# Pacific Basin Shipping Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

## DISCLOSEABLE TRANSACTIONS:
## ACQUISITION OF VESSELS TO BE CONSTRUCTED

On 15 November 2010, the Group entered into:

(A) the JNS Contracts to acquire six handysize newbuilding vessels of 35,000dwt each to be delivered between the second half of 2012 and the first half of 2013 ("JNS Vessels") for a consideration of US$25,500,000 (approximately HK$198,900,000) per vessel. The JNS Vessels shall be constructed and equipped at the shipyard of Jiangmen Nanyang Ship Engineering Co., Ltd. ("JNS") in China.

(B) the Newbuilding Option Agreement, pursuant to which PBVH has the option to, at its discretion, acquire a further two handysize newbuilding vessels of the same type as JNS Vessels to be delivered in the second half of 2013 for a consideration of US$25,500,000 (approximately HK$198,900,000) per vessel.

(C) the TZS Contracts to acquire four handymax newbuilding vessels of 58,100dwt each to be delivered in 2013 ("TZS Vessels") for a consideration of US$32,850,000 (approximately HK$256,230,000) per vessel. The TZS Vessels shall be constructed and equipped at the shipyard of Tsuneishi Group (Zhoushan) Shipbuilding Inc. ("TZS") in China.

Principal terms of the JNS Contracts, the Newbuilding Option Agreement and the TZS Contracts are set out below in this announcement.

The acquisition of the JNS Vessels and TZS Vessels will respectively enable the Company to secure six additional handysize newbuilding vessels and four additional handymax newbuilding vessels for its fleet, which is consistent with the Company's strategy of continuing its steady fleet expansion and maintaining a modern handysize and handymax fleet at an attractive and stable cost base.

The JNS Vessels are of an improved handysize log/bulk design offering greater cargo carrying capacity on the same shallow draft and other improved design features whilst the TZS Vessels are widely considered to be one of the best designs in the handymax sector. The Directors consider the transactions to be attractive taking into account the contract prices achieved, which compare favourably with the availability of similar newbuildings from shipyards elsewhere and the current prices of second hand vessels.

Following the acquisition of the JNS Vessels and the TZS Vessels, the Company has purchased 19 dry bulk vessels and long term chartered in another 10 since reviving its fleet expansion programme in December 2009. A summary of Pacific Basin's fleet commitments as at the date of this announcement can be found in the "Fleet Development" section below.

## (A) BACKGROUND TO THE JNS CONTRACTS

On 15 November 2010, six indirect wholly-owned subsidiaries of the Company entered into the JNS Contracts with the JNS Co-sellers to acquire from them, subject to the satisfaction of certain conditions, six handysize newbuilding vessels of 35,000dwt each for a consideration of US$25,500,000 (approximately HK$198,900,000) per vessel or US$153,000,000 (approximately HK$1,193,400,000) in aggregate. The JNS Vessels shall be constructed and equipped at the shipyard of JNS in China and they are currently expected to be delivered between the second half of 2012 and the first half of 2013.

Principal terms of the JNS Contracts are set out below.

### THE JNS CONTRACTS

The JNS Contracts are of identical terms and conditions and are described below:

| | | |
|---|---|---|
| Date | : | 15 November 2010 |
| Parties | : | Purchasers: Alumina Mountain Limited, for JNS Contract A;<br>Coal Mountain Limited, for JNS Contract B;<br>Grain Mountain Limited, for JNS Contract C;<br>Petcoke Mountain Limited, for JNS Contract D;<br>Phosphate Mountain Limited, for JNS Contract E; and<br>Wheat Mountain Limited, for JNS Contract F (collectively the "JNS Purchasers"),<br><br>each being an indirect wholly-owned subsidiary of the Company. |

Sellers: JNS and China National Aero-Technology Guangzhou Company Limited ("CATIC"), on a joint basis, for each of JNS Contract A and JNS Contract B; and

JNS and Guangdong Metals Recycling Corporation ("GMRC"), on a joint basis, for each of JNS Contract C, JNS Contract D, JNS Contract E and JNS Contract F (together with CATIC, the "JNS Co-sellers").

Each of the JNS Co-sellers, together with their ultimate beneficial owners, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, 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 JNS is the construction of shipping vessels, the principal business activity of CATIC is import and export of machineries, vehicle and parts and the principal business activity of GMRC is the construction of shipping vessels and import and export of bulk commodities.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save for the transactions disclosed in this announcement, the Company has not entered into any transaction with the JNS Co-sellers or with parties connected or otherwise associated with one another and there are no other relationships amongst the JNS Co-sellers or their respective ultimate beneficial owners with whom the Company has entered into any transactions to acquire, dispose of, or charter in vessels during the 12 months period prior to the date of the JNS Contracts.

Assets to be acquired : In respect of JNS Contract A, JNS Vessel A;
in respect of JNS Contract B, JNS Vessel B;
in respect of JNS Contract C, JNS Vessel C;
in respect of JNS Contract D, JNS Vessel D;
in respect of JNS Contract E, JNS Vessel E; and
in respect of JNS Contract F, JNS Vessel F.

The JNS Vessels are all handysize newbuilding dry bulk carriers of approximately 35,000dwt each and will be constructed and equipped at the shipyard of JNS in China. It is currently expected that the JNS Vessels will be registered under the laws and flag of Hong Kong and will be operated by the Company upon their respective deliveries.

Consideration : The consideration of each JNS Vessel is US$25,500,000 (approximately HK$198,900,000) and the aggregate consideration for the JNS Vessels is US$153,000,000 (approximately HK$1,193,400,000). Such consideration is considered by the Directors to be attractive, and was determined by reference to market intelligence the Company had gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of newbuildings of comparable size and year of delivery 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 newbuildings of the exact design, size and year of scheduled delivery of the JNS Vessels from which to make a direct comparison. In addition, no third party valuation has been performed on the JNS Vessels.

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 consideration of the JNS Vessels will be satisfied entirely in cash, at least 40% of which is expected to be funded by the cash reserves of the Company and eventually up to 60% from new long-term bank borrowings, which the Company intends to arrange nearer the time of or after the delivery of the JNS Vessels.

Payment terms : Pursuant to the JNS Contracts, 35% of the aggregate consideration, being US$53,550,000 (approximately HK$417,690,000), shall be payable forthwith when the JNS Contracts become effective (as described below). The balance payments of the aggregate consideration will be made according to the stages of construction of the JNS Vessels and it is currently expected that the amount payable by the Company will be US$29,325,000 (approximately HK$228,735,000) in 2011, US$51,000,000 (approximately HK$397,800,000) in 2012 and US$19,125,000 (approximately HK$149,175,000) in 2013 respectively.

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| Conditions Precedent | : | The JNS Contracts shall become effective upon fulfilment of all of the following conditions:<br><br>(i) Receipt by the JNS Co-sellers of 35% of the aggregate consideration for the JNS Vessels;<br>(ii) Receipt by the JNS Co-sellers of the performance guarantees (as described below); and<br>(iii) Receipt by the JNS Purchasers of the Refund Guarantees.<br><br>If, due to whatever reason, any of the above conditions fail to be fulfilled within 1 month after the date of the JNS Contracts, i.e. by 15 December 2010, then the JNS Contracts shall be null and void and have no effect whatsoever. The Company will make a further announcement should the JNS Contracts become null and void due to the non-fulfilment of any of the above conditions precedent. |
| Performance guarantees | : | In connection with the acquisition of the JNS Vessels, PB Vessels Holding Limited ("PBVH") has entered into guarantees with the JNS Co-sellers to guarantee the performance of each of the JNS Purchasers of all of their obligations, duties and liabilities under each JNS Contract. |
| Refund Guarantees | : | In respect of each of JNS Contract A and JNS Contract B, JNS and CATIC shall jointly provide a bank guarantee to be issued by Industrial and Commercial Bank of China Limited, Guangdong Branch to the relevant JNS Purchaser to guarantee the repayment of any consideration paid by such JNS Purchasers.<br><br>In respect of each of JNS Contract C, JNS Contract D, JNS Contact E and JNS Contract F, JNS and GMRC shall jointly provide a bank guarantee to be issued by Bank of China Ltd, Guangdong Branch to the relevant JNS Purchaser to guarantee the repayment of any consideration paid by such JNS Purchasers.<br><br>The Refund Guarantees can be called upon if any JNS Contract has been cancelled and/or rescinded by any of the JNS Purchasers under the circumstances including, inter alia, (i) delay in delivery; (ii) deficiency in speed of the JNS Vessels; (iii) excessive fuel consumption; and (iv) deficiency in actual deadweight, in excess of the allowed limit. |

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| Completion and delivery: | The Directors currently expect that, subject to any extensions that may be separately agreed between the JNS Co-sellers and the JNS Purchasers under the JNS Contracts, the delivery of the JNS Vessels will take place in: |
| | JNS Vessel A and JNS Vessel B : second half of 2012 |
| | JNS Vessel C, JNS Vessel D, JNS Vessel E and JNS Vessel F : first half of 2013 |

## (B) THE NEWBUILDING OPTION AGREEMENT

Simultaneously with the signing of the JNS Contracts, PBVH entered into the Newbuilding Option Agreement with JNS and CATIC (acting on joint basis), pursuant to which PBVH has the option to, at its discretion, enter into two separate shipbuilding contracts with JNS and CATIC (acting on joint basis) in respect of constructing and equipping a further two handysize newbuilding vessels of 35,000dwt each ("JNS Optional Vessels") for a consideration of US$25,500,000 (approximately HK$198,900,000) per vessel or US$51,000,000 (approximately HK$397,800,000) in aggregate. The JNS Optional Vessels, which will be of the same type as the JNS Vessels, will be constructed and equipped at the shipyard of JNS in China and are currently expected to be delivered in the second half of 2013. Pursuant to the Newbuilding Option Agreement, the first Purchase Option and the second Purchase Option will be exercisable within three months and four months respectively after the JNS Contracts become effective.

The Newbuilding Option Agreement is not transferable and no premium is payable by PBVH thereunder. In addition, the Newbuilding Option Agreement is subject to Bank of China Ltd, Guangdong Branch approving the issue of refund guarantees for the JNS Optional Vessels, with similar terms as the Refund Guarantees, which shall guarantee the repayment of any consideration paid by the Company for the JNS Optional Vessels.

The Company will comply with Rule 14.75(2) of the Listing Rules if it exercises any of the Purchase Options under the Newbuilding Option Agreement, and will also comply with Rule 14.77 of the Listing Rules to announce upon the earlier of (1) the expiry of the Newbuilding Option Agreement; or (2) the Company notifying JNS and CATIC that the Purchase Options under the Newbuilding Option Agreement will not be exercised; or (3) the transfer by PBVH of the Purchase Options to a third party.

## (C) BACKGROUND TO THE TZS CONTRACTS

On 15 November 2010, four indirect wholly-owned subsidiaries of the Company entered into the TZS Contracts with CPN Mundail Maritimo S.A. ("CPN") to acquire from it four handymax newbuilding vessels of 58,100dwt each for a consideration of US$32,850,000 (approximately HK$256,230,000) per vessel, or US$131,400,000 (approximately HK$1,024,920,000) in aggregate. The TZS Vessels shall be constructed and equipped at the shipyard of TZS in China and they are currently expected to be delivered in 2013.

Principal terms of the TZS Contracts are set out below.

## THE TZS CONTRACTS

The TZS Contracts are of identical terms and conditions and are described below:

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|---|---|---|---|
| Date | : | 15 November 2010 | |
| Parties | : | Purchasers: | Amur River Limited, for TZS Contract A;<br>Hondo River Limited, for TZS Contract B;<br>Niagara River Limited, for TZS Contract C; and<br>Pigeon River Limited, for TZS Contract D (collectively the "TZS Purchasers"),<br><br>each being an indirect wholly-owned subsidiary of the Company. |
| | | Seller: | CPN, which, together with its ultimate beneficial owner, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, 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 CPN is the owning of shipping vessels.<br><br>To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save for the transactions disclosed in this announcement, the Company has not entered into any transaction with CPN or with parties connected or otherwise associated with one another and there are no other relationships between CPN or its ultimate beneficial owner with whom the Company has entered into any transactions to acquire, dispose of, or charter in vessels during the 12 months period prior to the date of the TZS Contracts. |
| Assets to be acquired | : | In respect of TZS Contract A, TZS Vessel A;<br>in respect of TZS Contract B, TZS Vessel B;<br>in respect of TZS Contract C, TZS Vessel C; and<br>in respect of TZS Contract D, TZS Vessel D. | |

The TZS Vessels are all handymax newbuilding dry bulk carriers of approximately 58,100dwt each and will be constructed and equipped at the shipyard of TZS in China. It is currently expected that the TZS Vessels will be registered under the laws and flag of Hong Kong and will be operated by the Company upon their respective deliveries.

Consideration : The consideration of each TZS Vessel is US$32,850,000 (approximately HK$256,230,000) and the aggregate consideration for the TZS Vessels is US$131,400,000 (approximately HK$1,024,920,000). Such consideration is considered by the Directors to be attractive, and was determined by reference to market intelligence the Company had gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of newbuildings of comparable size and year of delivery 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 newbuildings of the exact design, size and year of scheduled delivery of the TZS Vessels from which to make a direct comparison. In addition, no third party valuation has been performed on the TZS Vessels.

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 consideration of the TZS Vessels will be satisfied entirely in cash, at least 40% of which is expected to be funded by the cash reserves of the Company and eventually up to 60% from new long-term bank borrowings, which the Company intends to arrange nearer the time of or after the delivery of the TZS Vessels.

Payment terms : Pursuant to the TZS Contracts, 20% of the aggregate consideration, being US$26,280,000 (approximately HK$204,984,000), shall be payable forthwith after the date of the TZS Contracts. The balance payments of the aggregate consideration will be made according to the stages of construction of the TZS Vessels and it is currently expected that the amount payable by the Company will be US$9,855,000 (approximately HK$76,869,000) in 2012 and US$95,265,000 (approximately HK$743,067,000) in 2013 respectively.

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| Performance guarantees : | In connection with the acquisition of the TZS Vessels, PBVH has entered into guarantees with CPN to guarantee the performance of each of the TZS Purchasers of all of their obligations, duties and liabilities under each TZS Contract. |
| Completion and delivery : | The Directors currently expect that, subject to any extensions that may be separately agreed between CPN and the TZS Purchasers under the TZS Contracts, the delivery of TZS Vessel A, TZS Vessel B, TZS Vessel C and TZS Vessel D will take place in the first quarter, second quarter, third quarter and fourth quarter of 2013, respectively. |

## REASONS FOR THE TRANSACTIONS

The Company is one of the world's leading owners and operators of modern handysize and handymax dry bulk vessels and a global provider of diversified shipping services. 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 acquisition of the JNS Vessels and the TZS Vessels will respectively enable the Company to secure six additional handysize newbuilding vessels and four additional handymax newbuilding vessels for its fleet. The transactions contemplated under the JNS Contracts, the Newbuilding Option Agreement and the TZS Contracts are consistent with the Company's strategy of continuing its steady fleet expansion and maintaining a modern handysize and handymax fleet at an attractive and stable cost base.

The expected benefit following the acquisition of the JNS Vessels will be an anticipated increase in handysize revenue days of 120 days in 2012, 1,830 days in 2013 and 2,160 days in 2014 and thereafter. The expected benefit following the acquisition of the TZS Vessels will be an anticipated increase in handymax revenue days of 540 days in 2013 and 1,440 days in 2014 and thereafter. The increase in handysize and handymax revenue days is expected to enhance earnings accordingly.

The JNS Vessels are of an improved handysize log/bulk design offering greater cargo carrying capacity on the same shallow draft and other improved design features whilst the TZS Vessels are widely considered to be one of the best designs in the handymax sector. The Directors consider the transactions to be attractive taking into account the contract prices achieved, which compare favourably with the availability of similar newbuildings from shipyards elsewhere and the current prices of second hand vessels. They believe that the terms of the JNS Contracts, the Newbuilding Option Agreement and the TZS Contracts, 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 disclosed in this announcement are in the interests of the Company and the Shareholders as a whole.

## FLEET DEVELOPMENT

Following the acquisition of the JNS Vessels and the TZS Vessels, the Company has purchased 19 dry bulk vessels and long term chartered in another 10 since reviving its fleet expansion programme in December 2009.

The table below summarises the Group's fleet commitments as at the date of this announcement following the signing and completion of the JNS Contracts and TZS Contracts:

| | Delivered | | Newbuildings on order | | |
|---|---|---|---|---|---|
| | **Owned** | **Chartered[1]** | **Owned** | **Chartered[1]** | **Total** |
| **Dry Bulk Fleet** | | | | | |
| Handysize | 27 | 53 | 7 | 9 | **96** |
| Handymax | 2 | 32 | 5 | 3 | **42** |
| Post Panamax | – | – | 1 | 1 | **2** |
| **Total Dry Bulk Vessels** | **29** | **85** | **13** | **13** | **140** |
| **Towage** | | | | | |
| Tugs | 31 | 2 | – | – | **33** |
| Barges | 6 | – | – | – | **6** |
| Bunker Tanker | 1[2] | – | – | – | **1** |
| **Total Towage Vessels** | **38** | **2** | **–** | **–** | **40** |
| **Roll on Roll off** | **2** | **–** | **4[3]** | **–** | **6** |
| **Grand Total** | **69** | **87** | **17** | **13** | **186** |

*Note:*

1. Dry bulk chartered fleet comprises 13 vessels under finance leases and 85 vessels under operating leases, including non-core vessels chartered in for shorter term periods

2. The Group has a 50% interest in the bunker tanker

3. Owned RoRos includes 1 chartered-in RoRo newbuilding vessel which can be acquired by the Group within approximately 2 months of its delivery from the shipyard subject to exercise of the purchase option

## REASON FOR THE ANNOUNCEMENT

As (i) the acquisitions of the JNS Vessels contemplated under the JNS Contracts and the grant of the Purchase Options contemplated under the Newbuilding Option Agreement, and (ii) the acquisitions of the TZS Vessels contemplated under the TZS Contracts, on an aggregated basis, constitute respective discloseable transactions of the Company under the Listing Rules, these transactions are required to be disclosed by way of this announcement.

## DEFINITIONS

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

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| "Board" | means the board of directors of the Company; |
| "CATIC" | China National Aero-Technology Guangzhou Company Limited; |
| "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; |
| "CPN" | CPN Mundail Maritimo S.A.; |
| "Directors" | means the directors of the Company; |
| "dwt" | means dead weight tonnes, the unit of measurement of weight capacity of dry bulk 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; |
| "GMRC" | Guangdong Metals Recycling Corporation; |
| "Group" | means the Company and its subsidiaries, which are principally engaged in the provision of marine transportation and logistical support services; |
| "Hong Kong" | means the Hong Kong Special Administrative Region of the People's Republic of China; |
| "HK Dollars" or "HK$" | means Hong Kong Dollars, the lawful currency of Hong Kong; |
| "JNS" | Jiangmen Nanyang Ship Engineering Co., Ltd.; |
| "JNS Contract A" | means the legally binding shipbuilding contract dated 15 November 2010 entered into between Alumina Mountain Limited, JNS and CATIC (acting on joint basis) for the acquisition of JNS Vessel A by Alumina Mountain Limited; |

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| "JNS Contract B" | means the legally binding shipbuilding contract dated 15 November 2010 entered into between Coal Mountain Limited, JNS and CATIC (acting on joint basis) for the acquisition of JNS Vessel B by Coal Mountain Limited; |
| "JNS Contract C" | means the legally binding shipbuilding contract dated 15 November 2010 entered into between Grain Mountain Limited, JNS and GMRC (acting on joint basis) for the acquisition of JNS Vessel C by Grain Mountain Limited; |
| "JNS Contract D" | means the legally binding shipbuilding contract dated 15 November 2010 entered into between Petcoke Mountain Limited, JNS and GMRC (acting on joint basis) for the acquisition of JNS Vessel D by Petcoke Mountain Limited; |
| "JNS Contract E" | means the legally binding shipbuilding contract dated 15 November 2010 entered into between Phosphate Mountain Limited, JNS and GMRC (acting on joint basis) for the acquisition of JNS Vessel E by Phosphate Mountain Limited; |
| "JNS Contract F" | means the legally binding shipbuilding contract dated 15 November 2010 entered into between Wheat Mountain Limited, JNS and GMRC (acting on joint basis) for the acquisition of JNS Vessel F by Wheat Mountain Limited; |
| "JNS Contracts" | means JNS Contract A, JNS Contract B, JNS Contract C, JNS Contract D, JNS Contract E and JNS Contract F; and a "JNS Contract" means each and any one of them as the context so requires; |
| "JNS Co-sellers" | means JNS, CATIC and GMRC; |
| "JNS Optional Vessels" | means two handysize newbuilding vessels of the same type as JNS Vessels to be acquired when the Purchase Options under the Newbuilding Option Agreement are exercised. The JNS Optional Vessels, once acquired, will be constructed and equipped at the shipyard of JNS in China and are currently expected to be delivered in the second half of 2013; |
| "JNS Purchasers" | means Alumina Mountain Limited, Coal Mountain Limited, Grain Mountain Limited, Petcoke Mountain Limited, Phosphate Mountain Limited and Wheat Mountain Limited; and a "JNS Purchaser" means each and any one of them as the context so requires; |

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| "JNS Vessel A" | means a handysize newbuilding dry bulk carrier of approximately 35,000dwt to be constructed and equipped at the shipyard of JNS in China. It is currently expected that JNS Vessel A will be delivered in the second half of 2012; |
| "JNS Vessel B" | means a handysize newbuilding dry bulk carrier of approximately 35,000dwt to be constructed and equipped at the shipyard of JNS in China. It is currently expected that JNS Vessel B will be delivered in the second half of 2012; |
| "JNS Vessel C" | means a handysize newbuilding dry bulk carrier of approximately 35,000dwt to be constructed and equipped at the shipyard of JNS in China. It is currently expected that JNS Vessel C will be delivered in the first half of 2013; |
| "JNS Vessel D" | means a handysize newbuilding dry bulk carrier of approximately 35,000dwt to be constructed and equipped at the shipyard of JNS in China. It is currently expected that JNS Vessel D will be delivered in the first half of 2013; |
| "JNS Vessel E" | means a handysize newbuilding dry bulk carrier of approximately 35,000dwt to be constructed and equipped at the shipyard of JNS in China. It is currently expected that JNS Vessel E will be delivered in the first half of 2013; |
| "JNS Vessel F" | means a handysize newbuilding dry bulk carrier of approximately 35,000dwt to be constructed and equipped at the shipyard of JNS in China. It is currently expected that JNS Vessel F will be delivered in the first half of 2013; |
| "JNS Vessels" | means JNS Vessel A, JNS Vessel B, JNS Vessel C, JNS Vessel D, JNS Vessel E and JNS Vessel F; and a "JNS Vessel" means each and any one of them as the context so requires; |
| "Listing Rules" | means The Rules Governing the Listing of Securities on the Stock Exchange; |
| "Newbuilding Option Agreement" | means the agreement entered into by PBVH with JNS and CATIC (acting on joint basis) dated 15 November 2010 granting to the former the Purchase Options; |
| "PBVH" | PB Vessels Holding Limited, a direct wholly-owned subsidiary of the Company; |

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| "Purchase Options" | means two options secured by PBVH under the Newbuilding Option Agreement, pursuant to which PBVH has the options, at its discretion, to enter into two separate shipbuilding contracts with JNS and CATIC (acting on a joint basis) in respect of constructing and equipping the JNS Optional Vessels, with the first option and second option exercisable within three months and four months respectively after the JNS Contracts become effective (as further described in the main content of the announcement); and a "Purchase Option" shall mean each or any one of them, as the context so requires; |
| "Refund Guarantees" | means the bank guarantees to be issued by Industrial and Commercial Bank of China Limited, Guangdong Branch to each JNS Purchaser under JNS Contract A and JNS Contract B and by Bank of China Ltd, Guangdong Branch to each JNS Purchaser under JNS Contract C, JNS Contract D, JNS Contract E and JNS Contract F, to guarantee the repayment of any consideration paid by the JNS Purchasers, which can be called upon if any JNS Contract is cancelled and/or rescinded by any of the JNS Purchasers under certain circumstances, in a form specified in the JNS Contracts; |
| "Shareholders" | means the shareholders of the Company; |
| "Stock Exchange" | means The Stock Exchange of Hong Kong Limited; |
| "TZS" | Tsuneishi Group (Zhoushan) Shipbuilding Inc.; |
| "TZS Contract A" | means the legally binding memorandum of agreement dated 15 November 2010 entered into between Amur River Limited and CPN for the acquisition of TZS Vessel A by Amur River Limited; |
| "TZS Contract B" | means the legally binding memorandum of agreement dated 15 November 2010 entered into between Hondo River Limited and CPN for the acquisition of TZS Vessel B by Hondo River Limited; |
| "TZS Contract C" | means the legally binding memorandum of agreement dated 15 November 2010 entered into between Niagara River Limited and CPN for the acquisition of TZS Vessel C by Niagara River Limited; |
| "TZS Contract D" | means the legally binding memorandum of agreement dated 15 November 2010 entered into between Pigeon River Limited and CPN for the acquisition of TZS Vessel D by Pigeon River Limited; |
| "TZS Contracts" | means TZS Contract A, TZS Contract B, TZS Contract C and TZS Contract D; and a "TZS Contract" means each and any one of them as the context so requires; |

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| "TZS Purchasers" | Amur River Limited, Hondo River Limited, Niagara River Limited and Pigeon River Limited; and a "TZS Purchaser" means each and any one of them as the context so requires; |
| "TZS Vessel A" | means a handymax newbuilding dry bulk carrier of approximately 58,100dwt to be constructed and equipped at the shipyard of TZS in China. It is currently expected that TZS Vessel A will be delivered in the first quarter of 2013; |
| "TZS Vessel B" | means a handymax newbuilding dry bulk carrier of approximately 58,100dwt to be constructed and equipped at the shipyard of TZS in China. It is currently expected that TZS Vessel B will be delivered in the second quarter of 2013; |
| "TZS Vessel C" | means a handymax newbuilding dry bulk carrier of approximately 58,100dwt to be constructed and equipped at the shipyard of TZS in China. It is currently expected that TZS Vessel C will be delivered in the third quarter of 2013; |
| "TZS Vessel D" | means a handymax newbuilding dry bulk carrier of approximately 58,100dwt to be constructed and equipped at the shipyard of TZS in China. It is currently expected that TZS Vessel D will be delivered in the fourth quarter of 2013; |
| "TZS Vessels" | means TZS Vessel A, TZS Vessel B, TZS Vessel C and TZS Vessel D; and a "TZS Vessel" shall mean each and any one of them, as the context so requires; and |
| "US Dollars" or "US$" | means United States Dollars, the lawful currency of the United States. |

By Order of the Board
**Andrew T. Broomhead**
*Executive Director and Company Secretary*

Hong Kong, 15 November 2010

*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 announcement.

*As at the date of this announcement, the executive Directors of the Company are David Muir Turnbull, Klaus Nyborg, Jan Rindbo, Wang Chunlin and Andrew Thomas Broomhead, the non-executive Director of the Company is Richard Maurice Hext, and the independent non-executive Directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul, Alasdair George Morrison and Daniel Rochfort Bradshaw.*