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If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Pacific Basin Shipping Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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 Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

**DISCLOSEABLE TRANSACTIONS:
SALE OF TWO VESSELS AND
TIME CHARTER BACK OF THOSE TWO VESSELS**

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Board”	means the board of directors of the Company;
“Classification Society”	means an independent society which certifies that a vessel has been built and maintained in accordance with the rules of such society and complies with the applicable rules and regulations of the flag state of such vessel and the international conventions of which that flag state is a member;
“Company” or “Pacific Basin”	means Pacific Basin Shipping Limited, a limited company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange;
“Directors”	means the directors of the Company;
“dwt”	means deadweight tonnes, the unit of measurement of weight capacity of vessels, which is the total weight (usually in metric tonnes) the ship can carry, including cargo, bunkers, water, stores, spares, crew etc. at a specified draft;
“First MOA”	means the legally binding unconditional Memorandum of Agreement dated 3 October 2007 entered into between Taylor Shipping (BVI) Limited and the First MOA Purchaser for the sale of Vessel A to the First MOA Purchaser;
“First MOA Purchaser”	K/S Danskib 69;
“Group”	means the Company and its subsidiaries, which are principally engaged in the provision of marine transportation and logistical support services;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK Dollars” or “HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;

DEFINITIONS

“IHC Pool”	the International Handybulk Carriers Pool, established in October 2001, which is a contractual arrangement for the sharing of revenue earned by vessels entered into by its members. The IHC Pool is operated by International Handybulk Carriers Limited, a wholly-owned subsidiary of the Company;
“IHX Pool”	the International Handymax Carriers Pool, established in July 2006, which is a contractual arrangement for the sharing of revenue earned by vessels entered into by its members. The IHX Pool is operated by International Handymax Carriers Limited, a wholly-owned subsidiary of the Company;
“Latest Practicable Date”	means 17 October 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“Long Term Incentive Scheme”	means the share option scheme adopted by the Company on 17 June 2004 and amended and re-named the long term incentive scheme pursuant to a resolution passed by Shareholders at a special general meeting on 8 June 2005;
“MOAs”	means the First MOA and the Second MOA;
“Second MOA”	means the legally binding unconditional Memorandum of Agreement dated 3 October 2007 entered into between Beckley (HK) Limited and the Second MOA Purchaser for the sale of Vessel B to the Second MOA Purchaser;
“Second MOA Purchaser”	K/S Danskib 68;
“Shareholders”	means the shareholders of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“US Dollars” or “US\$”	means United States dollars, the lawful currency of the United States;

DEFINITIONS

- “Vessel A” or “Mount Cook” means a 1996 built handysize dry bulk carrier of 27,940dwt named “Mount Cook”. The present flag of the vessel is Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai;
- “Vessel B” or “Amazonia” means a 1994 built handysize dry bulk carrier of 28,475dwt named “Amazonia”. The present flag of the vessel is Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai; and
- “Vessels” means Vessel A and Vessel B.

LETTER FROM THE BOARD OF DIRECTORS

B Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

Executive Directors:

Christopher Richard Buttery
Richard Maurice Hext
Klaus Nyborg
Wang Chunlin
Jan Rindbo

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Non-Executive Directors:

Daniel Rochfort Bradshaw
Dr. Lee Kwok Yin, Simon

Hong Kong Principal Office:

7th Floor, Hutchison House
10 Harcourt Road
Central
Hong Kong

Independent Non-Executive Directors:

Robert Charles Nicholson
Patrick Blackwell Paul
The Earl of Cromer
David Muir Turnbull

22 October 2007

To the Shareholders

Dear Sir or Madam

DISCLOSEABLE TRANSACTIONS: SALE OF TWO VESSELS AND TIME CHARTER BACK OF THOSE TWO VESSELS

INTRODUCTION

On 3 October 2007, the Directors announced that two indirect wholly-owned subsidiaries of the Company entered into the First MOA with K/S Danskib 69 and the Second MOA with K/S Danskib 68 to sell to them two handysize vessels, namely "Mount Cook" (Vessel A) and "Amazonia" (Vessel B). The consideration for the sale of Vessel A and Vessel B is US\$32,000,000 (approximately HK\$249,600,000) and US\$30,000,000 (approximately HK\$234,000,000) respectively. The total consideration for the Vessels is US\$62,000,000 (approximately HK\$483,600,000).

In addition, subsequent to the signing of the First MOA and the Second MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into two time charterparties with K/S Danskib 69 and K/S Danskib 68 to respectively charter Vessel A and Vessel B back into the Company's chartered fleet at agreed charter rates for a fixed

LETTER FROM THE BOARD OF DIRECTORS

period of two years. The charter will commence immediately upon the respective delivery of the Vessels. The Company currently expects that both time charterparties will be finalised and signed within October 2007.

The sale of Vessel A and Vessel B will result in disposal gains estimated to be US\$22,270,000 (approximately HK\$173,706,000) and US\$18,738,000 (approximately HK\$146,156,400) respectively, or US\$41,008,000 (approximately HK\$319,862,400) in total.

Principal terms of the MOAs and the time charterparties are set out below in this circular.

The sale of Vessel A and Vessel B will enable the Company to release two of the oldest vessels from its owned fleet and to generate cash which is intended to be used for general working capital and for funding any investment projects that the Company may enter into in the future should suitable opportunities arise. The dividend policy of the Board remains to pay out at least 50% of the Company's earnings each year, which includes earnings derived from the disposal gains of the Vessels. The simultaneous time charter of the Vessels back into the Company's chartered fleet will allow the Company to retain commercial control and hence the earnings over the Vessels during the charter period.

The transactions under the First MOA and the Second MOA, both individually and in aggregate, are not discloseable. As the ultimate beneficial owner of K/S Danskib 69 and K/S Danskib 68 is the same as that of K/S Danskib 59, K/S Danskib 61 and K/S Danskib 64 to whom the Company sold "Oak Harbour", "Castle Peak" and "Lake Joy" respectively (the sale of the first vessel was previously disclosed in our announcement dated 13 February 2007 whilst the sale of the latter two vessels was previously disclosed in our announcement dated 14 August 2007), the transactions contemplated under the First MOA and the Second MOA, when aggregated with these previously announced transactions, constitute discloseable transactions of the Company under the Listing Rules. This document constitutes the circular which the Company is required to send to you pursuant to the Listing Rules in relation to the transactions under the MOAs.

The time charterparties in relation to the Vessels do not constitute discloseable transactions of the Company under the Listing Rules.

THE MOAs

The First MOA and the Second MOA are legally binding, of broadly similar terms and conditions and are described below:

Date : 3 October 2007

Parties : Purchasers : K/S Danskib 69, for the First MOA ("First MOA Purchaser"); and

K/S Danskib 68, for the Second MOA ("Second MOA Purchaser"),

LETTER FROM THE BOARD OF DIRECTORS

each of which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, together with their ultimate beneficial owner (which is the same for the First MOA Purchaser and the Second MOA Purchaser), are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. As far as the Directors are aware, having made all reasonable enquiry, the principal business activity of the First MOA Purchaser and the Second MOA Purchaser will be the owning of Vessel A and Vessel B, respectively. The principal business activity of their ultimate beneficial owner is the owning of shipping vessels.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save for the transactions disclosed in this announcement and the announcements dated 13 February 2007 and 14 August 2007 in relation to the sale and time charter back of "Oak Harbour", "Castle Peak" and "Lake Joy", the Company has not entered into any transaction with the First MOA Purchaser, the Second MOA Purchaser or their ultimate beneficial owner or with parties connected or otherwise associated with one another and there are no other relationships amongst the First MOA Purchaser, the Second MOA Purchaser or their ultimate beneficial owner with whom the Company has entered into transactions to acquire, dispose of, or charter in vessels during the 12 months prior to the date of the MOAs.

Sellers : Taylor Shipping (BVI) Limited, for the First MOA; and

Beckley (HK) Limited, for the Second MOA,

each being an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD OF DIRECTORS

Assets to be sold : First MOA : A 1996 built handysize dry bulk carrier of 27,940dwt, named "Mount Cook" ("Vessel A").

Second MOA : A 1994 built handysize dry bulk carrier of 28,475dwt, named "Amazonia" ("Vessel B").

The flag of both Vessels is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the Vessels is Nippon Kaiji Kyokai.

Net profits attributable to the Vessels : Vessel A : US\$1,267,000 (approximately HK\$9,882,600) for the period from 7 August 2006 (being the date of delivery of Vessel A to the Company) to 31 December 2006 (audited figures).

Vessel B : US\$3,474,000 (approximately HK\$27,097,200) for the year ended 31 December 2005 and US\$2,244,000 (approximately HK\$17,503,200) for the year ended 31 December 2006 (audited figures).

There is no taxation on the net profits attributable to Vessel A and Vessel B.

Carrying values of the Vessels : The carrying values of Vessel A and Vessel B were approximately US\$9,730,000 (approximately HK\$75,894,000) and approximately US\$11,262,000 (approximately HK\$87,843,600) in the Company's unaudited accounts as at 3 October 2007.

Consideration : Vessel A: cash consideration of US\$32,000,000 (approximately HK\$249,600,000)

Vessel B: cash consideration of US\$30,000,000 (approximately HK\$234,000,000)

The total consideration for the Vessels is US\$62,000,000 (approximately HK\$483,600,000). Such consideration was determined by reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of build in the market, and after arm's length negotiation between the parties. However, as is commonly the case in the dry bulk carrier market, there have not been any recently published sales by third party vendors of vessels of the exact size and year of build of the Vessels from which to make a direct comparison. In addition, no third party valuation has been performed on the Vessels.

LETTER FROM THE BOARD OF DIRECTORS

The Directors believe that such consideration, which was determined after arm's length negotiation, on normal commercial terms, is fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Payment terms : Under the MOAs, the consideration for the sale of Vessel A and Vessel B shall be receivable in the following manner:

- 10% of the consideration (being the deposit) for the sale of the Vessels was received at the time of signing the MOAs; and
- The balance of the consideration shall be received in full upon the respective delivery of the Vessels.

Completion and delivery : Pursuant to the First MOA, the latest date of completion is 30 November 2007 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of Vessel A will take place in November 2007.

Pursuant to the Second MOA, the latest date of completion is 31 December 2007 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of Vessel B will take place prior to 31 December 2007.

Expected disposal gains : Vessel A: US\$22,270,000 (approximately HK\$173,706,000)
Vessel B: US\$18,738,000 (approximately HK\$146,156,400)

The expected disposal gains of the Vessels are calculated as the difference between the sales consideration of the Vessels and their respective approximate carrying values in the Company's unaudited accounts as at 3 October 2007. Such disposal gains are expected to accrue to the consolidated income statement of the Company in the financial year ending 31 December 2007.

Application of sale proceeds : The Company intends to retain the sale proceeds of the Vessels for general working capital and for funding investment projects that the Company may enter into in the future should suitable opportunities arise. The dividend policy of the Board remains to pay out at least 50% of the Company's earnings each year, which includes earnings derived from the disposal gains of the Vessels.

As of the Latest Practicable Date, the Company has not entered into any negotiations or agreements in relation to the above investment initiatives. In the event that the Company enters into any such agreements, it will comply with the relevant requirements under the Listing Rules.

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THE TIME CHARTERPARTIES

Subsequent to the signing of MOAs, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into two time charterparties with the First MOA Purchaser and the Second MOA Purchaser to respectively charter Vessel A and Vessel B back into the Company's chartered fleet at agreed charter rates for a fixed period of two years. The charter will commence immediately upon the respective delivery of the Vessels. The Company does not have the option to re-purchase any of the Vessels during or at the end of the charter period. The Company currently expects that both time charterparties will be finalised and signed within October 2007.

The time charter rates of the Vessels were determined after arm's length negotiation, on normal commercial terms and by reference to the type of the Vessels. These time charter rates are considered to be competitive as compared with the current market time charter rates.

The two time charterparties are separate agreements to the MOAs and they are not interconditional. The transactions to time charter the Vessels back will be classified as operating leases in accordance with the Hong Kong Accounting Standard No. 17 "Leases". As the entering into of these operating leases does not represent a 200% or more increase in the scale of the Company's existing operations conducted through lease arrangements of such kind, both time charterparties do not constitute discloseable transactions of the Company under Rule 14.04(1)(d) of the Listing Rules.

Financial Effects of the Sale and Time Charter Back of the Vessels

Upon completion and delivery of the Vessels, the Group's fixed assets (owned vessels) will decrease by the carrying values of the Vessels of approximately US\$20,992,000 (approximately HK\$163,737,600). Current assets are expected to increase by US\$62,000,000 (approximately HK\$483,600,000), representing the sale proceeds receivable by the Company. The sale of the Vessels will result in disposal gains of approximately US\$41,008,000 (approximately HK\$319,862,400) which are expected to accrue to the consolidated income statement of the Company in the financial year ending 31 December 2007. The transactions to time charter the Vessels back will be classified as operating leases with the charter-hire payments to be accounted for as operating lease expenses during the charter period in accordance with the Hong Kong Accounting Standard No. 17 "Leases".

The sale and time charter back of the Vessels will not have any effect upon the number of handysize revenue days nor have a significant effect upon the earnings of the Group during the charter period of the Vessels.

REASONS FOR THE TRANSACTIONS

The Company is one of the world's leading dry bulk shipping companies operating principally in the Asia Pacific region. It has been seeking opportunities to acquire additional handysize and handymax vessels to expand its fleet to meet growing customer demand and

LETTER FROM THE BOARD OF DIRECTORS

to deliver sustainable growth and long-term shareholder value. With a large fleet of modern vessels, Pacific Basin seeks to offer its customers a reliable service with a high degree of scheduling flexibility whilst maintaining the Company's operational efficiency.

The sale of the Vessels will enable the Company to release two of the oldest vessels from its owned fleet and to generate cash which is intended to be used for general working capital and for funding any investment projects that the Company may enter into in the future should suitable opportunities arise. The dividend policy of the Board remains to pay out at least 50% of the Company's earnings each year, which includes earnings derived from the disposal gains of the Vessels. The simultaneous time charter of the Vessels back into the Company's chartered fleet will allow the Company to retain commercial control and hence the earnings over the Vessels during the charter period.

The Directors believe that the terms of the MOAs and the time charterparties, which were determined after arm's length negotiation, on normal commercial terms, are fair and reasonable so far as the Company and the Shareholders are concerned, and the transactions to sell and time charter back the Vessels are in the interests of the Company and the Shareholders as a whole.

THE FLEET

Handysize Fleet

Following (i) the completion and delivery from the owned fleet to the chartered fleet in respect of the Vessels, and (ii) the delivery of three vessels in the fourth quarter of 2007 which we have agreed to charter-in on a long-term basis, the Company's core handysize fleet will comprise 62 vessels (1,824,351dwt), including 15 owned vessels (455,522dwt) and 47 chartered-in vessels (1,368,829dwt). All handysize vessels, with the exception of one vessel, are employed in a mixture of voyage charters and time charters through the IHC Pool. Outside the core handysize fleet, the IHC Pool also operates a number of short-term chartered-in vessels, amounting to five vessels as at the Latest Practicable Date.

In addition, the Company has 13 newbuilding vessels on order (approximately 407,050dwt in aggregate), one of which are scheduled to deliver in 2007, six in 2008 and six in 2009. 11 of these newbuilding vessels will enter into the Company's owned fleet and the other two newbuilding vessels will enter into the Company's chartered fleet upon their respective deliveries.

Handymax Fleet

Following the delivery of two vessels within 2007 and one vessel in the second quarter of 2008 which we have agreed to charter-in on a long-term basis, the Company's core handymax fleet will comprise 14 vessels (699,857dwt), including two owned vessels (97,972dwt) and 12 long-term chartered-in vessels (601,885dwt). All handymax vessels, with the exception of two vessels which are employed on long-term time charters, are employed in a mixture of time charters and voyage charters through the IHX Pool. Outside the core handymax fleet, the IHX Pool also operates a number of short-term chartered-in vessels, amounting to 18 vessels as at the Latest Practicable Date.

LETTER FROM THE BOARD OF DIRECTORS

In addition, the Company has a newbuilding vessel on order (approximately 54,000dwt) which will enter into the Company's owned fleet in 2008 upon delivery.

Post Panamax Vessels on Order

As announced on 17 September 2007, the Company has placed order for a post panamax newbuilding bulk carrier of approximately 115,000dwt with an expected delivery in the third quarter of 2011. In addition, the Company has a 50% interest in another post panamax newbuilding bulk carrier of approximately 115,000dwt with an expected delivery in the first quarter of 2011 through a joint venture.

REASON FOR THE CIRCULAR

The transactions under the First MOA and the Second MOA, both individually and in aggregate, are not discloseable. As the ultimate beneficial owner of the First MOA Purchaser and the Second MOA Purchaser is the same as that of K/S Danskib 59, K/S Danskib 61 and K/S Danskib 64 to whom the Company sold "Oak Harbour", "Castle Peak" and "Lake Joy" respectively (the sale of the first vessel was previously disclosed in our announcement dated 13 February 2007 whilst the sale of the latter two vessels was previously disclosed in our announcement dated 14 August 2007), the transactions contemplated under the First MOA and the Second MOA, when aggregated with these previously announced transactions, constitute discloseable transactions of the Company under the Listing Rules. This document constitutes the circular which the Company is required to send to you pursuant to the Listing Rules in relation to the transactions under the MOAs.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
By Order of the Board
Andrew T. Broomhead
Company Secretary

Note: An exchange rate of US\$1.00 to HK\$7.80 has been used for the conversion of US Dollars into HK Dollars for the purpose of this circular.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

Authorised and issued share capital

The authorised and issued share capital of the Company as at the Latest Practicable Date:

Authorised: US\$

3,600,000,000 shares (Shares of US\$0.10 each) 360,000,000

Issued:

1,583,780,109 shares (Shares of US\$0.10 each) 158,378,010

All the existing issued Shares rank *pari passu* in all respects including all rights as to dividends, voting and interests in capital.

No part of the share capital or debt securities of the Company are listed on or dealt in any stock exchange other than the Stock Exchange and no application is being made or is currently proposed to be sought for the Shares or debt securities of the Company to be listed on or dealt in any other stock exchange.

3. DISCLOSURE OF INTERESTS

(i) Interests of Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions of each Director and the Chief Executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which: (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares, underlying Shares and debentures of the Company

Name of Director	Corporate interests	Personal interests	Family interests	Trust & similar interests	Number of underlying Shares under equity derivatives	Total Share interests	Approximate percentage of issued share capital of the Company
Christopher R. Buttery	–	–	–	4,000,000 ¹	–	4,000,000	0.25%
Richard M. Hext	–	2,612,994 ²	–	–	–	2,612,994	0.16%
Dr. Lee Kwok Yin, Simon	–	–	–	82,874,847 ³	–	82,874,847	5.23%
Daniel R. Bradshaw	386,417 ⁴	–	–	–	–	386,417	0.02%
Wang Chunlin	–	1,170,000 ⁵	–	–	–	1,170,000	0.07%
Klaus Nyborg	–	2,900,000 ⁶	–	–	–	2,900,000	0.18%
Jan Rindbo	–	4,756,370 ⁷	–	–	–	4,756,370	0.30%

Notes:

- (1) 4,000,000 Shares are owned by Turnwell Limited. Mr. Buttery is deemed to be interested in the entire share capital of Turnwell Limited under the SFO as its shares are held by a discretionary trust set up by him and the discretionary objects of which include himself and his family members.
- (2) On 8 June 2005, 3,333,333 Shares in the form of restricted share awards were granted to Mr. Hext pursuant to the Long Term Incentive Scheme. In relation to the 3,333,333 restricted share awards, (i) 666,667 Shares have vested on 5 April 2006, (ii) 666,667 Shares have vested on 5 April 2007, (iii) 666,667 Shares will vest on 5 April 2008, (iv) 666,666 Shares will vest on 5 April 2009 and (v) 666,666 Shares will vest on 5 April 2010.

By a Restricted Share Award Agreement dated 20 March 2006, the 5 million share options granted to Mr. Hext when he joined the Company as an Executive Director on 5 April 2005 were cancelled and in their place he was granted 1,020,408 Shares on 28 March 2006 in the form of restricted share awards, of which (i) 204,080 Shares have vested on 5 April 2006, (ii) 204,080 Shares have vested on 5 April 2007, (iii) 204,080 Shares will vest on 5 April 2008, (iv) 204,080 Shares will vest on 5 April 2009 and (v) 204,088 Shares will vest on 5 April 2010.

As at the Latest Practicable Date, the balance of Shares held by Mr. Hext was 2,612,994 Shares.

- (3) Out of the 82,874,847 Shares, 4,430,311 Shares, 21,973,536 Shares, 49,438,500 Shares and 7,032,500 Shares are beneficially owned by Asia Distribution Limited, Wellex Investment Limited, Fortress Eagle Investment Limited and Invest Paradise International Limited respectively. These companies are controlled by discretionary trusts established by Dr. Lee, the discretionary objects of which include his family members.
- (4) Mr. Bradshaw is a shareholder holding 100% and 50% of the issued share capital, respectively, in Cormorant Shipping Limited and Goldeneye Shipping Limited. He beneficially owns 353,241 Shares via Cormorant Shipping Limited and is taken to be interested in the 33,176 Shares held by Goldeneye Shipping Limited.
- (5) By a Restricted Share Award Agreement dated 9 March 2006, 550,000 Shares in the form of restricted share awards were granted to Mr. Wang on 24 March 2006 pursuant to the Long Term Incentive Scheme. 110,000 Shares have vested on 1 March 2007, and an equal amount of 110,000 Shares will vest on each of 1 March 2008, 2009, 2010 and 2011.

A further 730,000 Shares in the form of restricted share awards were granted to Mr. Wang under a Restricted Share Award Agreement dated 11 May 2007, of which (i) 240,000 Shares will vest on 14 July 2008, (ii) 240,000 Shares will vest on 14 July 2009, and (iii) 250,000 Shares will vest on 14 July 2010.

As at the Latest Practicable Date, the balance of Shares held by Mr. Wang was 1,170,000 Shares.

- (6) Out of the 2,900,000 Shares held by Mr. Nyborg as personal interests, 2,500,000 Shares are in the form of restricted share awards granted to him on 19 September 2006 pursuant to the Long Term Incentive Scheme. 500,000 Shares have vested on 19 September 2006, and an equal amount of 500,000 Shares will vest on each of 4 September 2008, 2009, 2010 and 2011.
- (7) The personal interests of Mr. Rindbo constitute 3,726,370 Shares and 1,030,000 Shares in the form of restricted share awards granted to him pursuant to the Long Term Incentive Scheme under a Restricted Share Award Agreement dated 11 May 2007, of which (i) 340,000 Shares will vest on 14 July 2008, (ii) 340,000 Shares will vest on 14 July 2009, and (iii) 350,000 Shares will vest on 14 July 2010.

Saved as disclosed, none of the Directors or the Chief Executive of the Company, as at the Latest Practicable Date, had an interest and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which: (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(ii) Interests of Shareholders discloseable pursuant to the SFO

As at the Latest Practicable Date, so far as is known to the Directors or the Chief Executive of the Company, each of the following parties, other than a Director or Chief Executive of the Company, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company
BNP Paribas Jersey Trust Corporation Limited ¹	Trustee	82,874,847	5.23%
JP Morgan Chase & Co.	Beneficial owner, investment manager and approved lending agent	160,572,728	10.14%

Note:

- (1) The Shares held by BNP Paribas Jersey Trust Corporation Limited are held in the capacity of a trustee for discretionary trusts established by Dr. Lee Kwok Yin, Simon.

Saved as disclosed, the Directors and the Chief Executive of the Company are not aware that there is any party who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. COMPETING INTERESTS

None of the Directors or their respective associates has an interest in a business which competes either directly or indirectly with the business of the Company.

7. MISCELLANEOUS

- (i) The company secretary and the qualified accountant of the Company is Andrew Thomas Broomhead. He is a Fellow of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.
- (ii) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company is at 7th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.
- (iii) The principal share registrar and transfer office is Butterfield Fund Services (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke, HM08, Bermuda.
- (iv) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.