



# Pacific Basin Shipping Limited

## 太平洋航運集團有限公司\*

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

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

On 12 September 2006,

- (A) two indirect wholly-owned subsidiaries of the Company entered into the First MOA with Forever Forest Limited and the Second MOA with Lead Dynasty Limited, to acquire from them two handysize vessels, namely "Aries Forest" (Vessel A) and "Ocean Melody" (Vessel B) respectively, for a consideration of US\$27,700,000 (approximately HK\$215,506,000) each. The total purchase consideration for Vessel A and Vessel B is US\$55,400,000 (approximately HK\$431,012,000); and
- (B) another two indirect wholly-owned subsidiaries of the Company entered into the Third MOA with K/S Danskib 55 and the Fourth MOA with K/S Danskib 54, to sell to them two handysize vessels, namely "Patagonia" (Vessel C) and "Ocean Logger" (Vessel D), for a consideration of US\$21,000,000 (approximately HK\$163,380,000) and US\$19,800,000 (approximately HK\$154,044,000) respectively. The total sales consideration for Vessel C and Vessel D is US\$40,800,000 (approximately HK\$317,424,000).

The estimated disposal gains in respect of Vessel C and Vessel D that are expected to accrue to the consolidated income statement of the Company in the financial year ending 31 December 2006 are US\$23,712,000 (approximately HK\$184,479,360) in aggregate.

In addition, subsequent to the signing of the Third MOA and the Fourth MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into two time charterparties with K/S Danskib 55 and K/S Danskib 54 to charter Vessel C and Vessel D, respectively, back into the Company's chartered fleet at agreed charter rates for a fixed period of 3.5 years. The Company currently expects that both charterparties will be finalised and signed by the end of September 2006.

Both time charterparties do not constitute discloseable transactions of the Company under the Listing Rules.

Principal terms of the Four MOAs are set out below in this announcement.

The expected benefit following the acquisition of Vessel A and Vessel B will be an anticipated increase in the estimated handysize revenue days from that announced on 22 August 2006 to approximately 16,310 days in 2006 and approximately 19,270 days in 2007. Such increase in handysize revenue days is expected to enhance earnings accordingly. The sale and time charter back of Vessel C and Vessel D will not have any effect upon the number of handysize revenue days nor have a significant effect upon the earnings of the Company.

(A) The acquisition of the vessels contemplated under the First MOA and the Second MOA and (B) the sale of the vessels contemplated under the Third MOA and the Fourth MOA, respectively constitute discloseable transactions of the Company under the Listing Rules and are required to be disclosed by way of this announcement, and a circular with further details of the transactions will be issued to Shareholders shortly.

#### BACKGROUND FOR THE ACQUISITION OF "ARIES FOREST" AND "OCEAN MELODY"

On 12 September 2006, two indirect wholly-owned subsidiaries of the Company entered into the First MOA with Forever Forest Limited and the Second MOA with Lead Dynasty Limited (each being owned by the same ultimate beneficial owner), to acquire from them "Aries Forest" (Vessel A) and "Ocean Melody" (Vessel B) respectively for a consideration of US\$27,700,000 (approximately HK\$215,506,000) each. The total consideration for the vessels is US\$55,400,000 (approximately HK\$431,012,000). Both vessels are 2000 built handysize vessels currently expected to be delivered to the Company's owned fleet in the fourth quarter of 2006. Principal terms of the First MOA and the Second MOA are set out below.

#### THE FIRST MOA AND THE SECOND MOA

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

Date : 12 September 2006

Parties : Purchasers : Elizabay Limited, for the First MOA; and  
Champion Bay Limited, for the Second MOA,  
each being an indirect wholly-owned subsidiary of the Company.  
Sellers : Forever Forest Limited, for the First MOA ("First MOA Seller"); and  
Lead Dynasty Limited, for the Second MOA ("Second MOA Seller"),

each of which, to the best of the Directors' knowledge, information and belief made all reasonable enquiry, together with their ultimate beneficial owner (which is the same for the First MOA Seller and the Second MOA Seller), are not connected persons of the Company (as defined in the Listing Rules) 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 Seller and the Second MOA Seller is the owning and operating of shipping vessels (including Vessel A and Vessel B) and the principal business activity of the ultimate beneficial owner of the sellers is the owning and operating 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, there are no other relationships amongst the First MOA Seller or the Second MOA Seller or their ultimate beneficial owner with the parties that the Company has entered into transactions (including the Third MOA Purchaser and the Fourth MOA Purchaser) to acquire, dispose of, or charter in vessels during the 12 months prior to the date of the First MOA and the Second MOA.

Assets to be acquired	:	First MOA	:	A 2000 built handysize dry bulk carrier of approximately 32,834dwt, named "Aries Forest" ("Vessel A"). The flag of Vessel A is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai. The Company intends to change the name of the vessel to "English Bay" from the time of its delivery to the Company.
		Second MOA	:	A 2000 built handysize dry bulk carrier of approximately 32,835dwt, named "Ocean Melody" ("Vessel B"). The flag of Vessel B is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai. The Company intends to change the name of the vessel to "Champion Bay" from the time of its delivery to the Company.
				The Company, having made all reasonable enquiries, does not have access to information regarding the profits before and after taxation of each of Vessel A and Vessel B for the years ended 31 December 2004 and 31 December 2005.
Consideration	:			Vessel A: US\$27,700,000 (approximately HK\$215,506,000); and Vessel B: US\$27,700,000 (approximately HK\$215,506,000).
				The total consideration for Vessel A and Vessel B is US\$55,400,000 (approximately HK\$431,012,000), which 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 age and size of Vessel A and Vessel B from which to make a direct comparison. In addition, no third party valuation has been performed on Vessel A and Vessel B.
				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.
				It is intended that payment of the purchase price of Vessel A and Vessel B will be satisfied entirely in cash, approximately 40% or US\$22,160,000 (approximately HK\$172,404,800) of which is expected to be funded from the sale consideration receivable for Vessel C and Vessel D, and approximately 60% or US\$33,240,000 (approximately HK\$258,607,200) from new bank borrowings, which the Company intends to arrange nearer the time for payment of Vessel A and Vessel B. The Company expects such bank borrowings could be long-term in nature and on similar terms as the Company's existing facilities.
Payment terms	:			Under the First MOA and the Second MOA, the consideration for both vessels shall be payable in the following manner:
				<ul style="list-style-type: none"> <li>• 10% of the purchase price (being the deposit) shall be paid at the time of signing the First MOA and the Second MOA; and</li> <li>• The balance of the purchase price shall be paid upon the respective deliveries of Vessel A and Vessel B. The delivery dates of Vessel A and Vessel B must not be later than 20 November 2006 and 31 December 2006, respectively, unless the parties otherwise agree.</li> </ul>
Completion and delivery	:			Pursuant to the First MOA, the latest date for completion is 20 November 2006 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of Vessel A will take place in the fourth quarter of 2006. The Company will make a further announcement if the delivery of Vessel A does not take place by 20 November 2006.
				Pursuant to the Second MOA, the latest date for completion is 31 December 2006 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of Vessel B will take place in the fourth quarter of 2006. The Company will make a further announcement if the delivery of Vessel B does not take place by 31 December 2006.

#### **BACKGROUND FOR THE SALE OF "PATAGONIA" AND "OCEAN LOGGER" AND THE TIME CHARTER BACK OF THOSE TWO VESSELS**

On the same day as the First MOA and the Second MOA, another two indirect wholly-owned subsidiaries of the Company entered into the Third MOA with K/S Danskib 55 and the Fourth MOA with K/S Danskib 54 (each being owned by the same ultimate beneficial owner), to sell to them "Patagonia" (Vessel C) and "Ocean Logger" (Vessel D), for a consideration of US\$21,000,000 (approximately HK\$163,380,000) and US\$19,800,000 (approximately HK\$154,044,000) respectively. The total consideration for the vessels is US\$40,800,000 (approximately HK\$317,424,000). Vessel C is a 1995 built handysize vessel and Vessel D is a 1994 built handysize vessel.

The Company intends to use the net proceeds from the sale of Vessel C and Vessel D to repay bank debt on both of these vessels, to satisfy part of the purchase consideration of Vessel A and Vessel B and to provide the general working capital of the Company.

In addition, subsequent to the signing of the Third MOA and the Fourth MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into two time charterparties with K/S Danskib 55 and K/S Danskib 54 to charter Vessel C and Vessel D, respectively, back into the Company's chartered fleet at agreed charter rates for a fixed period of 3.5 years. The Company currently expects that both charterparties will be finalised and signed by the end of September 2006.

Principal terms of the Third MOA and the Fourth MOA and the time charterparties are set out below.

#### **THE THIRD MOA AND THE FOURTH MOA**

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

Date : 12 September 2006

Parties : Purchasers : K/S Danskib 55, for the Third MOA ("Third MOA Purchaser"); and  
K/S Danskib 54, for the Fourth MOA ("Fourth MOA Purchaser"),

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 Third MOA Purchaser and the Fourth MOA Purchaser), are not connected persons of the Company (as defined in the Listing Rules) 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 Third MOA Purchaser and the Fourth MOA Purchaser will be the owning of Vessel C and Vessel D respectively. The principal business activity of the ultimate beneficial owner of the Third MOA Purchaser and the Fourth MOA Purchaser is the owning of shipping vessels. By exercising a purchase option granted to it under a charterparty agreement entered into in 2002, the Company acquired a second-hand vessel, namely "Shinyo Challenge" (now renamed "Mount Cook") in March 2006, the ultimate beneficial owner of which is the same as that of the Third MOA Purchaser and the Fourth MOA Purchaser ("Shinyo Challenge Acquisition"). The Shinyo Challenge Acquisition was not a discloseable transaction under the Listing Rules and not related to the present transactions involving the sale of Vessel C and Vessel D, which are not required to be aggregated with the Shinyo Challenge Acquisition under the Listing Rules.

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 Shinyo Challenge Acquisition, there are no other relationships amongst the Third MOA Purchaser or the Fourth MOA Purchaser or their ultimate beneficial owner with the parties that the Company has entered into transactions (including the First MOA Seller and the Second MOA Seller) to acquire, dispose of, or charter in vessels during the 12 months prior to the date of the Third MOA and the Fourth MOA.

	Sellers	:	Wharton Shipping Limited, for the Third MOA; and Gwenyth Shipping (BVI) Limited, for the Fourth MOA, each being an indirect wholly-owned subsidiary of the Company.	
Assets to be sold	:	Third MOA	:	A 1995 built handysize dry bulk carrier of 27,860dwt, named "Patagonia" ("Vessel C"). The flag of Vessel C is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai.
		Fourth MOA	:	A 1994 built handysize dry bulk carrier of 28,429dwt, named "Ocean Logger" ("Vessel D"). The flag of Vessel D is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai.
Net profits attributable to Vessel C and Vessel D	:	Vessel C	:	US\$3,184,000 (approximately HK\$24,771,520) and US\$3,394,000 (approximately HK\$26,405,320) for the years ended 31 December 2004 and 2005 respectively.
		Vessel D	:	US\$2,834,000 (approximately HK\$22,048,520) and US\$2,832,000 (approximately HK\$22,032,960) for the years ended 31 December 2004 and 2005 respectively.
		There is no taxation on the net profits attributable to Vessel C and Vessel D.		
Carrying values of Vessel C and Vessel D	:	The carrying values of Vessel C and Vessel D in the Company's accounts were approximately US\$8,285,000 (approximately HK\$64,457,300) and approximately US\$8,003,000 (approximately HK\$62,263,340) respectively as at 12 September 2006.		
Consideration	:	Vessel C	:	US\$21,000,000 (approximately HK\$163,380,000); and
		Vessel D	:	US\$19,800,000 (approximately HK\$154,044,000).

The total consideration for Vessel C and Vessel D is US\$40,800,000 (approximately HK\$317,424,000), which includes a commission payable by the Company to a third party in relation to the completion of the Third MOA and the Fourth MOA of a 2% on the underlying consideration, i.e. US\$800,000 (approximately HK\$6,224,000). Such consideration (including the commission payable) 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 age and size of Vessel C and Vessel D from which to make a direct comparison. In addition, no third party valuation has been performed on Vessel C and Vessel D.

The Directors believe that such consideration (including the commission payable) 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 Third MOA and the Fourth MOA, the consideration for the sale of Vessel C and Vessel D shall be receivable in the following manner:		
		<ul style="list-style-type: none"> <li>• 10% of the purchase price (being the deposit) shall be received at the time of signing the Third MOA and the Fourth MOA; and</li> <li>• The balance of the purchase price shall be received in full upon the respective deliveries of Vessel C and Vessel D. The delivery dates of both Vessel C and Vessel D must not be later than 15 December 2006 unless the parties otherwise agree.</li> </ul>		

Completion and delivery	:	Pursuant to the Third MOA, the latest date for completion is 15 December 2006 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of Vessel C will take place in the fourth quarter of 2006. The Company will make a further announcement if the delivery of Vessel C does not take place by 15 December 2006.		
		Pursuant to the Fourth MOA, the latest date for completion is 15 December 2006 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of Vessel D will take place in the fourth quarter of 2006. The Company will make a further announcement if the delivery of Vessel D does not take place by 15 December 2006.		

Expected disposal gains	:	The estimated gains that are expected to accrue to the consolidated income statement of the Company in the financial year ending 31 December 2006 in respect of Vessel C and Vessel D is US\$12,315,000 (approximately HK\$95,810,700) and US\$11,397,000 (approximately HK\$88,668,660) respectively. The estimated gains are calculated as the difference between the sale consideration of Vessel C and Vessel D, net of the commission payable to a third party, and their respective approximate carrying values in the Company's accounts at 12 September 2006.		
-------------------------	---	---	--	--

Application of sale proceeds	:	The intended application of the sale proceeds of Vessel C and Vessel D is (i) to repay bank borrowings in respect of these two vessels of approximately US\$8,177,000 (approximately HK\$63,617,060), of which US\$675,000 (approximately HK\$5,251,500) is current liabilities and US\$7,502,000 (approximately HK\$58,365,560) is non-current liabilities, (ii) to satisfy approximately 40% of the purchase consideration of Vessel A and Vessel B amounting to US\$22,160,000 (approximately HK\$172,404,800), (iii) to pay the commission of US\$800,000 (approximately HK\$6,224,000) to a third party in relation to the completion of the Third MOA and the Fourth MOA, and (iv) to provide the general working capital of the Company of approximately US\$9,663,000 (approximately HK\$75,178,140).		
------------------------------	---	---	--	--

## THE TIME CHARTERPARTIES

In addition, subsequent to the signing of the Third MOA and the Fourth MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into two time charterparties with the Third MOA Purchaser and the Fourth MOA Purchaser, to charter Vessel C and Vessel D, respectively, back into the Company's chartered fleet at agreed charter rates for a fixed period of 3.5 years from 15 December 2006, or such earlier time if Vessel C and Vessel D are to be delivered before this date. The Company does not have the option to re-purchase any of these vessels during and at the end of the charter periods. The Company currently expects that both charterparties will be finalised and signed by the end of September 2006.

The time charter rates of Vessel C and Vessel D were determined after arm's length negotiation, on normal commercial terms and by reference to the consideration receivable for both vessels. These time charter rates are considered to be competitive as compared with the current market time charter rates.

The time charterparties are separate agreements to the Third MOA and the Fourth MOA and they are not interconditional. The transactions to time charter Vessel C and Vessel D back will be classified as operating leases in accordance with the Hong Kong Accounting Standard No. 17 "Leases". As the entering into of the 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, the time charterparties do not constitute discloseable transactions of the Company under Rule 14.04(1)(d) of the Listing Rules.

## 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 and time charter back of Vessel C and Vessel D will generate cash to be used to satisfy part of the purchase consideration of Vessel A and Vessel B. As a result of these transactions, the Company will release two of the oldest vessels from its owned fleet and replace them with two younger vessels. This will enable the Company to enhance the age profile of its owned fleet whilst at the same time retain commercial control over Vessel C and Vessel D through time chartering them back for 3.5 years. These transactions are therefore consistent with the strategy outlined above.

The expected benefit following the acquisition of Vessel A and Vessel B will be an anticipated increase in the estimated handysize revenue days from that announced on 22 August 2006 to approximately 16,310 days in 2006 and approximately 19,270 days in 2007. Such increase in handysize revenue days is expected to enhance earnings accordingly. The sale and time charter back of Vessel C and Vessel D will not have any effect upon the number of handysize revenue days nor have a significant effect upon the earnings of the Company.

The Directors believe that the terms of the Four MOAs, 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 acquisition of Vessel A and Vessel B and the sale and time charter back of Vessel C and Vessel D are in the interests of the Company and the Shareholders as a whole.

## THE FLEET

### Handysize Fleet

Following (i) the completion and delivery of Vessel A and Vessel B into the owned fleet; and (ii) the completion and delivery of Vessel C and Vessel D from the owned fleet to the chartered fleet, the Company's handysize fleet will comprise 55 vessels (1,602,041dwt), including 22 owned vessels (649,632dwt), 31 chartered-in vessels (900,867dwt) and two managed vessels (51,542dwt). All handysize vessels, except one (28,730dwt), are employed in a mixture of voyage charters and time charters through the IHC Pool.

In addition, the Company has 12 newbuilding handysize vessels on order, two of which are scheduled to deliver in 2006, four in 2007, three in 2008 and three in 2009. Nine of these newbuilding vessels (approximately 287,700dwt in aggregate) will enter into the owned fleet and three (approximately 88,100dwt in aggregate) will enter into the long-term chartered-in fleet upon their deliveries.

### Handymax Fleet

Following the delivery of "Star Victory" (to be renamed "Pacific Victory") currently expected to be by the end of October 2006, as separately announced on 28 June 2006, the Company's handymax fleet will comprise six vessels (309,082dwt), including two owned vessels (97,972dwt) and four long-term chartered-in vessels (211,110dwt). All handymax vessels, with the exception of two vessels (107,194dwt) which are employed on long-term time charters, are employed in a mixture of time charters and voyage charters through the IHX Pool.

There is no distinction between the use of owned, chartered-in and managed vessels, save to the extent that the Company generates freight and charter-hire income for the owned and chartered-in vessels, but generates ship management income for the operations of the managed vessels.

The transactions contemplated under the Four MOAs constitute discloseable transactions of the Company under the Listing Rules and are required to be disclosed by way of this announcement, and a circular containing further details of the transactions will be issued to Shareholders shortly.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"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 country 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 dead weight tonnes, the unit of measurement of weight capacity of vessels, which is the total weight 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 12 September 2006 entered into between Elizabethay Limited and First MOA Seller for the acquisition of Vessel A by Elizabethay Limited;
"First MOA Seller"	Forever Forest Limited;
"Four MOAs"	means the First MOA, the Second MOA, the Third MOA and the Fourth MOA;
"Fourth MOA"	means the legally binding unconditional Memorandum of Agreement dated 12 September 2006 entered into between the Fourth MOA Purchaser and Gwenyth Shipping (BVI) Limited for the acquisition of Vessel D by the Fourth MOA Purchaser;
"Fourth MOA Purchaser"	K/S Danskib 54;
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China;
"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 (formerly International Handybulk Carriers Management Limited), a wholly-owned subsidiary of the Company;
"IHX Pool"	the International Handymax Carriers Pool, which is a contractual arrangement for the sharing of revenue earned by vessels entered into by its members and is operated by International Handymax Carriers Limited, a wholly-owned subsidiary of the Company;
"Listing Rules"	means The Rules Governing the Listing of Securities on the Stock Exchange;
"Second MOA"	means the legally binding unconditional Memorandum of Agreement dated 12 September 2006 entered into between Champion Bay Limited and Second MOA Seller for the acquisition of Vessel B by Champion Bay Limited;
"Second MOA Seller"	Lead Dynasty Limited;
"Shareholders"	means the shareholders of the Company;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"Third MOA"	means the legally binding unconditional Memorandum of Agreement dated 12 September 2006 entered into between the Third MOA Purchaser and Wharton Shipping Limited for the acquisition of Vessel C by the Third MOA Purchaser;
"Third MOA Purchaser"	K/S Danskib 55;

“Vessel A” or “Aries Forest”	means a 2000 built handysize dry bulk carrier of approximately 32,834dwt, named “Aries Forest”. 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 “Ocean Melody”	means a 2000 built handysize dry bulk carrier of approximately 32,835dwt, named “Ocean Melody”. 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 C” or “Patagonia”	means a 1995 built handysize dry bulk carrier of 27,860dwt, named “Patagonia”. 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
“Vessel D” or “Ocean Logger”	means a 1994 built handysize dry bulk carrier of 28,429dwt, named “Ocean Logger”. 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.

By Order of the Board  
**Andrew Broomhead**  
*Company Secretary*

Hong Kong, 12 September 2006

*Note:* An exchange rate of US\$1.00 to HK\$7.78 has been used for the conversion of US Dollars into HK Dollars for the purpose of this announcement.

\* *For identification purposes only*

*As at the date of this announcement, the executive Directors of the Company are Christopher Richard Buttery, Richard Maurice Hext, Klaus Nyborg, Paul Charles Over and Wang Chunlin, the non-executive Directors of the Company are Daniel Rochfort Bradshaw and Lee Kwok Yin, Simon, and the independent non-executive Directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul, The Earl of Cromer and David Muir Turnbull.*

Please also refer to the published version of this announcement in South China Morning Post.