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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 TRANSACTION:
SALE OF A VESSEL AND
TIME CHARTER BACK OF THAT VESSEL**

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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;
“Bonds”	means the US\$390,000,000 3.3% Guaranteed Convertible Bonds due 2013 issued by PB Issuer Limited on 20 December 2007, which are unconditionally and irrevocably guaranteed by the Company and convertible into Shares at an initial conversion price of HK\$19.28 per Share and are listed on the Stock Exchange under Stock Code 1606;
“Charterparty”	means the time charterparty that will be entered into between Pacific Basin Chartering Limited, a wholly-owned subsidiary of the Company, and K/S Danskib 72 for the time charter of the Vessel at agreed charter rates for a fixed period of four years, which will commence upon the completion and delivery of the Vessel to K/S Danskib 72;
“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 in compliance with the applicable rules and regulations of the vessel’s flag state and the international conventions of which that flag state is a signatory;
“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;
“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;

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“HK Dollars” or “HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Latest Practicable Date”	means 7 April 2008, 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;
“MOA”	means the legally binding unconditional memorandum of agreement dated 20 March 2008 entered into between Pacific Basin Chartering (No.15) Limited and K/S Danskib 72 for the sale of the Vessel to K/S Danskib 72;
“Pacific Basin-IHC”	formerly known as 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 Pacific Basin-IHC pool is operated by Pacific Basin IHC Limited, a wholly-owned subsidiary of the Company;
“Pacific Basin-IHX”	formerly known as 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 Pacific Basin-IHX pool is operated by Pacific Basin IHX Limited, a wholly-owned subsidiary of the Company;
“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; and

DEFINITIONS

“Vessel” or “Pitt Island”

means a 1997 built handysize dry bulk carrier of 28,611dwt named “Pitt Island”. 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.

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:

David Muir Turnbull
Robert Charles Nicholson
Patrick Blackwell Paul
Alasdair George Morrison

10 April 2008

To the Shareholders

Dear Sir or Madam

**DISCLOSEABLE TRANSACTION:
SALE OF A VESSEL AND
TIME CHARTER BACK OF THAT VESSEL**

INTRODUCTION

On 20 March 2008, the Directors announced that an indirect wholly-owned subsidiary of the Company entered into the MOA with K/S Danskib 72 to sell to it the Vessel for a consideration of US\$34,000,000 (approximately HK\$265,200,000).

In addition, subsequent to the signing of the MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into the Charterparty with K/S Danskib 72 to charter the Vessel back into the Company's chartered fleet at agreed charter rates for a fixed period of four years which will commence immediately upon the delivery of the Vessel. The Company currently expects that the Charterparty will be finalised and signed within April 2008.

LETTER FROM THE BOARD OF DIRECTORS

The sale of the Vessel will result in a disposal gain estimated to be US\$18,218,000 (approximately HK\$142,100,400).

Principal terms of the MOA and the Charterparty are set out below in this circular.

The sale of the Vessel will enable the Company to release one of the oldest vessels from its owned fleet and will 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 simultaneous time charter of the Vessel back into the Company's chartered fleet will allow the Company to retain commercial control and hence the revenues over the Vessel during the charter period.

The transaction under the MOA itself is not discloseable. As the ultimate beneficial owner of K/S Danskib 72 is the same as that of K/S Danskib 61, K/S Danskib 64, K/S Danskib 69 and K/S Danskib 68 to whom the Company sold "Castle Peak", "Lake Joy", "Mount Cook" and "Amazonia" respectively in the past 12 months period (the sale of the first two vessels was previously disclosed in the Company's announcement dated 14 August 2007 whilst the sale of the latter two vessels was previously disclosed in the Company's announcement dated 3 October 2007), the transaction contemplated under the MOA, when aggregated with these previously announced transactions, constitutes a discloseable transaction 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 transaction under the MOA.

The transaction under the Charterparty does not constitute a discloseable transaction of the Company under the Listing Rules.

BACKGROUND FOR THE TRANSACTIONS

On 20 March 2008, an indirect wholly-owned subsidiary of the Company entered into the MOA with K/S Danskib 72 to sell to it the Vessel, a 1997 built handysize vessel, for a consideration of US\$34,000,000 (approximately HK\$265,200,000).

In addition, subsequent to the signing of the MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into the Charterparty with K/S Danskib 72 to charter the Vessel back into the Company's chartered fleet at agreed charter rates for a fixed period of four years which will commence immediately upon delivery of the Vessel. The Company currently expects that the Charterparty will be finalised and signed within April 2008.

As previously disclosed in the Company's announcement dated 7 December 2005, the Vessel has been in the Company's chartered fleet pursuant to the terms of the bareboat charterparty dated 7 December 2005, under which Pacific Basin Chartering (No.15) Limited, an indirect wholly-owned subsidiary of the Company, has been granted an option to re-purchase the Vessel at any time during the 10-year charter period. In order to resume ownership over the Vessel for subsequent sale under the MOA, Pacific Basin Chartering (No.15) Limited will exercise such option on or around the date of the MOA. This will result in a prepayment of the associated finance lease liabilities of approximately

LETTER FROM THE BOARD OF DIRECTORS

US\$14,800,000 (approximately HK\$115,440,000). The exercise of the option to re-purchase the Vessel will not constitute a discloseable transaction of the Company under the Listing Rules.

Principal terms of the MOA and the Charterparty are set out below.

THE MOA

The MOA is legally binding and its terms and conditions are described below:

Date : 20 March 2008

Parties : Purchaser: K/S Danskib 72, which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, together with its ultimate beneficial owner, 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 K/S Danskib 72 will be the owning of the Vessel and the principal business activity of its 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 circular and the announcements dated 14 August 2007 and 3 October 2007 in relation to the sale and time charter back of "Castle Peak", "Lake Joy", "Mount Cook" and "Amazonia", during the 12 months prior to the date of the MOA, the Company has not entered into any transaction with K/S Danskib 72 or its ultimate beneficial owner or with parties connected or otherwise associated with one another and there are no other relationships amongst K/S Danskib 72 or its ultimate beneficial owner with whom the Company has entered into transactions to acquire, dispose of, or charter in vessels.

Seller: Pacific Basin Chartering (No.15) Limited, an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD OF DIRECTORS

Asset to be sold : A 1997 built handysize dry bulk carrier of 28,611dwt, named "Pitt Island". The Vessel's flag is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the Vessel is Nippon Kaiji Kyokai.

Net profit attributable to the Vessel : US\$920,000 (approximately HK\$7,176,000) for the year ended 31 December 2006 (audited figures), and US\$3,984,000 (approximately HK\$31,075,200) for the year ended 31 December 2007 (unaudited figures).

There is no taxation on the net profit attributable to the Vessel.

Carrying value of the Vessel : The carrying value of the Vessel was approximately US\$15,782,000 (approximately HK\$123,099,600) in the Company's unaudited accounts as at 20 March 2008.

Consideration : The consideration for the Vessel is US\$34,000,000 (approximately HK\$265,200,000), entirely in cash. 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 Vessel from which to make a direct comparison. In addition, no third party valuation has been performed on the Vessel.

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 MOA, 10% of the consideration (being the deposit) for the sale of the Vessel was received in March 2008 and the balance of the consideration shall be received in full upon the delivery of the Vessel.

Completion and delivery : Pursuant to the MOA, the latest date for completion is 30 June 2008 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of the Vessel will take place in June 2008.

LETTER FROM THE BOARD OF DIRECTORS

- Expected disposal gain : The expected disposal gain of the Vessel, being US\$18,218,000 (approximately HK\$142,100,400), is calculated as the difference between the sale consideration of the Vessel and its approximate carrying value in the Company's unaudited accounts as at 20 March 2008. Such disposal gain is expected to accrue to the consolidated income statement of the Company in the financial year ending 31 December 2008.
- Application of sale proceeds : The Company intends to retain the sale proceeds of the Vessel for general working capital and for funding investment projects that the Company may enter into in the future should suitable opportunities arise.

As of the Latest Practicable Date, the Company has not concluded any negotiations or agreements in relation to the above investment initiatives which is required to be announced under the Listing Rules.

THE CHARTERPARTY

Subsequent to the signing of the MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into the Charterparty with K/S Danskib 72 to charter the Vessel back into the Company's chartered fleet at agreed charter rates for a fixed period of four years, which will commence immediately upon the delivery of the Vessel. The Company does not have the option to re-purchase the Vessel during or at the end of the charter period. The Company currently expects that the Charterparty will be finalised and signed within April 2008.

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

The Charterparty is a separate agreement to the MOA and they are not interconditional. The transaction to time charter the Vessel back will be classified as an operating lease in accordance with the Hong Kong Accounting Standard No. 17 "Leases". As the entering into of such operating lease does not represent a 200% or more increase in the scale of the Company's existing operations conducted through lease arrangements of such kind, the transaction under the Charterparty does not constitute a discloseable transaction of the Company under Rule 14.04(1)(d) of the Listing Rules.

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

Upon completion of the disposal and delivery of the Vessel, the Group's fixed assets (owned vessels) will decrease by the carrying value of the Vessel of approximately US\$15,782,000 (approximately HK\$123,099,600). Current liabilities and long-term liabilities are expected to decrease by US\$1,100,000 (approximately HK\$8,580,000) and US\$13,700,000 (approximately HK\$106,860,000) respectively, representing the associated

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finance lease liabilities to be prepaid upon exercising the option to repurchase the Vessel. Current assets are expected to increase by US\$19,200,000 (approximately HK\$149,760,000), representing the sale proceeds receivable by the Company after prepaying the finance lease liabilities in respect of the Vessel. The sale of the Vessel will result in a disposal gain of approximately US\$18,218,000 (approximately HK\$142,100,400) which is expected to accrue to the consolidated income statement of the Company in the financial year ending 31 December 2008. The transaction to time charter the Vessel back will be classified as an operating lease 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 Vessel 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 Vessel.

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 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 Vessel will enable the Company to release one of the oldest vessels from its owned fleet and will 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 simultaneous time charter of the Vessel back into the Company’s chartered fleet will allow the Company to retain commercial control and hence the revenues over the Vessel during the charter period.

The Directors believe that the terms of the MOA and the Charterparty, 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 Vessel are in the interests of the Company and the Shareholders as a whole.

THE FLEET

Handysize Fleet

Following the completion and delivery of the Vessel from the owned fleet to the chartered fleet and the delivery of a vessel in the second quarter of 2008 which the Company has agreed to charter-in on a long-term basis, the Company’s core handysize fleet will comprise 65 vessels (approximately 1.92 million dwt), including 17 owned vessels and 48 chartered-in vessels. All handysize vessels, with the exception of one vessel, are

LETTER FROM THE BOARD OF DIRECTORS

employed in a mixture of voyage charters and time charters through the Pacific Basin-IHC pool. Outside the core handysize fleet, the Pacific Basin-IHC pool also operates a number of short-term chartered-in vessels, amounting to four vessels as at Latest Practicable Date.

In addition, the Company has 10 newbuilding vessels on order (approximately 0.31 million dwt in aggregate), four of which are scheduled to deliver in 2008 and six in 2009. Nine of these newbuilding vessels will enter into the Company's owned fleet and the other vessel will enter into the Company's chartered fleet upon their respective deliveries.

Handymax Fleet

Following the delivery of a vessel in the second quarter of 2008 which the Company has agreed to charter-in on a long-term basis, the Company's core handymax fleet will comprise 17 vessels (approximately 0.84 million dwt), including three owned vessels and 14 chartered-in vessels. All handymax vessels, with the exception of two vessels which are employed on long-term time charters, are employed in a mixture of voyage charters and time charters through the Pacific Basin-IHX pool. Outside the core handymax fleet, the Pacific Basin-IHX pool also operates a number of short-term chartered-in vessels, amounting to 22 vessels as at the Latest Practicable Date.

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

The Company has placed an order for a 115,000dwt newbuilding bulk carrier with an expected delivery in the third quarter of 2011. In addition, the Company has a 50% interest in another 115,000dwt newbuilding bulk carrier and in a long-term charter of a 95,000dwt newbuilding bulk carrier, both with an expected delivery in the first quarter of 2011 through a joint venture.

Roll On Roll Off Vessels on Order

The Company has placed orders for four 3,663 lane meters roll on roll off newbuilding vessels with deliveries currently scheduled between the third quarter of 2009 and the first quarter of 2011.

Tug and Barge Fleet

The Company currently owns two tugs and one barge and charters in six tugs on a long-term basis. Seven of such tugs are operated by the Company's 90.1% owned subsidiary for the provision of harbour towage services in Australia. The remaining tug and the barge are long-term chartered to the Company's joint venture in the Middle East for transporting aggregates and rock.

In addition, the Company has placed orders for six newbuilding tugs, which are expected to enter into the Company's owned tug fleet upon their deliveries between 2008 and 2010.

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REASON FOR THE CIRCULAR

The transaction under the MOA itself is not discloseable. As the ultimate beneficial owner of K/S Danskib 72 is the same as that of K/S Danskib 61, K/S Danskib 64, K/S Danskib 69 and K/S Danskib 68 to whom the Company sold “Castle Peak”, “Lake Joy”, “Mount Cook” and “Amazonia” respectively in the past 12 months period (the sale of the first two vessels was previously disclosed in the Company’s announcement dated 14 August 2007 whilst the sale of the latter two vessels was previously disclosed in the Company’s announcement dated 3 October 2007), the transaction contemplated under the MOA, when aggregated with these previously announced transactions, constitutes a discloseable transaction 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 transaction under the MOA.

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:

<i>Authorised:</i>	<i>US\$</i>
3,600,000,000 shares (Shares of US\$0.10 each)	360,000,000

<i>Issued:</i>	
1,585,980,109 shares (Shares of US\$0.10 each)	158,598,010

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

As at the Latest Practicable Date, save as the existing issued Shares and the Bonds, 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	—	—	—	750,000 ¹	—	750,000	0.05%
Richard M. Hext	—	2,812,994 ²	—	—	—	2,812,994	0.18%
Dr. Lee Kwok Yin, Simon	—	—	—	83,963,847 ³	—	83,963,847	5.29%
Daniel R. Bradshaw	386,417 ⁴	—	—	—	—	386,417	0.02%
Wang Chunlin	—	1,170,000 ⁵	—	—	—	1,170,000	0.07%
Klaus Nyborg	—	2,000,000 ⁶	—	—	—	2,000,000	0.13%
Jan Rindbo	—	3,421,370 ⁷	—	—	—	3,421,370	0.22%

Notes:

- (1) 750,000 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 have vested 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 have vested 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 2,812,994 Shares.

- (3) Out of the 83,963,847 Shares, 21,973,536 Shares, 51,598,811 Shares and 10,391,500 Shares are beneficially owned by 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. An equal amount of 110,000 Shares have vested on each of 1 March 2007 and 2008, and an equal amount of 110,000 Shares will vest on each of 1 March 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) Pursuant to the Long Term Incentive Scheme, 2,500,000 Shares in the form of restricted share awards were granted to Mr. Nyborg on 19 September 2006. 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.

As at the Latest Practicable Date, the balance of Shares held by Mr. Nyborg was 2,000,000 Shares.

- (7) The personal interests of Mr. Rindbo constitute 2,391,370 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	83,963,847	5.29%
Dr. Lee Kwok Yin, Simon	Founder of a discretionary trust	83,963,847 ²	5.29% ²
JP Morgan Chase & Co.	Beneficial owner, investment manager and approved lending agent	124,930,436 ³ 2,417,552 ⁴	7.88% ³ 0.15% ⁴

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, a Director of the Company.
- (2) The interests stated represent long positions; no short positions were recorded in the register maintained under Section 336 of the SFO as at the Latest Practicable Date.
- (3) The interests stated represent long positions.
- (4) The interests stated represent short positions.

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 Group.

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.