business, and may be smaller than ICBC Leasing. So, I think this is also very gratifying to see that China's capital in the global shipping financing industry gradually rose up, and gradually developed. Thank you.

**Evangeline:** Thank you, Mr. Guo. Mr. Lou, I would like to ask you some questions. Thank you for the history of Chinese ship building that you just analyzed. It can be seen that Chinese shipyards now are more experienced and advantageous in the world.

This is because they came from making small ships, now all of them manufacture VLCC ships and, furthermore, luxury tankers. May I ask your opinion, do you think that the competitiveness of Chinese shipyards in the world shipbuilding market that will be stronger in the next 5 years?

**Lou Jiwei:** Yes, I don't think this Chinese shipbuilding industry has reached its peak yet, and it continues to develop steadily, in the process of becoming the world's number one shipbuilding role. I believe that in the future, we will be able to achieve this goal.

After that goal, we can still be in this position for a while, and we hope that this will be historically longer than Japan and South Korea. We have always said that the shipbuilding business is a labor-intensive, technology-intensive and capital- or financial resource-intensive industry.

These three elements are indispensable, and, if we now look at China's shipbuilding industry, the advantages of these three factors can be found: We now actually possess the advantage, and will be able to hold onto that advantaged position in the future, and no other country would be able to compare.

We currently have not only the superior manpower, but also a demographic dividend that can eat. For a long time into the future, we will have what is called "an engineer's dividend that can be eaten." So, technically, we have finished learning and accumulating, and we have gone through the process of innovation.

In the vast majority of this so-called general ship type or three big ship types, this bulk carrier, tanker, container ship, everyone to take a look, the original major Western design companies have been closed.

In this way, our Chinese design companies and shipyard design institutions both assumed a major role within these areas. So, we are continuously turning towards what is referred to as a "more sophisticated vessel" and also exploring and innovating.

The capital-intensiveness needs no explanation. Just now, Mr. Guo expanded upon ICBC Leasing's company development history; this is the most typical example. In this very short period of time, China's ICBC Leasing has already become ranked number one in the world.

So, shipbuilding requires funding. After our current national development, there is a great amount of capital available for shipbuilding. Secondly, shipping itself is a suitable medium- and long-term investment of assets. Therefore, the fit with capital and finance is also very high.

As a result of these three essential factors, China actually has the right timing, a favorable location, and social conditions as seen in surveys. It seems that you cannot find anyone else in a more advantageous position than us, in my opinion.

**Evangeline:** Thank you Mr. Lou. Actually, Mr. Lou, you mentioned a really good point, which is that with respect to general labor power, China has an advantage over Japan and South Korea. Actually, just now, Mr. Chen and I talked about Chinese sailors, in regard to China supplying more sailors because shipowners are finding it increasingly difficult to recruit decent crew.

**Lou Jiwei:** That's right.

**Evangeline:** I'd like to ask Mr. Chen: What do you think about China continuing to provide these crews to the world's ship-owners?

**Gary Chen:** I think yes, I think China has a broad crew base, and we have a lot of training facilities for our crew. However, I think that it is necessary to improve the quality of our sailors in the future. Occupying a high-end market is, I think, a developmental direction.

**Evangeline:** Thank you, Mr. Chen. We mentioned the crew, and in fact, many ship-owners have told me over the years that they are more worried about finding a good crew. Of course, we don't think there will be an automatic boat tomorrow, but this should be something that happens in 5 or 10 years.

However, just a moment ago we asked: Perhaps the boat doesn't need to be completely without crew, but can require fewer personnel in the cabin, right?

**Gary Chen:** An automatic ship with automated navigation is surely a developmental trend, I believe. However, that it will take 5 to 10 years to achieve is hard to say, but I feel certain it will exist one day. Of course, the

shortage of crew is one of the sole reasons why we developed this automated ship, but I believe that a fully automated ship is not a one-day realization; it must be in several stages.

To start with, there are some aspects of the ship that are automated, but there are still people operating, either on board or on shore. Then, after a period of development, it will develop into a completely non-human operated, purely automated ship.

But I think it's probably going to be a long time coming.

**Vincent:** OK, thank you, Gary. Mr. Guo, just a minute ago, you mentioned that ICBC Leasing currently has the largest global fleet of ships. I would like ask you to share your thoughts, specifically from the view of a financial institution, on the differences between you and others, particularly the European financial companies you just mentioned.

How did you come to have a different influence or role in the industry of the global shipping industry? Are you able to share this with us?

**Bill Guo:** Thank you. I think that the biggest distinction must be tradition. In fact, it's not only European banks; it must be traditional banks and leasing that have huge differences, one being the difference in the innovative structure of shipping assets.

The first difference is that we can have direct ownership of the ship, and the bank only has a mortgage. Because of the shipping ownership conversation, these afore-mentioned innovations in the project structure are not only financial leasing, but also can actively place orders on financial leasing.

So, this aspect can guide some of the changes throughout the shipbuilding industry, including the trend towards standardization. In fact, the shipping industry also has two problems. The first is non-standardization: Every style of ship varies greatly.

The second problem, in other words, is its threshold; that is to say that shipping has a relatively low threshold for these types of ships. Some of these non-large-scale shipyards might also build a few of these types of ships very simply. As a result, financial leasing companies have been included in the conversation, owing to the banking institutions really favoring standardization, the second favoring a strong alliance.

Therefore, these two aspects can guide an upgrade equivalent to the shipping industry, especially the Chinese ship manufacturing industry. So, Chinese capital can be relatively supported by the Chinese shipbuilding industry's development. Therefore, this piece may be the biggest difference between leasing, especially financial leasing companies and traditional banks.

By promoting the upgrading of this industry, it will promote standardization and make better use of standard ship types in the future development of ships. This includes new energy sources, such as LNG-powered and other varieties of new energy.

This is better reflected in a set of assets, such as long-term investment holding and support, as I first said. Thank you.

**Vincent:** Thank you, Mr. Guo. Mr. Lou also mentioned that, in the next few years or in the near future, China will be engaged in a few building-related core elements. China occupies a very strong position. In that case, you can also predict that China will maintain its dominant and powerful state. So compared to a general trend, ships are automated or semi-automated.



So in this regard, do you think that it's only a trend for Chinese shipyards, or the entire industry? Will you share your opinion with me?

**Lou Jiwei:** Well, I agree with the boss just now that the automation or intelligence of ship driving and operation is certainly a trend, there's no doubt about it. But when it comes to the concept of an unmanned ship, I would like to share it in two dimensions. I only represent my personal views on this issue. The first dimension is that we say that no one is driving the ship.

I think there may be two stages of implementation, as step-by-step implementation will be more realistic. The first stage should be from outside the port; that is, from a piloting station at the departure port, to a piloting station at the arrival port. In the case of unmanned or unmanned ships in this section of transoceanic transportation, this is probably more likely to be implemented as the first phase.

Of course, with the development of AI technology, but also with the changes in the transport environment, including the development of ports and so on, the next step is to pilot a ship to berth in an unmanned vessel, in a few ports, or the majority, or even the overwhelming majority of ports. This isn't impossible.

However, this brings more issues that need solving between each station. I see the issue as being that it needs a bigger database and computing power. The second dimension is to achieve "smart ships," with AI technology. It should be said that this will divide the ship into two pieces: One is called autopilot, and one is called a drone cabin.

If, say, a boat is unmanned, it should include two parts, that is, neither the pilot nor the cabin operation needs a person. So, the self-driving technology of this smart ship is now more obvious, is the self-driving part. Because of the self-driving, in fact, ten years, twenty years began to gradually increase in usage. Including Autopilot, the use of a systems such as the AIs are designed to reduce the intensity of this driving.

Today's ships can fully self-drive when they are at sea. So the further development of AI technology may be at a higher level, in the large amounts of data to support it, and even with 5G technology, including satellite communications, quantum computers and so on these advanced computing and communication.

This brings it closer to AI-based self-driving, rather than a self-driving one that is now based on satellite navigation and global positioning. So I think this part of the path is in a more practical and clear direction. I also think that another concept of unmanned people is the drone cabin.

Even if our current ship is still powered by internal combustion engines, I think this is going to go to no one in the whole industry that will still take a long way, unless there is a revolutionary change to the shipping industry, which is based on electricity as the main energy supply for propulsion and ship operation.

That's regardless of either hydrogen-based usage or battery power. The implementation of this unmanned cabin is much easier and faster than the current unmanned aircraft cabin based on internal combustion engines. The above-mentioned ideas were just my personal point of view, thank you.

**Evangeline:** Thank you, Mr. Lou. Mr. Chen, now that we are talking about autonomous ships, we definitely assume that many shipowners would ask that, if they take the time to develop this technology, would the P&I Club consider providing P&I insurance coverage?

**Gary Chen:** Yes, I believe this question is for all the shipowners who are interested in developing autonomous ships, because P&I insurance is one of the critical conditions for conducting normal commercial operation of ships. Well, as for the P&I Club itself, we are a non-profit organization. So as long as the mainstream shipowners have need of insurance, we would definitely go ahead and develop new insurance products.

But personally, I think that before we start working on insurance products, there is actually a lot more work to be done regarding laws and technical aspects to resolve any issues. For example, after the new unmanned ships are launched, if two ships collide, then from the legal point of view, the associated responsibilities should be different from those conventional ones.

Because as we all know, currently, when we look at the responsibility of a ship-colliding incident, we base our judgment on the international rules for collision avoidance, in which many of the faults are human faults. So, if unmanned ships are used in the future, this kind of human factor will be excluded. Then, we have to develop a new law to judge responsibilities of the two sides of incident.

Therefore, the insurance of the P&I Club must be based on the updates and changes of respective laws. In addition, one premise of the P&I insurance requires the ship itself must comply with the rules and regulations of the association of classification societies and countries of registry, as well as the requirements of various international conventions.

So I think that for the development of autonomous ships or unmanned ships, just like Mr. Lou had said, the difficulties arise from not only technology; of course, there are a lot of obstacles to overcome from the perspective of shipbuilding.

From legal perspective and compliance of international conventions, there are a lot of things to do. So I figured this should be a progressive process, but I believe that as long as the market is mature, the insurance products of the P&I Club will definitely follow.

**Evangeline:** Thank you, Mr. Chen.

**Vincent:** Mr. Guo, as you have just mentioned, in respect to the characteristics of the leasing companies, we want to hear about it. Among the three guest speakers, you are from a financial institution, so I want to ask a question that digresses from here. As we look back to the year of 2018, we found that only 5.7 percent or a little more of the GDP of China was related to the sector of ocean shipping.

While in the capital market, the listed public companies that conducted ocean shipping business only account for 1.7 percent, which shows a big gap. I would like to ask you, as a representative from financial institutions, to shed some light on the ocean-shipping businesses going public and the securitization of ocean-shipping assets. Is that OK?

**Bill Guo:** OK, simply put, the current ocean-shipping financing is actually divided into three parts. The first part is conventionally called debt financing, which includes bank loans and leases. The second part is generally called capital financing, which refers to public listing, including the structure of securitization.

The third part could be the financing through private equity. I just mentioned that the ocean-shipping industry keeps going down after the 2008 financial crisis because the market has continued to slump. Due to its profit including the entire market, the capital market has a relatively low level of recognition on it.

In fact, in the United States, for both New York and Nasdaq, including the blue chip sector of the Nasdaq, the restriction over the ocean-shipping market is relatively loose; the restriction is loose in the Hong Kong market as well. Though loosely regulated, the profitability is still poor for the companies. If we take the bulk cargo sector as an example, most of the companies in bulk cargo sector were losing money in 2016 and 2017, including COSCO.

Then we delisted COSCO from the market. It began to make profit from 2018. As we can see, when making profit after losing money for two years, it will give the capital market a rather negative recognition of the ocean-shipping sector. This is also why, for the current publicly listed industries, ocean-shipping companies are relatively sluggish.

I believe that we need a fairly stable and positive development period before seeing the capital market re-open its arms to embrace the ocean-shipping market. It might take a while, maybe 2 years. I estimate that in 1 to 2 years, we will see a better environment. Thank you.

**Vincent:** So how about the securitization of ocean-shipping industry?

**Bill Guo:** The securitization follows the same pattern. In fact, securitization is just a kind of extension of the capital market to the ocean-shipping market. Actually, as represented by the ICBC Leasing operation, the financial leasing company is one form of exploration. We are already working on some projects.

However, due to confidentiality reasons, I am unable to disclose details of the projects. But in essence, securitization is actually an institutional recognition of the ocean-shipping assets. The target of listing may be primarily the public, but is essentially all a third party. Whether it is an individual or an institution, this is an investment and recognition of the ocean-shipping assets.

Let's get back to the topic we just discussed: As long as the ocean-shipping companies have a relatively stable return on investment, it could change everyone's impression on ocean-shipping, and possibly bring about a turnaround or even an eruption of industry. Therefore, we are still doing preparation for the early stage, hoping to provide some kind of guidance to the market.

**Vincent:** OK, fantastic.

**Evangeline:** Thank you, Mr. Guo, Mr. Lou, and Mr. Chen for today's analysis. I believe if we want to talk about the history and future of China and global ocean-shipping industry, we must mention a mandatory requirement that would be imposed in 2020.

But as it turns out, we got sidetracked on this topic and talked about something else. Well, in my opinion, the focus is on environmental protection, which is also very critical. So if you are interested, please contact Mr. Chen or myself. We are actually quite experienced in this respect.

**Gary Chen:** I feel that environmental protection is a big challenge to shipowners, not just in terms of cost but management, wherein there exists a lot of difficulties. We at P&I Club will work with shipowners trying to overcome this difficulty.

**Evangeline:** This has also affected many of our customers, especially when it comes to the lease contracts across the year. It goes without saying that sometimes shipowners come to us asking about the financing plan of a desulfurization tower.

However, from what I can understand, as well as what Mr. Guo has also confirmed, financial leasing companies are actually pretty interested, but most of the financial leasing companies that we know decided not to provide financing. Would you consider it more suitable for banks to provide? Is that the case, Mr. Guo?

**Bill Guo:** That is right. Because this is an issue about ownership, when desulfurization tower is installed on board, it becomes an attachment to the ship, or part of the ship. Therefore, if the ship itself is financed, or if there is a third-party ownership on it, then the leasing company is not able to acquire the separate ownership of desulfurization tower itself.

Therefore, this will make the ownership of the vessel very complicated, whereas the bank does not need ownership, but a mortgage. Then, a second mortgage can be made out of the ship itself, which is equivalent to the concept of the second mortgage, a type of financing.

That is why the desulfurization tower leasing company, including the ICBC Leasing, has done a lot of forward-looking research and study in the early stage. They even involved corresponding legal institutions to work on this part, but still weren't able to make a breakthrough over redefining of the concept of ownership.

So, in the end, they asked the bank to use mortgaging as a way to complete the refinancing of the desulfurization tower, by which they used the concept that is equivalent to the secondary financing of ship.

**Vincent:** OK, thank you, Mr. Guo. Environmental protection is always a very important topic. China will definitely play an indispensable role in promoting environmental protection in the global ocean-shipping business.

Finally, I want to thank Capital Link for giving us the opportunity to do this interview. I would like to show our appreciation by again thanking our guest speakers for their time. All the content can be seen on the website and WeChat, thank you.

**Bill Guo:** Thank you, Vincent. Thank you all. Goodbye.

**Vincent:** Thank you. Bye-bye.

**Evangeline:** Bye-bye.

## Biography of Speakers

### MODERATORS



**Vincent Xu**  
**Office Lead Partner**  
**Stephenson Harwood LLP**

Vincent is a shipping and energy expert handling a wide range of transactions including asset and project finance, leasing, restructuring, sale and purchase, construction, joint venture and private equity. He represents banks, leasing companies and other financial institutions on a range of transactions and also advises investors, shipowners and shipbuilder. His recent work includes assisting banks to provide long-term dollar loans to borrower for the acquisition of several large containerships and leasing to world's leading liner company; assisting a leasing company to finance and lease several chemical vessels to American operation shipowner; assisting global leading liquefied gas transportation shipowner to purchase several liquefied ethylene vessels; assisting investment institutions for the establishment of parallel investment structure and equity investment in Cayman and in China; assisting a leasing company to set up joint venture with an European operation company to acquire two semi-submersible life platforms, arranging financial leasing and lease to a national oil company.



**Evangeline Quek**  
**Partner**  
**Stephenson Harwood LLP**

For contentious shipping matters, her expertise extends to charterparty, cargo defence, shipbuilding, bunkering and ship financing disputes. She is instructed on a regular basis by international group P&I Clubs and shipowners and charterers in Hong Kong, Taiwan and the PRC. She is very experienced with obtaining pre-action security. The disputes are then resolved by LMAA, HKIAC, ICC, SIAC or ad hoc arbitrations or litigation in the English or Hong Kong courts.

Due to the state of the shipping market since 2008, as part of her practice, Evangeline is regularly instructed in matters arising from and relating to Hong Kong insolvency proceedings, Japanese rehabilitation proceedings and Korean rehabilitation proceedings.

Part of Evangeline's practice is also focused on providing non-contentious advice to shipowners and operators. She negotiates and drafts both standard form and custom commercial and shipping agreements for her clients.

Evangeline is qualified in England and Wales and Hong Kong. She is native in English, speaks fluent Chinese and conversational Cantonese.

## PANELISTS



**Lou Jiwei**  
**Deputy General Manager**  
**CIMC Shipyards**

Mr. Lou Jiwei has more than 30 years of experience in shipbuilding, ship trading and financing.

From 1982 to 2002, Mr. Lou Jiwei worked in Jiangnan Shipbuilding Group and served as the chairman of Jiangnan Co., Ltd. (listed company). In 2003-2005, he served as deputy director of the Economic Operation Department of China National Shipbuilding Industry Corporation. General Manager; in 2005, he served as Deputy General Manager of Waigaoqiao Shipbuilding Co., Ltd. At the end of 2005, Mr. Lou Jiwei joined Pacific Shipbuilding Group Co., Ltd. and served as deputy general manager, director, senior vice president, chief executive officer and chief marketing officer. During the period, Mr. Lou founded the Crown Shipbuilding Group, Crown Shipping, which is engaged in ship investment and leasing business, involving different types of ships such as bulk cargo and offshore engineering vessels.

Mr. Lou Jiwei is currently the Deputy General Manager of Nantong CIMC Pacific Ocean Engineering Co., Ltd. (Nantong CIMC Pacific Ocean Engineering Co., Ltd. is a professional gas ship construction shipyard under the Shenzhen-based CIMC Group. It has a leading position in the world of small and medium-sized LNG, LEG and LPG)

Mr. Lou Jiwei holds a bachelor's degree in marine power machinery from Shanghai Jiaotong University. In 2001, he obtained a master's degree in business administration and a senior engineer (researcher level) from Antai College of Management, Shanghai Jiaotong University.



**Gary Chen**  
**Director**  
**Beijing Insurance and Compensation Association**

Gary joined North in November 2003. He graduated from the Shanghai Maritime University with a BA degree in International Shipping Business in 1999. Before he went to the UK to study Maritime Law in the University of Southampton and obtained an LLM in 2002, he had two years working experience with the operating/chartering department in one of the largest shipping companies in China. Gary passed the UK Common Professional Examination in 2003.



**Bill Guo**  
**Executive Director**  
**ICBC Leasing and Shipping**

Mr. Bill Guo joined in ICBC Leasing in 2013. He is now Executive Director of Shipping Business Unit, mainly responsible for the leasing business of the container shipping related field and Dry Bulk business. Before working for ICBC, he had

been working for Maersk Group for over 10 years as the management positions in different countries, with the solid knowledge in container shipping business and financial knowledge.

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