

Ship Leasing Options are Reinvigorating Hong Kong's Ship Finance Market

**Hong Kong is attracting high value-added maritime services to the territory.
But why do such service companies choose Hong Kong?**

CSSC (Hong Kong) Shipping Company Limited (CSSC Shipping) was listed in Hong Kong in June 2019. With strong maritime expertise and industrial background, the Company focuses on the provision of ship and marine equipment leasing services and has developed close cooperation with business partners in 13 countries and regions worldwide.

In early 2020, the Company issued US\$400m bonds due 2025 and US\$400m bonds due 2030, taking the lead in breaking through the siege during the market downturn. It's the first time that a Greater China ship leasing company issued two kinds of bonds and created a 5 and 10-year price curve. The Company has achieved the largest narrowing of price guidelines since the beginning of 2020 and acquired an outstanding performance of eight times over-subscription.

With Hong Kong's various advantages in global shipping, the company has always adhered to the strategic mission of combining industry with finance and providing services for main businesses, stuck to the high-quality development route of specialization, marketization and internationalization, and strived to build the company into the world's top ship leasing company.

Hong Kong's role as a major shipping centre, was a natural lure to the services that CSSC Shipping provides.

The company's focus on ship and marine equipment leasing business and close cooperation with customers around the world has led to the company's deciding Hong Kong would be an appropriate place to develop shipping related business globally.

Initially attracted to Hong Kong's highly developed financial services industry, the company found the regulatory environment was relatively superior to that of the Mainland.

After considering the company's location options, including free trade zones in China, CSSC Shipping concluded that Hong Kong is excellent in supporting infrastructure, business environment, legal environment, expert research resources and high-end talents.

Tax benefits

CSSC Shipping, in choosing Hong Kong, shares the opinion of other mainland Chinese companies that have set up business here as settlement and financial platforms, using Hong Kong's relatively advantageous financing arrangements to reduce costs.

Hong Kong's low tax rate and simple tax system are very attractive to international investors. And for ship leasing companies doing business in Hong Kong, corporate tax has, in some instances, become a thing of the past. The amendments to the Inland Revenue Ordinance in 2020 have introduced zero rate profits tax for ship

lessors and seen profits tax slashed by 50% for ship leasing managers.

CSSC Shipping has been impressed by the Hong Kong Government's proactive nurturing of a maritime ecosystem through the organizing of get-together events such as Hong Kong Maritime Week. This provided the company with opportunities to enthusiastically participate in such events, many of which are sponsored by Invest Hong Kong. Invest Hong Kong continues to regularly reach out to the company for aftercare visits to share views about the industry and related policies as well as getting an update on the company's developments.

Profiting from a rapidly evolving market

CSSC (Hong Kong) Shipping is now getting the measure of a rapidly evolving maritime sector that is coming to terms with strict environmental regulations and the impact of COVID-19.



While the maritime and shipbuilding industries remain in the doldrums, the leasing company continues to implement counter-cyclical investment management measures so as to provide leasing services to leading partners in various segments of the industry, thereby establishing long-term strategic cooperation.

At the beginning of 2020, during the outbreak of COVID-19, the demand for economic and environmentally friendly vessels and clean energy equipment for the maritime industry remained active. Meanwhile, promising prospects and opportunities in many market segments of the maritime industry continued to emerge.

The Covid-19 epidemic has accelerated the process of shipping and port digitization, and provided a basis for the port and shipping industry to improve efficiency and reduce costs.

Although the epidemic had an impact on the port and shipping industry, it also accelerated the process of digital development of ship finance. The structural changes in the shipping industry in the future are mainly affected by three major factors.

First, the in-depth advancement of

digitalization that will promote the development of ship finance, intelligence and equipment networking.

Second, the adjustment of global trade flow patterns is manifested by the slowdown in the growth of long-distance east-west lines, while the growth of routes within the region has accelerated.

Finally, there is the development of green and low-carbon trends, which will promote innovation in shipping energy, ship design and route network organization.

Lei Fanpei, chairman of China Shipbuilding Corporation, expressed the hope that CSSC (Hong Kong) Shipping Co Ltd will take this opportunity to continue to innovate and repay the trust and love of investors with more outstanding results. First, we must continue to promote the in-depth integration of "industry, finance, and technology", drive the development of the ship and offshore industry, provide global customers with more high-quality and efficient products and services, and build the company into a dazzling star in Hong Kong.

CSSC Shipping

- Established in Hong Kong in 2012 and listed on the Stock Exchange of Hong Kong in 2019
- It is owned by the CSSC Group, a world-class and leading state-owned shipbuilding conglomerate in Mainland China
- To hire more staff to capture and support the opportunities arising from Belt and Road initiative as well as regional and national policies

“ We must continue to promote the in-depth integration of ‘industry, finance, and technology’, drive the development of the ship and offshore industry, provide global customers with more high-quality and efficient products and services, and build the company into a dazzling star in Hong Kong. ”

Lei Fanpei
Chairman
China Shipbuilding Corporation