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5th Athens Triennial Meeting

The 40th Anniversary of the Costas Grammenos Centre for Shipping, Trade and Finance

# **A Snapshot of Chinese Leasing**

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Berlin Li

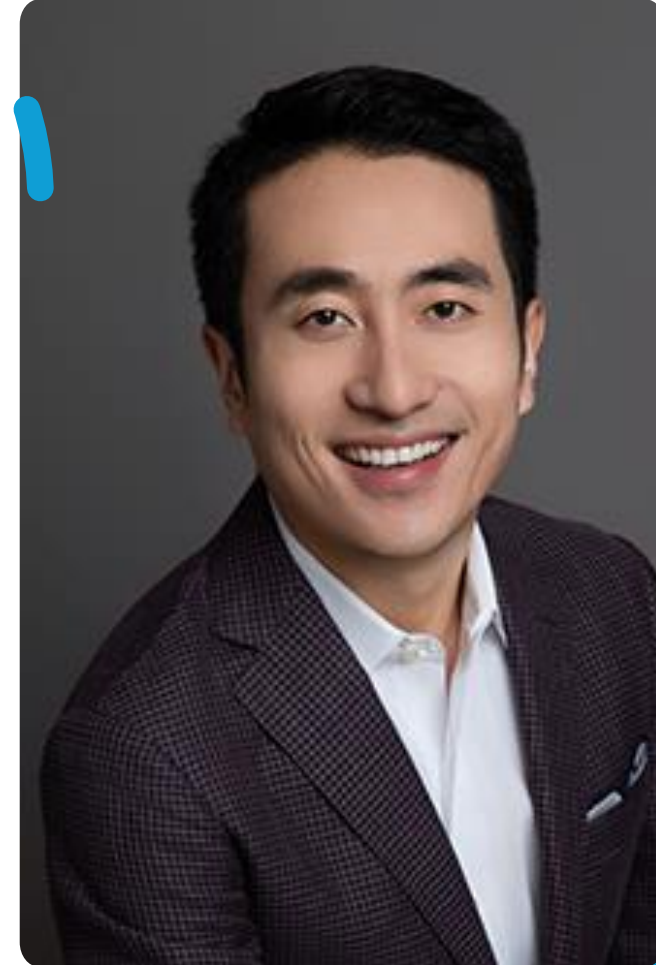
STF 2011-2012

Born and raised in China, Berlin Li began his shipping career as a Tanker Projects Broker at Clarksons, working across its London, Houston, and New York offices.

In 2019, he returned to Shanghai to take over HIT Marine, a brokerage firm founded by his father in 2001. Under his leadership, HIT Marine was successfully transformed into one of China's most active finance arrangers for sale and leaseback transactions.

In addition to ship finance, Berlin remains actively involved in Tanker Chartering, Newbuilding, and S&P. Supported by his deep understanding of the Western world, Berlin is committed to bridging the East-West Gap and making business in China more accessible to his global partners.

Berlin graduated from Cass STF in 2012 with distinction.



London

Houston

New York

Shanghai

Singapore

# \$148 Billion

Shipping portfolio  
owned by Chinese  
leasing houses as  
of June 2024\*



**High-profile clients of Chinese Leasing include  
MSC, CMA CGM, Hapag Lloyd, Seaspn,  
Procopiou Group, Angelicoussis Group,  
Fredriksen Group, EPS, BW Energy, Capital  
Maritime, Navios, Seenergy, Star Bulk, Scorpio...**

\*including vessels on the water and yet to be delivered

**Q:What is a leasing structure?**

A sale and leaseback transaction involves the transfer of title from the lessee (owner) to the lessor (financier), without interfering with the vessel's actual operations.

**Q:What are the main types of lease?**

Financial Lease and Operating Lease, key differences being LTV and purchase option or obligation by end of the tenor. Majority of deals are financial leasing.

**Q: What are the financing documents?**

MoA, BBC, Additional Clauses, Security Documents, Quiet Enjoyment Letter, Notice / Ack of Assignment, Corporate Authorities, etc.

**Q: How long does it take to conclude?**

Typically ranging between 6 – 12 weeks from agreeing TS to receiving the final approval, plus another 2-4 weeks for documentation.

**Q: How many leasing houses in China?**

80+ leasing houses, close to 30 can provide ship finance in US Dollars with 20 having completed transactions with non-Chinese shipowners.

**Ticket Size**

400 Mils

200 Mils

4 Mils

**Chinese Leasing is providing a variety of choices and solutions for shipowners worldwide**


**JOLCO**
**Chinese Leasing Houses**
**Conventional Banks**
**Alternative Debt Fund**

100 bps

200 bps

300 bps

400 bps

500 bps

**Margins**

<b>Non-recourse</b>	~ 10 Leasing Houses
<b>Non-Chinese SPV</b>	~9 Leasing Houses
<b>Operating Lease</b>	~15 Leasing Houses
<b>LTV Range</b>	60%-100% for Newbuilding
<b>Tenor</b>	7-15 yrs for Newbuilding
<b>Margin</b>	150-350 bps
<b>ECA</b>	Mostly not needed
<b>Predelivery Finance</b>	Yes even for foreign yards
<b>Vintage Tonnage</b>	Upto 20 yrs by end of the tenor
<b>Special Vessel Types</b>	PCTC, FPSO, OSV, Cruise, Coasters...

## OUTLOOK



### **Berlin Li**

Managing Partner  
HIT Marine (Shanghai)  
STF 2011-12

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- Chinese leasing market is expected to continue **growing**; however, the number of leasing companies involved in US dollar ship finance for foreign shipowners is unlikely to increase massively.
- With SOFR declining and lessees showing greater tolerance for interest rates, lessors are expected to gradually push for **higher margins**. The ship finance market, too, follows its own cyclical patterns.
- Increasing focus **on fuel-efficient vessels** and **sanction compliance** - owners involved in trading sensitive cargoes, such as those linked to Russia, are getting difficult to receive financing in China. Meanwhile, vessels adopting **alternative fuels** are likely to receive even lower margins.

**Thanks !**