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

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

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Pacific Basin Shipping Limited

太平洋航運集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

DISCLOSEABLE TRANSACTIONS:

SALE OF FIVE VESSELS AND

BAREBOAT CHARTER BACK OF THOSE FIVE VESSELS

* *For identification purposes only*

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD OF DIRECTORS	
Introduction	4
The legally binding MOA	5
The bareboat charterparties	8
Reasons for the sale and bareboat charter back of the Five Vessels	11
The fleet	11
Further information	12
APPENDIX – GENERAL INFORMATION	13

DEFINITIONS

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

“banking days”	means the days on which banks are open in London, Hong Kong, Tokyo, Singapore, Hamburg and New York;
“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.6) Limited, Pacific Basin Chartering (No.7) Limited, Pacific Basin Chartering (No.8) Limited, Pacific Basin Chartering (No.9) Limited and Pacific Basin Chartering (No.10) 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 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”	Alvie Limited;
“Fifth Vessel”	A 2001 built handysize dry bulk carrier constructed in Japan of 28,438dwt, named “Cape Nelson”. 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;

DEFINITIONS

“First Purchaser”	Octans Limited;
“First Vessel”	A 2004 built handysize dry bulk carrier constructed in Japan of 31,893dwt, named “Timaru Star”. 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;
“Five Vessels”	means the First Vessel, the Second Vessel, the Third Vessel, the Fourth Vessel and the Fifth Vessel;
“Fourth Purchaser”	Carina Limited;
“Fourth Vessel”	A 2002 built handysize dry bulk carrier constructed in Japan of 28,461dwt, named “Ocean Exporter”. 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;
“Latest Practicable Date”	means 10 November 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“Long Term Incentive Scheme”	means the share option scheme adopted by the Company on 17 June 2004 and amended and re-named the long term incentive scheme pursuant to a resolution passed by Shareholders at a special general meeting on 8 June 2005;
“MOA”	means the legally binding unconditional Memorandum of Agreement dated 27 October 2005 entered into between the Sellers and the Purchasers in respect of the sale of the Five Vessels;

DEFINITIONS

“Purchasers”	means the First Purchaser, the Second Purchaser, the Third Purchaser, the Fourth Purchaser and the Fifth Purchaser and “Purchaser” shall mean each and any one of them as the context so requires;
“Second Purchaser”	Lochside Limited;
“Second Vessel”	A 2004 built handysize dry bulk carrier constructed in Japan of 32,774dwt, named “Port Pegasus”. 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”	Thompson Shipping (BVI) Limited, Spencer Shipping (BVI) Limited, Othello Shipping (BVI) Limited, Mirs Shipping (BVI) Limited and Caterina (BVI) Limited, each an indirect wholly-owned subsidiary of the Company;
“Shareholders”	means the shareholders of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Third Purchaser”	Fearn Limited; and
“Third Vessel”	A 2002 built handysize dry bulk carrier constructed in Japan of 28,379dwt, named “Albany Sound”. 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.

LETTER FROM THE BOARD OF DIRECTORS



Pacific Basin Shipping Limited

太平洋航運集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

Executive Directors:

Christopher Richard Buttery
Richard Maurice Hext
Mark Malcolm Harris
Paul Charles Over

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Non-Executive Directors:

Lee Kwok Yin, Simon
Brian Paul Friedman

Hong Kong Principal Office:

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

Independent Non-Executive Directors:

Robert Charles Nicholson
Patrick Blackwell Paul
The Earl of Cromer

14 November 2005

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTIONS:
SALE OF FIVE VESSELS AND BAREBOAT CHARTER
BACK OF THOSE FIVE VESSELS**

INTRODUCTION

On 27 October 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 Five Vessels as described herein for a consideration of US\$100,000,000 (approximately HK\$780,000,000). Principal terms of the MOA are set out below in this circular.

Simultaneously with the signing of the MOA, the Bareboat Charterers, each being an indirect wholly-owned subsidiary of the Company, entered into five bareboat charterparties as described herein with the Purchasers to charter the Five Vessels back into the Company's chartered fleet at agreed charter rates for a fixed period of 12 years.

* For identification purposes only

LETTER FROM THE BOARD OF DIRECTORS

Under the five bareboat charterparties each of the Bareboat Charterers has the option to individually re-purchase each of the Five 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. The Company will comply with the relevant requirements under the Listing Rules prevailing if it exercises any of the purchase options. Furthermore, the Company shall make an announcement as soon as reasonably practicable, upon the earlier of (1) the expiry of any such purchase option; or (2) the Company notifying the relevant Purchaser that a purchase option will not be exercised.

The sale of the Five Vessels contemplated under the MOA and the bareboat charter back of the Five Vessels, constitute discloseable transactions of the Company under the Listing Rules. This document constitutes the circular which the Company is required to send to you pursuant to the Listing Rules in relation to the sale and bareboat charter back of the Five Vessels.

THE LEGALLY BINDING MOA

Date: 27 October 2005

Parties: Purchasers: Octans Limited (the “First Purchaser”) who shall purchase the First Vessel;

Lochside Limited (the “Second Purchaser”) who shall purchase the Second Vessel;

Fearn Limited (the “Third Purchaser”) who shall purchase the Third Vessel;

Carina Limited (the “Fourth Purchaser”) who shall purchase the Fourth Vessel; and

Alvie Limited (the “Fifth Purchaser”) who shall purchase the Fifth 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 Five Vessels and the principal business activity of the ultimate beneficial owner of the Purchasers is the owning and financing of shipping vessels; and (ii)

LETTER FROM THE BOARD OF DIRECTORS

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 : Thompson Shipping (BVI) Limited who shall sell the First Vessel, Spencer Shipping (BVI) Limited who shall sell the Second Vessel, Othello Shipping (BVI) Limited who shall sell the Third Vessel, Mirs Shipping (BVI) Limited who shall sell the Fourth Vessel and Caterina (BVI) Limited who shall sell the Fifth Vessel, each an indirect wholly-owned subsidiary of the Company.

Assets to be sold:

First Vessel: A 2004 built handysize dry bulk carrier constructed in Japan of 31,893dwt, named “Timaru Star”. 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 2004 built handysize dry bulk carrier constructed in Japan of 32,774 dwt, named “Port Pegasus”. 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 2002 built handysize dry bulk carrier constructed in Japan of 28,379dwt, named “Albany Sound”. 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 2002 built handysize dry bulk carrier constructed in Japan of 28,461dwt, named “Ocean Exporter”. 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 2001 built handysize dry bulk carrier constructed in Japan of 28,438dwt, named “Cape Nelson”. The flag of the vessel is presently Hong Kong and the place of registration Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai.

LETTER FROM THE BOARD OF DIRECTORS

Net Profits attributable to the assets:	The Five Vessels were all acquired by the Company on 31 March 2004. The net profits attributable to the Five Vessels for the financial year ended 31 December 2004 (audited) and for the six months ended 30 June 2005 (unaudited) were US\$13,943,000 (approximately HK\$108,755,400) and US\$11,788,000 (approximately HK\$91,946,400) respectively. There is no taxation on the net profits attributable to the Five Vessels.
Revenue attributable to the Five Vessels:	The revenues attributable to the Five Vessels for the financial year ended 31 December 2004 (audited) and the six months ended 30 June 2005 (unaudited) were US\$22,924,000 (approximately HK\$178,807,200) and US\$18,220,000 (approximately HK\$142,116,000) respectively.
Value of the Five Vessels:	The carrying value of the Five Vessels in the Company's accounts as at 31 October 2005 was US\$70,823,000 (approximately HK\$552,419,400).
Consideration:	<p>US\$100,000,000 (approximately HK\$780,000,000) (a lump sum figure for the Five 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 of the Five Vessels from which to make a direct comparison. In addition, no third party valuation has been performed on any of the Five Vessels.</p> <p>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 Shareholders as a whole.</p>
Payment terms:	The consideration for the sale of the Five Vessels was US\$100,000,000 (approximately HK\$780,000,000), which was received upon signing of the MOA.
Completion:	Pursuant to the MOA, the latest date for completion is 30 November 2005 unless the parties otherwise agree. The Directors currently expect that completion and delivery of the Five Vessels will take place on or before 30 November 2005. The bareboat charterparties will commence on the date of delivery of the Five Vessels. Pacific Basin will make a further announcement if completion does not take place by 30 November 2005.

LETTER FROM THE BOARD OF DIRECTORS

Intended use of proceeds: The intended application of the sale proceeds will include the repayment of bank borrowings on the Five Vessels (61% or US\$60,553,000, approximately HK\$472,313,400) and the prepayment of other bank borrowings (39% or US\$39,447,000, approximately HK\$307,686,600). The sum of the above repayment and prepayment of long-term bank borrowings included US\$5,262,000 (approximately HK\$41,043,600) being the current portion of these borrowings.

THE BAREBOAT CHARTERPARTIES

Date of bareboat charterparties: 27 October 2005 (with charters commencing upon delivery of the Five 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 and the Fifth Purchaser chartered out the Fifth 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 Five 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.6) Limited chartered in the First Vessel, Pacific Basin Chartering (No.7) Limited chartered in the Second Vessel, Pacific Basin Chartering (No.8) Limited chartered in the Third Vessel, Pacific Basin Chartering (No.9) Limited chartered in the Fourth Vessel and Pacific Basin Chartering (No.10) Limited chartered in the Fifth Vessel, each an indirect wholly-owned subsidiary of the Company.

Assets to be chartered in: The Five Vessels.

The Purchasers, as the new owners of the Five Vessels do not have the right to change the flag, name or registration of the vessels.

LETTER FROM THE BOARD OF DIRECTORS

Guarantee: In connection with the bareboat charter back of the Five 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: The Bareboat Charterers shall pay the Purchasers approximately US\$2,730,000 (approximately HK\$21,294,000) in charter hire payments quarterly (for the Five Vessels in total) during the period of the bareboat charterparties which is for a fixed period of 12 years from the date of delivery and completion of the sale of the Five Vessels. The charter hire payments are lump sum figures with no allocation to individual vessels in the bareboat charterparty. Such payments shall be satisfied from the freight and charterhire revenues generated by the Group.

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 Five Vessels.

There is no early termination clause in the bareboat charterparties. However, under the five bareboat charterparties the Company has the option (which is not transferable) to repurchase any of the Five Vessels 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 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.

Although the MOA does not specify the individual sales price for the Five Vessels, the repurchase price 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 Five Vessels at the end of the 12 year bareboat charterparties is US\$28,600,000 (approximately HK\$223,080,000) (which is the sales consideration minus the principal repaid during the 12 year charter period). Upon exercise of an option, the Bareboat Charterer is also required to pay 35% of the amount by which the then fair market price, to be determined by reference to market data at the time of the sale, exceeds the purchase option price (the same mark-up will apply if the option is exercised before the expiry of the bareboat charterparty).

The Company will comply with the relevant requirements under the Listing Rules prevailing if it exercises any of the purchase options.

LETTER FROM THE BOARD OF DIRECTORS

Furthermore, the Company shall make an announcement as soon as reasonably practicable, upon the earlier of (1) the expiry of any such purchase option; or (2) the Company notifying the relevant Purchaser that a purchase option will not be exercised.

Accounting treatment: 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 Five Vessels; (ii) the fixed assets note to the Company’s accounts will disclose that the Five Vessels should be classified as “leased assets” rather than “fixed assets” and (iii) the current and long-term liabilities in aggregate will remain unchanged as bank borrowings secured on the Five Vessels and other bank borrowings which have been repaid out of the entire sale proceeds are replaced by finance lease obligations of an equivalent amount, i.e. US\$100,000,000 (approximately HK\$780,000,000).

The Five 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 Five Vessels were owned by the Company. The charter hire payments of approximately US\$2,730,000 (approximately HK\$21,294,000) 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”.

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 Five Vessels.

The intended application of the sale proceeds of US\$100,000,000 (approximately HK\$780,000,000) will include the repayment of bank borrowings on the Five Vessels (61%) and the prepayment of other bank borrowings (39%), the sum of which includes US\$5,262,000 (approximately HK\$41,043,600) being the current portion of these long-term bank borrowings. The Company’s current and long-term liabilities in aggregate will remain unchanged as bank borrowings (US\$60,553,000, approximately HK\$472,313,400) secured on the Five Vessels and other bank borrowings (US\$39,447,000, approximately HK\$307,686,600) which have been repaid out of the entire sale proceeds are replaced by finance lease obligations of an equivalent amount. However, the current portion of the bank borrowings repaid and prepaid was US\$5,262,000 (approximately HK\$41,043,600) whereas the current portion of the finance lease obligations is US\$3,923,000 (approximately HK\$30,599,400).

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 Five Vessels or by adopting finance lease accounting as compared with immediately prior to the entering of the MOA and the bareboat charterparties for the Five Vessels when the Five Vessels were owned by the Company.

LETTER FROM THE BOARD OF DIRECTORS

The sale and charter back of the Five 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 Five 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 Five Vessels.

REASONS FOR THE SALE AND BAREBOAT CHARTER BACK OF THE FIVE 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 Five Vessels (US\$60,553,000, approximately HK\$472,313,400) and to prepay other bank borrowings (US\$39,447,000, approximately HK\$307,686,600) and to retain commercial and operational control over the Five Vessels. The prepayment of other bank borrowings which are held under secured revolving facilities, results in an increase to such undrawn facilities of US\$39,447,000 (approximately HK\$307,686,600) which can be re-utilised by the Company from such banks 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 Five 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 circular, the Company has a fleet of 50 vessels (1,498,406dwt), comprising 23 owned vessels (666,082dwt), 23 chartered-in vessels, which includes the Five Vessels (725,153dwt) and 4 managed vessels (107,171dwt). 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 (60,100dwt) will enter into the owned fleet and four will enter into the chartered-in fleet (116,200dwt).

All the vessels in the Group's fleet are used in the same manner. There is no distinction between the use of owned, chartered and managed vessels, save to the extent that the Company generates freight and charter-hire income for the owned and chartered 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 (107,194dwt in aggregate), are employed in the IHC Pool. The handymax vessels are not included in the IHC Pool as this is a handysize specific pool.

LETTER FROM THE BOARD OF DIRECTORS

The sale of the Five Vessels contemplated under the MOA and the bareboat charter back of the Five Vessels, constitute discloseable transactions of the Company under the Listing Rules. This document constitutes the circular which the Company is required to send to you pursuant to the Listing Rules.

FURTHER INFORMATION

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

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

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

Authorised and issued share capital

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

<i>Authorised:</i>	<i>US\$</i>
3,600,000,000 shares (Shares of US\$0.10 each)	360,000,000
<i>Issued:</i>	
1,281,300,609 shares (Shares of US\$0.10 each)	128,130,060

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

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

3. DISCLOSURE OF INTERESTS

(i) Interests of Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which: (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or

(c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

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

Name of Director	Corporate interests	Personal interests	Family interests	Trust & similar interests	Number of underlying Shares under equity derivatives (share options)	Total Share interests	Approximate
							percentage of issued share capital of the Company
Christopher R Buttery	–	5,626,612	–	18,386,905 ³	3,200,000 ¹	27,213,517	2.12%
Richard M Hext	–	3,333,333 ²	–	–	5,000,000 ²	8,333,333	0.65%
Mark M Harris	6,282,261 ⁶	12,121,001	–	–	3,200,000 ¹	21,603,262	1.69%
Paul C Over	–	–	–	23,535,041 ⁴	3,200,000 ¹	26,735,041	2.09%
Simon K Y Lee	–	–	–	55,807,220 ⁵	–	55,807,220	4.36%

Notes:

- (1) On 14 July 2004, each of Christopher Buttery, Mark Harris and Paul Over were granted options to subscribe for 4,800,000 Shares pursuant to the Long Term Incentive Scheme. The subscription price is HK\$2.50 per Share. In relation to each grant of 4,800,000 Share options, 1,600,000 Share options are exercisable from 14 July 2005 to 14 July 2014, another 1,600,000 Share options are exercisable from 14 July 2006 to 14 July 2014 and the remaining 1,600,000 Share options are exercisable from 14 July 2007 to 14 July 2014.

Each of Christopher Buttery, Mark Harris and Paul Over has exercised their options to subscribe for 1,600,000 Shares in September 2005 at the price of HK\$2.50 per Share.

- (2) On 5 April 2005, Mr Hext joined the Company as an executive Director and he was entitled to a grant of 5 million Share options, granted pursuant to the Long Term Incentive Scheme on this date. The subscription price is HK\$3.875 per Share. In relation to the grant of 5,000,000 Share options, 1,000,000 Share options are exercisable for each of the following period (i) from 5 April 2006 to 5 April 2015, (ii) from 5 April 2007 to 14 July 2015, (iii) from 5 April 2008 to 14 July 2015, (iv) from 5 April 2009 to 14 July 2015, and (v) from 5 April 2010 to 14 July 2015.

On 16 June 2005, 3,333,333 Shares in the form of restricted share awards were granted to Mr. Hext pursuant to the Long Term Incentive Scheme. In relation to the 3,333,333 restricted share awards, 666,667 Shares will vest on 5 April 2006, 666,667 Shares will vest on 5 April 2007, 666,667 Shares will vest on 5 April 2008, 666,666 Shares will vest on 5 April 2009 and 666,666 Shares will vest on 5 April 2010.

- (3) 18,386,905 Shares are owned by Turnwell Limited. Mr Buttery is deemed to be interested in the entire share capital of Turnwell Limited under the SFO as its shares are held by a discretionary trust set up by him and the discretionary objects of which include himself and his family members.

- (4) 25,535,041 Shares are owned by Ansleigh Limited. Mr Over is deemed to be interested in the entire share capital of Ansleigh Limited under the SFO as its shares are held by a discretionary trust set up by him and the discretionary objects of which include himself and his family members.
- (5) 19,935,122 Shares, 1,059,725 Shares, 22,335,373 Shares, 4,877,000 Shares and 7,600,000 Shares are beneficially owned by Asia Distribution Limited, Firelight Investments Limited, Eagle Pacific International Limited, Eagle Sky Investments Limited, Wellex Investment Limited and Fortress Eagle Investment Limited, respectively. These companies are controlled by discretionary trusts established by Mr Lee, the discretionary objects of which include his family members.
- (6) Dragon Island Shipping Limited owns 6,282,261 Shares in the Company which is controlled by Mr Harris.

(ii) Interests of Shareholders discloseable pursuant to the SFO

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

4. SERVICE CONTRACTS

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

5. LITIGATION

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

6. COMPETING INTERESTS

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

7. MISCELLANEOUS

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