

The Hong Kong Polytechnic University

Subject Description Form

Subject Code	LGT4021
Subject Title	Shipping Finance
Credit Value	3
Level	4
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	Nil
Objectives	To provide students with fundamental understanding and practical knowledge of operations, assessment, management, and decision-making within shipping business organizations with particular emphasis on the functional areas of ship investment and finance. To formulate and build concepts and practices of business, finance, and investment strategies, which lead to efficient management in shipping operations and dual decision-making in ship investment and financing .
Intended Learning Outcomes	<p>Upon completion of the subject, students will be able to:</p> <ol style="list-style-type: none"> Formulate and build concept of business, finance, and investment strategies which provides and enables understanding, knowledge, and application in efficient management of shipping operations ; Describe the main sources, structures, and instruments of shipping finance, and their suitability in different business contexts; Understand and distinguish shipping finance from other general types of financing covering specific types of shipping financing and bank shipping financing; and explain the refinements to the basic corporate and mortgage loans that modern international shipping finance needs and demands; Understand the conditions and terms of ship mortgage and its related issues and documentations as well as the financing of second-hand ships and new buildings, and the techniques and methodologies to conduct evaluation and assessment of ship investment projects; and Analyze and discuss the influence of contemporary shipping market conditions, regulations, and risk factors on financial decision-making in shipping business organizations.
Subject Synopsis/ Indicative Syllabus	<p>Background and Introduction</p> <ul style="list-style-type: none"> The four shipping markets and their relationship with shipping finance. Shipping market cycles that influence shipping finance.

	<ul style="list-style-type: none">• Fundamental of shipping finance.• Second-hand vessel’s shipping finance.• Newbuilding's’ shipping finance.• Bank shipping finance, including types of banks involved in shipping finance and their respective objectives, types of bank’s shipping facilities and services, syndicated loans and mortgage loans, bank shipping credit policy, and loan monitoring.• Ship chartering for ship ownership and operations.• Ship mortgages in key countries and areas.• Ship registration.• Other security in shipping finance.• The role of insurance in shipping finance.• The sale and leaseback model of shipping finance.• Mergers and acquisitions in shipping industry.• Investment strategies in shipping business.																																					
Teaching/Learning Methodology	<p>In the lectures, the general principles, concepts, and practical applications of the syllabus topics are presented and discussed, together with guidance on further reading and activities. Lectures may also be used for the presentation and discussion of leading cases. Students will be taught with all the academic concepts and practical applications of shipping finance so as to allow students to master and comprehend the techniques to handle independent and comprehensive decision-making in investment and financing for shipping.</p> <p>In the tutorials, if any, students will develop and apply the general principles and practices of the topics in student-centered activities, including student presentations and discussions.</p>																																					
Assessment Methods in Alignment with Intended Learning Outcomes	<table><tr><th rowspan="2">Specific assessment methods/tasks</th><th rowspan="2">% weighting</th><th colspan="5">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th><th rowspan="2"></th></tr><tr><th>a</th><th>b</th><th>c</th><th>d</th><th>e</th></tr><tr><td>Coursework</td><td>50%</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td></tr><tr><td>Final examination</td><td>50%</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td></tr><tr><td>Total</td><td>100%</td><td colspan="5"></td><td></td></tr></table> <p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p>The coursework evaluates the abilities of students to comprehend, master and apply the knowledge and skills in shipping finance covering the full picture of decision-making in shipping investment and finance.</p> <p>As for the written final examination, it is designed to test students’ basic concepts, knowledge, techniques, methods, and applications of shipping finance and all its</p>	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d	e	Coursework	50%	✓	✓	✓	✓	✓		Final examination	50%	✓	✓	✓	✓	✓		Total	100%						
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Final examination	50%	✓	✓	✓	✓	✓																																
Total	100%																																					

	related issues, and their abilities to comprehend and apply all basic skills to resolve ship investment and financing problems to benefit shipping business organization's strategic management.	
Student Study Effort Expected	Class contact:	
	▪ Lectures + Tutorials (if any)	39 hrs.
	Other student study effort:	
	▪ Reading and self-study	31 hrs.
	▪ Preparation for coursework and final examination	60 hrs.
	Total student study effort	130 hrs.
Reading List and References	<p>Recommended Reference Books:</p> <p>Harwood, S. (2018). Shipping finance: A practical handbook (4th edition). Globe Law and Business Limited.</p> <p>Brealey A. R. and Myers C. S. (2011). Principles of Corporate Finance, International Edition (10th edition), McGraw-Hill, Inc.</p> <p>Cheng P. (1979.) Financial Management in the Shipping Industry, Cornell Maritime Press.</p> <p>Clarkson Research Services (2008). KG Finance & Shipping 2008: A report on the KG ship finance sector and its development, London</p> <p>Drewry Consultants (1996). Shipping finance: A high risk – low return business, Drewry.</p> <p>Drewry Consultants (2001). Shipping finance & investment, Drewry.</p> <p>Drewry Consultants (2004). Second hand Ships: Timing is everything, Drewry [electronic resource].</p> <p>Grammenos C. T. (2010). The handbook of maritime economics and business (2nd edition), LLP (London).</p> <p>Grammenos C. T. and Xilas E. M. (1996/1997). Shipping investment & finance, Course Manual at Department of Shipping, Trade and Finance, City University Business School, London, U.K.</p> <p>Harwood S. (2006). Shipping finance (3rd edition), London: Euromoney Books.</p> <p>Mayer Brown JSM (2011). Guide to shipping finance in Hong Kong.</p> <p>Paelinck H. (2010). Reeds dictionary of shipping and marine finance, Reeds.</p> <p>Sloggett J. E. (1984). Shipping finance, Fairplay.</p>	

	<p>Stokes P. (1997). Ship finance — Credit expansion and the Boom-Bust cycle (2nd edition), LLP (London).</p> <p>Stopford M. (2009). Maritime economics, Routledge.</p> <p>Recommended Shipping News:</p> <p>TradeWinds – Daily news of shipping (with focus on the Finance Section)</p>
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