



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: SALE OF SEVEN VESSELS AND BAREBOAT CHARTER BACK OF THOSE SEVEN VESSELS

On 7 December 2005, the Directors announced that the Sellers, each being an indirect wholly-owned subsidiary of the Company entered into the MOA with the Purchasers (each being owned by the same ultimate beneficial owner), to sell to them the Seven Vessels as described herein for a consideration of US\$118,000,000 (approximately HK\$920,400,000). Principal terms of the MOA are set out below in this announcement.

The Company intends to use the proceeds from the sale of the Seven Vessels to repay debt on those vessels and to prepay other bank debts. Following the prepayment, the Company expects to have no outstanding conventional debt secured on its remaining 16 owned vessels.

Simultaneously with the signing of the MOA, the Bareboat Charterers, each being an indirect wholly-owned subsidiary of the Company, entered into seven bareboat charterparties as described herein with the Purchasers to charter the Seven Vessels back into the Company's chartered fleet at agreed charter rates for a fixed period of 10 years.

Under the seven bareboat charterparties each of the Bareboat Charterers has the option to individually re-purchase each of the Seven Vessels at any time with three months notice during each bareboat charterparty. The purchase option prices will be reduced proportionally for the period of each bareboat charterparty completed. As an alternative to the purchase option, at the end of the charter period the Company has the option to enter into a renewal lease period for each vessel individually for a term and at a rate to be determined and based on market and financial considerations at such time. The Company will comply with the relevant requirements under the Listing Rules prevailing if it exercises any of the purchase or renewal options. Furthermore, the Company shall make an announcement as soon as reasonably practicable, upon the earlier of (1) the expiry of any such purchase or renewal option; or (2) the Company notifying the relevant Purchaser that a purchase or renewal option will not be exercised.

The sale of the Seven Vessels contemplated under the MOA and the bareboat charter back of those Seven Vessels constitute discloseable transactions of the Company under the Listing Rules and are required to be disclosed by way of this announcement. A circular with further details of these transactions will be issued to Shareholders shortly.

THE DISCLOSEABLE TRANSACTIONS

THE LEGALLY BINDING MOA

Date : 7 December 2005

Parties : Purchasers:

Sealate Holding B.V. (the "First Purchaser") who shall purchase the First Vessel;
Chiraz Holding B.V. (the "Second Purchaser") who shall purchase the Second Vessel;
TRS Delft Zuid B.V. (the "Third Purchaser") who shall purchase the Third Vessel;
TRS Rode B.V. (the "Fourth Purchaser") who shall purchase the Fourth Vessel;
TRS Voordijkshoorn B.V. (the "Fifth Purchaser") who shall purchase the Fifth Vessel;
Prenhiet Beheer B.V. (the "Sixth Purchaser") who shall purchase the Sixth Vessel; and
Rewako Investments B.V. (the "Seventh Purchaser") who shall purchase the Seventh Vessel,

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 each of the Purchasers), is a third party 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, (i) the principal business activity of the Purchasers will be the owning of the Seven Vessels and the principal business activity of the ultimate beneficial owner of the Purchasers is the owning and financing of shipping vessels; and (ii) save for the relationships arising from the MOA, there are no other relationships amongst the Purchasers and their ultimate beneficial owner and other vendors, purchasers and ship-owners and their respective ultimate beneficial owners with whom the Company has entered into transactions to acquire, dispose of, or charter in vessels during the past 12 months before the date of the MOA.

Sellers:

Cape Scott Limited who shall sell the First Vessel;
Cape Spencer Shipping Limited who shall sell the Second Vessel;
Castle Island Shipping Limited who shall sell the Third Vessel;
Columbia River Limited who shall sell the Fourth Vessel;
Pitt Island Limited who shall sell the Fifth Vessel;
Wexford Investments Limited who shall sell the Sixth Vessel; and
Port Pirie Limited who shall sell the Seventh Vessel,
each an indirect wholly-owned subsidiary of the Company.

Assets to be sold : First Vessel:

A 1997 built handysize dry bulk carrier constructed in Japan of 28,747 dwt, named "Cape Scott". The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai.

- Second Vessel: A 1997 built handysize dry bulk carrier constructed in Japan of 28,799 dwt, named "Cape Spencer". The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai.
- Third Vessel: A 1997 built handysize dry bulk carrier constructed in Japan of 28,759 dwt, named "Castle Island". The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai.
- Fourth Vessel: A 1998 built handysize dry bulk carrier constructed in Japan of 28,527 dwt, named "Columbia River". The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai.
- Fifth Vessel: A 1997 built handysize dry bulk carrier constructed in Japan of 28,611 dwt, named "Pitt Island". The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai.
- Sixth Vessel: A 1997 built handysize dry bulk carrier constructed in Japan of 26,516 dwt, named "Silver Bay". The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai.
- Seventh Vessel: A 1997 built handysize dry bulk carrier constructed in China of 27,408 dwt, named "Port Pirie". The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Lloyd's Register.

Net Profits attributable to the Seven Vessels : The Company acquired the First Vessel on 14 December 2004, the Second Vessel on 6 September 2004, the Third Vessel on 14 August 2004, the Fourth Vessel on 15 October 2004, the Fifth Vessel on 11 January 2005, the Sixth Vessel on 25 November 2004 and the Seventh Vessel on 1 September 2004.

The net profits attributable to the Seven Vessels for the financial year ended 31 December 2004 (audited) in aggregate amounted to US\$4,954,000 (approximately HK\$38,641,200). The net profit/loss attributable to each of the Seven Vessels during the period from the date of its acquisition to 31 December 2004 was as follows: (i) First Vessel: net loss of US\$18,000; (ii) Second Vessel: net profit of US\$1,296,000; (iii) Third Vessel: net profit of US\$1,448,000; (iv) Fourth Vessel: net profit of US\$636,000; (v) Fifth Vessel: nil (acquired in 2005); (vi) Sixth Vessel: net profit of US\$347,000; and (vii) Seventh Vessel: net profit of US\$1,245,000.

The net profits attributable to the Seven Vessels for the six months ended 30 June 2005 (unaudited) were US\$6,818,000 (approximately HK\$53,180,400). There is no taxation on the net profits attributable to the Seven Vessels.

Revenues attributable to the Seven Vessels : The revenues attributable to the Seven Vessels for the financial year ended 31 December 2004 (audited) in aggregate amounted to US\$8,487,000 (approximately HK\$66,198,600). The revenue attributable to each of the Seven Vessels during the period from the date of its acquisition to 31 December 2004 was as follows: (i) First Vessel: US\$63,000; (ii) Second Vessel: US\$2,154,000; (iii) Third Vessel: US\$2,481,000; (iv) Fourth Vessel: US\$858,000; (v) Fifth Vessel: nil (acquired in 2005); (vi) Sixth Vessel: US\$713,000; and (vii) Seventh Vessel: US\$2,218,000.

The revenues attributable to the Seven Vessels for the six months ended 30 June 2005 (unaudited) were US\$18,683,000 (approximately HK\$145,727,400).

Value of the Seven Vessels : The carrying value of the Seven Vessels in the Company's accounts as at the date of this announcement was estimated to be US\$118,043,000 (approximately HK\$920,735,400).

Consideration : US\$118,000,000 (approximately HK\$920,400,000) (a lump sum figure for the Seven Vessels and there is no allocation of the consideration to individual vessels in the MOA), which was determined by reference to other sale and charter back transactions entered into by the Company with different and independent counterparties 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 sale and charter backs by third party vendors of vessels of the exact size or age of the Seven Vessels from which to make a direct comparison. In addition, no third party valuation has been performed on any of the Seven Vessels.

The Directors believe that the 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 : The consideration for the sale of the Seven Vessels is US\$118,000,000 (approximately HK\$920,400,000), which will be received upon delivery of the Seven Vessels.

Completion : Pursuant to the MOA, the latest date for completion is 31 January 2006 unless the parties otherwise agree. The Directors currently expect that completion and delivery of the Seven Vessels will take place during January 2006. The bareboat charterparties will commence on the date of delivery of the Seven Vessels. Pacific Basin will make a further announcement if completion does not take place by 31 January 2006.

Intended use of proceeds : The intended application of the sale proceeds will include the repayment of bank borrowings on the Seven Vessels (9% or US\$10,350,000, approximately HK\$80,730,000), the prepayment of all other bank borrowings (53% or US\$62,949,000, approximately HK\$491,002,200) and the contribution to the current assets of the Company which will become the Company's general working capital (38% or US\$44,701,000, approximately HK\$348,667,800). This means that the Company will have no outstanding conventional debt secured on its remaining 16 owned vessels. The sum of the above repayment and prepayment of long-term bank borrowings included US\$2,408,000 (approximately HK\$18,782,400) being the current portion of these borrowings.

THE BAREBOAT CHARTERPARTIES

Date of bareboat charterparties : 7 December 2005 (with charters commencing upon delivery of the Seven Vessels to their respective Purchaser)

Parties : Owners: The First Purchaser chartered out the First Vessel, the Second Purchaser chartered out the Second Vessel, the Third Purchaser chartered out the Third Vessel, the Fourth Purchaser chartered out the Fourth Vessel, the Fifth Purchaser chartered out the Fifth Vessel, the Sixth Purchaser chartered out the Sixth Vessel and the Seventh Purchaser chartered out the Seventh Vessel, 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 each of the Purchasers), is a third party 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 Purchasers will be the owning of the Seven Vessels and the principal business activity of the ultimate beneficial owner of the Purchasers is the owning and financing of shipping vessels.

Bareboat Charterers: Pacific Basin Chartering (No.11) Limited chartered in the First Vessel, Pacific Basin Chartering (No.12) Limited chartered in the Second Vessel, Pacific Basin Chartering (No.13) Limited chartered in the Third Vessel, Pacific Basin Chartering (No.14) Limited chartered in the Fourth Vessel, Pacific Basin Chartering (No.15) Limited chartered in the Fifth Vessel, Pacific Basin Chartering (No.16) Limited chartered in the Sixth Vessel and Pacific Basin Chartering (No.17) Limited chartered in the Seventh Vessel, each an indirect wholly-owned subsidiary of the Company.

Assets to be chartered in	:	The Seven Vessels. The Purchasers, as the new owners of the Seven Vessels, do not have the right to change the flag, name or registration of the vessels.
Guarantee	:	In connection with the bareboat charter back of the Seven Vessels, PB Vessels Holding Limited, a wholly-owned subsidiary of the Company, has entered into a guarantee with each of the Purchasers to guarantee the performance of each of the Bareboat Charterers of all of their obligations, duties and liabilities (including payment of outstanding charter hire payments) under the bareboat charterparties.
Period and payments under the bareboat charterparties:	:	<p>The Bareboat Charterers shall pay the Purchasers approximately US\$3,548,000 (approximately HK\$27,674,400) in charter hire payments quarterly (for the Seven Vessels in total) during the period of the bareboat charterparties which is for a fixed period of 10 years from the date of delivery and completion of the sale of the Seven Vessels. The charter hire payments are lump sum figures with no allocation to individual vessels in the charterparty. Such payments shall be satisfied from the freight and charter-hire revenues generated by the Group. The difference between the aggregate lease payments of approximately US\$141,920,000 (approximately HK\$1,106,976,000) (being US\$3,548,000 x 4 quarters x 10 years) and the consideration for the sale of the Seven Vessels in the amount of US\$118,000,000 (approximately HK\$920,400,000) will be treated as the finance costs in the accounts of the Company.</p> <p>The bareboat charter rates were determined after arm's length negotiation, on normal commercial terms, and by reference to the consideration paid by the Purchasers for the Seven Vessels.</p> <p>There is no early termination clause in the bareboat charterparties. However, under the seven bareboat charterparties each of the Bareboat Charterers has the option (which is not transferable) to individually repurchase the relevant vessel with three months notice at any time during each bareboat charterparty. The purchase option prices will be reduced proportionally for the period of each bareboat charterparty completed. The purchase option prices contained in the relevant bareboat charterparty agreement for the relevant vessel are on normal commercial terms and represent the sales consideration (as paid by the Purchasers under the MOA) less the principal repaid through the bareboat charter up to until the date the purchase option is exercised.</p> <p>Although the MOA does not specify the individual sales price for the Seven Vessels, the repurchase prices for each of the vessels at different points in time are pre-determined and set out in a schedule to the MOA. The aggregate purchase option price for the Seven Vessels at the end of the 10 year bareboat charterparties is US\$31,000,000 (approximately HK\$241,800,000) (which is the sales consideration minus the principal repaid during the 10 year charter period).</p> <p>As an alternative to the purchase option stated above, at the end of the charter period the Company has the option to enter into a renewal lease period for each vessel individually for a term and at a rate to be determined and based on market and financial considerations at such time.</p> <p>The Company will comply with the relevant requirements under the Listing Rules prevailing if it exercises any of the purchase or renewal options.</p> <p>Furthermore, the Company shall make an announcement as soon as reasonably practicable, upon the earlier of (1) the expiry of any such purchase or renewal option; or (2) the Company notifying the relevant Purchaser that a purchase or renewal option will not be exercised.</p>
Accounting treatment	:	<p>In accordance with Hong Kong Accounting Standard No. 17 "Leases", finance lease accounting has been adopted for the transaction which means (i) the balance sheet will continue to show the net carrying value of the Seven Vessels; (ii) the fixed assets note to the Company's accounts will disclose that the Seven Vessels should be classified as "leased assets" rather than "fixed assets", (iii) the current and long-term liabilities in aggregate will increase by US\$44,701,000 (approximately HK\$348,667,800), being the amount of the finance lease obligations of US\$118,000,000 (approximately HK\$920,400,000) less the amount of bank borrowings (9% or US\$10,350,000, approximately HK\$80,730,000) secured on the Seven Vessels and all other outstanding bank borrowings (53% or US\$62,949,000, approximately HK\$491,002,200) to be repaid and prepaid using the sale proceeds and (iv) the current assets will increase by US\$44,701,000 (approximately HK\$348,667,800) due to the contribution to the general working capital from the remaining portion (38%) of the sale proceeds.</p> <p>The Seven Vessels will continue to be depreciated, with the same charge to the profit and loss account over their remaining useful lives in the same manner as when the Seven Vessels were owned by the Company. The charter hire payments of approximately US\$3,548,000 (approximately HK\$27,674,400) every quarter arising under the bareboat charterparties will be accounted for as a combination of (a) repayments of finance lease obligations held on the balance sheet and (b) finance charges in the profit and loss account during the charter period, in accordance with Hong Kong Accounting Standard No. 17 "Leases".</p>

Financial effects of the sale and bareboat charter back:

It has been confirmed with the auditors of the Company that as a result of using finance lease accounting there is no recognition of any gain or loss on the disposal of the Seven Vessels.

The intended application of the sale proceeds of US\$118,000,000 (approximately HK\$920,400,000) will include the repayment of bank borrowings on the Seven Vessels (9%), the prepayment of all other outstanding bank borrowings (53%) and the contribution to the current assets (38%).

The bank borrowings to be repaid or prepaid will be US\$73,299,000 (approximately HK\$571,732,200) including current portion of US\$2,408,000 (approximately HK\$18,782,400) and long-term portion of US\$70,891,000 (approximately HK\$552,949,800). Increase in finance lease obligations of US\$118,000,000 (approximately HK\$920,400,000) represents current portion of US\$6,300,000 (approximately HK\$49,140,000) and long-term portion of US\$111,700,000 (approximately HK\$871,260,000). The Company's current and long-term liabilities in aggregate will then increase by US\$44,701,000 (approximately HK\$348,667,800), being the amount of the finance lease obligations of US\$118,000,000 (approximately HK\$920,400,000) less the amount of bank borrowings (US\$10,350,000, approximately HK\$80,730,000 or 9%) secured on the Seven Vessels and other bank borrowings (US\$62,949,000, approximately HK\$491,002,200 or 53%) which have been repaid using the sales proceeds.

The Company's general working capital will also increase by US\$40,809,000 (approximately HK\$318,310,200), which represents the increase in current assets by the remaining portion (38%) of the sale proceeds of US\$44,701,000 (approximately HK\$348,667,800), less the increase in the current portion of long-term liabilities of US\$3,892,000 (approximately HK\$30,357,600).

There is not expected to be any material impact on the Company's results of operations upon entering into the MOA and the bareboat charterparties for the Seven Vessels or by adopting finance lease accounting as compared with immediately prior to the entering of the MOA and the bareboat charterparties for the Seven Vessels when the Seven Vessels were owned by the Company.

The sale and bareboat charter back of the Seven Vessels will not have any effect upon the number of revenue days nor have a significant effect upon the earnings of the Company. The Company will continue to be responsible for the technical operation of the Seven Vessels and will continue to incur both the direct operating costs and the new servicing costs, calculated in accordance with Hong Kong Accounting Standard No. 17, of the financing of the Seven Vessels.

REASONS FOR THE SALE AND BAREBOAT CHARTER BACK OF THE SEVEN VESSELS

The Company is one of the world's leading dry bulk shipping companies operating principally in the Asia Pacific region, currently seeking opportunities to acquire additional handysize vessels to expand its fleet to meet growing customer demand and deliver sustainable growth and long-term shareholder value. With a large fleet of modern, uniformly-sized vessels, the Company seeks to offer its customers a strong, reliable service with a high degree of scheduling flexibility whilst maintaining the Company's operational efficiency. The transaction outlined above is consistent with this strategy by generating cash which can later be used to expand the Company's fleet.

Furthermore, the transaction outlined above enables the Company to repay bank borrowings on the Seven Vessels (US\$10,350,000, approximately HK\$80,730,000), to prepay other bank borrowings (US\$62,949,000, approximately HK\$491,002,200), to generate current assets (US\$44,701,000, approximately HK\$348,667,800) and to retain commercial and operational control over the Seven Vessels. The prepayment of other bank borrowings which are held under secured revolving facilities, results in an increase to undrawn facilities of US\$50,512,000 (approximately HK\$393,993,600) which can be re-utilised by the Company at such time as the Company finds further investment opportunities to expand its business. The Directors believe that the terms of the MOA and the bareboat charterparties of the Seven Vessels, 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 are in the interests of the Company and the Shareholders as a whole.

THE FLEET

As at the date of this announcement, the Company has a fleet of 50 vessels (1,498,406 dwt), comprising 16 owned vessels (468,715 dwt), 30 chartered-in vessels, which includes the Seven Vessels (922,520 dwt) and 4 managed vessels (107,171 dwt). The Company has six newbuilding vessels on order, one of which is scheduled to deliver in April 2006, two in November 2006, one in June 2007, one in August 2007 and one in December 2007. Two of these newbuildings (60,100 dwt) will enter into the owned fleet and four will enter into the chartered-in fleet (116,200 dwt).

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. All of the vessels, with the exception of the two handymax vessels (107,194 dwt in aggregate), are employed in the IHC Pool. The handymax vessels are employed on long term time charters.

The sale of the Seven Vessels contemplated under the MOA and the bareboat charter back of the Seven Vessels, constitute discloseable transactions of the Company under the Listing Rules and are required to be disclosed by way of this announcement. A circular with further details of these transactions will be issued to Shareholders shortly.

DEFINITIONS

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

“bareboat charter”	means a charter for an agreed period of time during which the shipowner provides only the ship while the charterer provides the crew together with all stores and bunkers and pays all operating costs;
“Bareboat Charterers”	means Pacific Basin Chartering (No.11) Limited, Pacific Basin Chartering (No.12) Limited, Pacific Basin Chartering (No.13) Limited, Pacific Basin Chartering (No.14) Limited, Pacific Basin Chartering (No.15) Limited, Pacific Basin Chartering (No.16) Limited and Pacific Basin Chartering (No.17) Limited, each an indirect wholly-owned subsidiary of the Company and “Bareboat Charterer” means each and any one of them as the context so requires;
“bareboat charterparty”	means the document containing the agreement between both the owner of a ship and the Bareboat Charterer, signed by both, in which are all the terms and conditions such as the period of the charter, the rate of hire, the trading limitations, i.e. geographical limits specified in a charterparty outside which the Bareboat Charterer is not permitted to order the ship and all rights and responsibilities of both parties which are consistent with transactions in the shipping industry;
“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;
“Fifth Purchaser”	TRS Voordijkshoorn B.V.;
“Fifth Vessel”	A 1997 built handysize dry bulk carrier constructed in Japan of 28,611 dwt, named “Pitt Island”. The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai;
“First Purchaser”	Sealate Holding B.V.;
“First Vessel”	A 1997 built handysize dry bulk carrier constructed in Japan of 28,747 dwt, named “Cape Scott”. The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai;
“Fourth Purchaser”	TRS Rode B.V.;
“Fourth Vessel”	A 1998 built handysize dry bulk carrier constructed in Japan of 28,527 dwt, named “Columbia River”. The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai;
“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;
“IHC Pool”	the International Handybulk Carriers pool established in October 2001, which is a contractual arrangement for the sharing of revenues earned by vessels entered by its members. The IHC Pool is operated by International Handybulk Carriers Management Limited, a wholly-owned subsidiary of the Company;
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“MOA”	means the legally binding unconditional Memorandum of Agreement dated 7 December 2005 entered into between the Sellers and the Purchasers in respect of the sale of the Seven Vessels;
“Purchasers”	means the First Purchaser, the Second Purchaser, the Third Purchaser, the Fourth Purchaser, the Fifth Purchaser, the Sixth Purchaser and the Seventh Purchaser and “Purchaser” shall mean each and any one of them as the context so requires;
“Second Purchaser”	Chiraz Holding B.V.;
“Second Vessel”	A 1997 built handysize dry bulk carrier constructed in Japan of 28,799 dwt, named “Cape Spencer”. The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai;
“Sellers”	Cape Scott Limited, Cape Spencer Shipping Limited, Castle Island Shipping Limited, Columbia River Limited, Pitt Island Limited, Wexford Investments Limited and Port Pirie Limited, each an indirect wholly-owned subsidiary of the Company;
“Seven Vessels”	means the First Vessel, the Second Vessel, the Third Vessel, the Fourth Vessel, the Fifth Vessel, the Sixth Vessel and the Seventh Vessel;
“Seventh Purchaser”	Rawako Investments B.V.;
“Seventh Vessel”	A 1997 built handysize dry bulk carrier constructed in China of 27,408 dwt, named “Port Pirie”. The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Lloyd’s Register;
“Shareholders”	means the shareholders of the Company;

“Sixth Purchaser” Prehniet Beheer B.V.;

“Sixth Vessel” A 1997 built handysize dry bulk carrier constructed in Japan of 26,516 dwt, named “Silver Bay”. The flag of the vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Third Purchaser” TRS Delft Zuid B.V.; and

“Third Vessel” A 1997 built handysize dry bulk carrier constructed in Japan of 28,759 dwt, named “Castle Island”. The flag of the vessel is presently 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, 7 December 2005

* *For identification purposes only*

As at the date of this announcement, the executive directors of the Company are Christopher Richard Buttery, Richard Maurice Hext, Mark Malcolm Harris and Paul Charles Over, the non-executive directors of the Company are Lee Kwok Yin, Simon, and Brian Paul Friedman, and the independent non-executive directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul and The Earl of Cromer.

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