



Mandarin Shipping's first ship, the 2005-built 4,836 dwt product tanker *Pacific Dhow*, was operated by Clarksons Logistics (HK) before being transferred to the new operator

Mandarin dream

After a lengthy gestation, Hong Kong's newest bulk operator, Mandarin Shipping, set sail in mid-June captained by former Clarksons Asia managing director Tim Huxley. Keith Wallis was looking on

Mandarin Shipping has already secured its first ship, the 2005-built 4,836 dwt product tanker *Pacific Dhow*, which was operated by Clarksons Logistics (HK) before being transferred to Mandarin Shipping.

The ship, which is on time charter to transport aviation fuel from an oil import terminal in Hong Kong's Tsing Yi district to Hong Kong international airport, will remain under the full technical management of Fleet Management.

Mr Huxley, who left Clarksons on June 3, is scouting around for similar opportunities in the Asia-Pacific region. "There are a number of areas we are looking at in Asia in the specialist oil product carrier trades," he says.

While Mr Huxley would consider all opportunities, he believes the type of trade preferred by Mandarin Shipping would favour product carriers up to about 35,000

dwt or medium-range tankers. The company's strategy is twofold. On the customer side, Mr Huxley says: "Mandarin Shipping is all about providing the right service the end-user wants." For investors, the company will concentrate "on deals that are going to give returns investors can reasonably expect".

Potential investors, including Clarksons chief executive Richard Fulford-Smith, who has indicated investing about £1m (\$1.8m), will be offered the opportunity to invest in individual deals. Either a handful will invest hundreds of thousands or millions of dollars in a ship, or a sizeable number of investors will each be offered a small slice with a minimum investment starting at about \$50,000.

Each deal will be stand-alone, with investors getting their returns from charter hire revenue and/or the eventual sale of the vessel. The deals will comprise both long-term charters and asset plays to offer

potential investors maximum opportunities. Already a number of investors, both in Asia and Europe, have expressed interest in Mr Huxley's venture, although Mandarin Shipping is "certainly under no pressure to get something done in the first few weeks", he says.

No rush

Instead the firm, which currently has a staff of three, would prefer to wait until the right opportunity came along, rather than being rushed into a deal that subsequently turned sour or failed to maximise investors' returns.

Mr Huxley says there has also been a positive response from ship finance banks, although he points out: "We are not looking to do anything overly exotic in financial tools."

With 24 years working as a shipbroker for Clarksons, including the last 17 in Hong Kong, Mr Huxley is widely known and well respected among shipowners, banks, shipbuilders and shipbrokers. "One of the fundamentals of the whole company is leveraging on our experience," he says.

Singapore not an option

Consequently, there was little doubt Mandarin Shipping would be formed in Hong Kong. "We were asked if we would set up the company in Singapore, but that was never an option. We are out to prove ourselves as a long-term player in Hong Kong," he reveals.

However, there was more surprise that he left Clarksons. One wit commented when Mr Huxley's departure was confirmed in March: "The only way we thought Tim would leave Horace (Clarksons) was in a box."

The idea of Mandarin Shipping had been considered for more than a year before he resigned from Clarksons to set up the company. And like all good ideas it coincided with a proposal by investment house CLSA to create a shipping fund, while Australian investment company Allco Finance announced plans to expand into ship finance.

Both would be similar to Mandarin Shipping in offering investment opportunities, but indicating a stronger track record in the shipping sector. "I am fortunate in seeing the lowest point in the industry and the highest," adds Mr Huxley.

Keith Wallis
keith.wallis@informa.com