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

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Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

**DISCLOSEABLE TRANSACTION:
ACQUISITIONS OF SHIPPING VESSELS**

23 August 2004

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DEFINITIONS

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

| Expressions | Meanings |
|--------------------------|--|
| “banking days” | means the days on which banks are open in London, Hong Kong, Tokyo, Singapore, Hamburg and New York; |
| “Company” | 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; |
| “Classification Society” | means an independent society which certifies that a vessel has been built and maintained in accordance with the rules and regulations of the flag state of such vessel and the international conventions of which that country is a member; |
| “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; |
| “Directors” | means the directors of the Company; |
| “First MOA” | means the legally binding unconditional Memorandum of Agreement dated 2 August 2004 entered into between Cape Spencer Shipping Limited and Potomac Enterprises Limited for the acquisition of the First Vessel by Cape Spencer Shipping Limited; |
| “First Seller” | Potomac Enterprises Limited; |
| “First Vessel” | means a handysize dry bulk carrier of 28,799 dwt built in 1997 named “Aries Harmony”. The present flag of the First Vessel is 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 provide marine transportation and logistical support services; |
| “Hong Kong” | means the Hong Kong Special Administrative Region of the People’s Republic of China; |

DEFINITIONS

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| “Latest Practicable Date” | means 18 August 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein; |
| “LIBOR” | means London Inter-Bank Offer Rate; |
| “Listing Rules” | means The Rules Governing the Listing of Securities on the Stock Exchange; |
| “MOAs” | means the First MOA, Second MOA and the Third MOA; |
| “New Bank Loan” | means the new bank borrowings relating to the acquisition of all three Vessels which have already been arranged with one of the Company’s principal bankers which is independent of the Company and the Sellers; |
| “Prospectus” | the Company’s prospectus dated 30 June 2004; |
| “Second MOA” | means the legally binding unconditional Memorandum of Agreement dated 2 August 2004 entered into between Castle Island Shipping Limited and First Wave Inc., for the acquisition of the Second Vessel by Castle Island Shipping Limited; |
| “Second Seller” | First Wave Inc.; |
| “Second Vessel” | means a handysize dry bulk carrier of 28,759 dwt built in 1997 now renamed “Castle Island” (previously “Atlantic Trader”). The present flag of the Second Vessel is Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai; |
| “Sellers” | means the First Seller, the Second Seller, the Third Seller and their additional identical ultimate beneficial owner; |
| “SFO” | means Securities and Futures Ordinance (Chapter 572 of the Laws of Hong Kong); |
| “Shareholders” | means the shareholders of the Company; |
| “Shares” | means the ordinary shares issued by the Company, with a nominal value of US\$0.10 each, traded in HK dollars and which are listed on the Stock Exchange; |

DEFINITIONS

| | |
|-----------------------|--|
| “Share Option Scheme” | means the share option scheme adopted by the Company pursuant to a resolution passed by the Shareholders at an extraordinary general meeting on 10 June 2004; |
| “Stock Exchange” | means The Stock Exchange of Hong Kong Limited; |
| “Third MOA” | means the legally binding unconditional Memorandum of Agreement dated 2 August 2004 entered into between Gold River Shipping Limited and Third Wave Inc., for the acquisition of the Third Vessel by Gold River Shipping Limited; |
| “Third Seller” | Third Wave Inc.; |
| “Third Vessel” | means a handysize dry bulk carrier of 32,973 dwt built in 1999 now renamed “Gold River (previously “Atlantic Harmony”). The present flag of the Third Vessel is Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai; and |
| “Vessels” | means the First Vessel, the Second Vessel and the Third Vessel. |

LETTER FROM THE BOARD OF DIRECTORS



Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

Executive Directors:

Christopher Richard Buttery

Mark Malcolm Harris

Paul Charles Over

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Non-Executive Directors:

Lee Kwok Yin, Simon

James John Dowling

Brian Paul Friedman

Hong Kong Principal Office:

6th Floor, Tai Yau Building

181 Johnston Road

Wanchai

Hong Kong

Independent Non-Executive Directors:

Robert Charles Nicholson

Patrick Blackwell Paul

The Rt. Hon. The Earl of Cromer

23 August 2004

To the Shareholders

Dear Sir or Madam

**DISCLOSEABLE TRANSACTION
ACQUISITIONS OF SHIPPING VESSELS**

INTRODUCTION

On 5 August 2004 the Directors announced that certain indirect wholly-owned subsidiaries of the Company entered into (i) the First MOA with Potomac Enterprises Limited to acquire from it the First Vessel for a consideration of US\$16,900,000 (approximately HK\$131,820,000); (ii) the Second MOA with First Wave Inc. to acquire from it the Second Vessel for a consideration of US\$16,900,000 (approximately HK\$131,820,000); and (iii) the Third MOA with Third Wave Inc. to acquire from it the Third Vessel for a consideration of US\$19,500,000 (approximately HK\$152,100,000). The ultimate beneficial owner of the First Seller, the Second Seller and the Third Seller is identical. Principal terms of the MOAs are set out below in this circular.

LETTER FROM THE BOARD OF DIRECTORS

The transactions contemplated under the MOAs constitute a discloseable transaction of the Company under the Listing Rules. This document constitutes the circular which the Company is required to send to you pursuant to the Listing Rules in relation to the acquisition of the Vessels.

THE MOAs

1 The First MOA

Date: 2 August 2004

Parties: Purchaser: Cape Spencer Shipping Limited

First Seller: Potomac Enterprises Limited, which is, together with its ultimate beneficial owner, a third party independent of the Company and its subsidiaries, any director, chief executive or substantial shareholder of such companies or any of their respective associates (as defined in the Listing Rules). The principal business activity of the First Seller is owning the First Vessel

Asset to be acquired: A 1997 built handysize dry bulk carrier of 28,799 dwt, named "Aries Harmony". The flag of the First Vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai. Upon completion of the acquisition, the Directors intend to change the name of the vessel to "Cape Spencer", and to retain the flag and place of registration of the vessel in Hong Kong.

Consideration: US\$16,900,000 (equivalent to HK\$131,820,000), which was determined by reference to market intelligence the Company has gathered from ship brokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable age and size in the market and after arm's length negotiation between the parties. However, as is commonly the case in the dry bulk carrier market, there have not been any recently published sales by third party vendors of vessels of the exact age and size of the Vessels from which to make a direct comparison. In addition, no third party valuation has been performed on the First Vessel.

The Directors believe that such consideration, which was determined after arm's length negotiation, is fair and reasonable so far as the Company and the Shareholders are concerned.

Payment of the purchase price will be satisfied entirely in cash, 40% of which will be funded from the cash proceeds raised by the Company upon listing on the Stock Exchange on 14 July 2004, and

LETTER FROM THE BOARD OF DIRECTORS

60% from new bank borrowings which have already been arranged with one of the Company's principal bankers which is independent of the Company and the Sellers and relates to the acquisition of all three Vessels (the "New Bank Loan"). The terms of the New Bank Loan are eight years from the date of the drawdown, with an interest rate based on a fixed margin above LIBOR and repayable pursuant to an agreed quarterly repayment schedule commencing after the first quarter from drawdown. The New Bank Loan will be secured by first property mortgages on the Vessels and a pledge of shares of the relevant subsidiaries of the Company which will own the Vessels.

Payment terms: Under the First MOA, the consideration shall be paid in the following manner:

— 10% of the purchase price (being the deposit) by no later than three banking days from the date of signing the First MOA; and

— the balance of the purchase price in full three banking days prior to the expected date of readiness for delivery of the First Vessel. The delivery date shall not be later than three banking days following the date, at the First Seller's option, on which the First Seller has confirmed that the First Vessel is in every respect physically ready for delivery, which date must not be later than 1 October 2004 unless the parties otherwise agree.

Completion: Pursuant to the First MOA, the latest date for completion is 1 October 2004 unless the parties otherwise agree. The Directors currently expect that completion will take place between 1 September 2004 and 1 October 2004 when the First Vessel will be delivered in Japan.

2 The Second MOA

Date: 2 August 2004

Parties: Purchaser: Castle Island Shipping Limited

Second Seller: First Wave Inc., which is, together with its ultimate beneficial owner, a third party independent of the Company and its subsidiaries, any director, chief executive or substantial shareholder of such companies or any of their respective associates (as defined in the Listing Rules). The principal business activity of the Second Seller is owning the Second Vessel

LETTER FROM THE BOARD OF DIRECTORS

Asset to be acquired: A 1997 built handysize dry bulk carrier of 28,759 dwt, named “Atlantic Trader”. The flag of the Second Vessel is Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai. Completion of the acquisition took place on 13 August 2004. The Directors have changed the name of the vessel to “Castle Island”, and have retained the flag and place of registration of the vessel in Hong Kong.

Consideration: US\$16,900,000 (equivalent to HK\$131,820,000), which was determined by reference to market intelligence the Company has gathered from ship brokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable age and size in the market and after arm’s length negotiation between the parties. However, as is commonly the case in the dry bulk carrier market, there have not been any recently published sales by third party vendors of vessels of the exact age and size of the Vessels from which to make a direct comparison. In addition, no third party valuation has been performed on the Second Vessel.

The Directors believe that such consideration, which was determined after arm’s length negotiation, is fair and reasonable so far as the Company and the Shareholders are concerned.

Payment of the purchase price will be satisfied entirely in cash, 40% of which will be funded from the cash proceeds raised by the Company upon listing on the Stock Exchange on 14 July 2004 and 60% from the New Bank Loan, the terms of which are described in the section “The First MOA — Consideration” above.

Payment terms: Under the Second MOA, consideration shall be paid in the following manner:

— the purchase price in full three banking days prior to the expected date of readiness for delivery of the Second Vessel. The delivery date shall not be later than three banking days following the date, at the Second Seller’s option, on which the Second Seller has confirmed that the Second Vessel is in every respect physically ready for delivery, which date must not be later than 30 September 2004 unless the parties otherwise agree.

Completion: Completion occurred on 13 August 2004 and the Second Vessel has been delivered to us.

3 The Third MOA

Date: 2 August 2004

LETTER FROM THE BOARD OF DIRECTORS

- Parties: Purchaser: Gold River Shipping Limited
- Third Seller: Third Wave Inc., which is, together with its ultimate beneficial owner, a third party independent of the Company and its subsidiaries, any director, chief executive or substantial shareholder of such companies or any of their respective associates (as defined in the Listing Rules). The principal business activity of the Third Seller is owning the Third Vessel
- Asset to be acquired: A 1999 built handysize dry bulk carrier of 32,973 dwt, named “Atlantic Harmony”. The flag of the Third Vessel is Hong Kong and the place of registration is Hong Kong. The Classification Society of the vessel is Nippon Kaiji Kyokai. Completion of the acquisition took place on 18 August 2004. The Directors have changed the name of the vessel to “Gold River”, and have retained the flag and place of registration of the vessel in Hong Kong.
- Consideration: US\$19,500,000 (equivalent to HK\$152,100,000), which was determined by reference to market intelligence the Company has gathered from ship brokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable age and size in the market and after arm’s length negotiation between the parties. However, as is commonly the case in the dry bulk carrier market, there have not been any recently published sales by third party vendors of vessels of the exact age and size of the Vessels from which to make a direct comparison. In addition, no third party valuation has been performed on the Third Vessel.
- The Directors believe that such consideration, which was determined after arm’s length negotiation, is fair and reasonable so far as the Company and the Shareholders are concerned.
- Payment of the purchase price will be satisfied entirely in cash, 40% of which will be funded from the cash proceeds raised by the Company upon listing on the Stock Exchange on 14 July 2004 and 60% from the New Bank Loan, the terms of which are described in the section “The First MOA — Consideration” above.
- Payment terms: Under the Third MOA, the consideration shall be paid in the following manner:
- 10% of the purchase price (being the deposit) by no later than three banking days from the date of signing the MOA; and

LETTER FROM THE BOARD OF DIRECTORS

— the balance of the purchase price in full three banking days prior to the expected date of readiness for delivery of the Third Vessel. The delivery date shall not be later than three banking days following the date, at the Third Seller's option, on which the Third Seller has confirmed that the Third Vessel is in every respect physically ready for delivery, which date must not be later than 30 September 2004 unless the parties otherwise agree.

Completion: Completion occurred on 18 August 2004 and the Third Vessel has been delivered to us.

REASON FOR THE TRANSACTION

As stated in the Prospectus, 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. The transactions outlined above and the use of the cash proceeds raised by the Company upon listing are consistent with this strategy, are in line with the use of proceeds section set out in the Prospectus and are in response to the significant customer demand the Company is currently experiencing for its services.

The delivery status of the six vessels which were acquired conditional upon the completion of the listing of the Company's shares on the Stock Exchange is as follows:

| Vessel | Status |
|--|--|
| Cape Flattery (previously Pamukkale) | Delivered on 29 July 2004 |
| Flinders Island (previously Happy Venture) | Delivered on 30 July 2004 |
| Abbot Point (previously Forest Venture) | Delivered on 2 August 2004 |
| Carina Venture | Expected to be delivered end August 2004 |
| Hakodate Hull No. 801 | Expected to be delivered in June 2005 |
| Kanda Hull No. 476 | Expected to be delivered in August 2005 |

The expected benefits following the successful completion of the acquisition of the Vessels are that the Company will have an expanded fleet of more modern vessels. The Company's fleet following completion of the acquisition of the Vessels and including the three delivered vessels referred to above will comprise 45 vessels with an average age of 6.6 years and a total tonnage of approximately 1.3 million dwt (the "Fleet"). The Fleet comprises (i) 30 owned vessels with an average age of four years and a total tonnage of approximately 905,000 dwt, (ii) eight chartered in vessels with an average age of seven years and a total tonnage of approximately 223,000 dwt and (iii) seven managed vessels with an average age of nine years and a total tonnage of approximately 188,000 dwt. In addition, the acquisition of the Vessels will enable the Company to increase revenues and provide its customers with more comprehensive and flexible coverage in the Asia Pacific region.

The aggregate purchase price of the Vessels is US\$53.3 million (approximately HK\$416 million), representing approximately 15% of the Company's total pro forma assets of approximately

LETTER FROM THE BOARD OF DIRECTORS

US\$354.8 million as at 31 December 2003, as set out in the accountants' report in Appendix IIA of the Prospectus. Following the delivery of the Vessels, the Group's fixed assets will increase whilst current assets will decrease in proportion to the amount of the aggregate purchase price funded from internal resources and long-term liabilities will increase in proportion to the amount of the aggregate purchase price funded from the New Bank Loan.

The Directors believe that the terms of the MOAs are fair and reasonable so far as the Company and the Shareholders are concerned, and that the acquisitions of the Vessels are in the interests of the Company and the Shareholders.

The transactions contemplated under the MOAs constitute a discloseable transaction of the Company under the Listing Rules. This document constitutes the circular which the Company is required to send to you pursuant to the Listing Rules in relation to the acquisition of the Vessels.

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
Christopher R. Buttery
Chairman

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:

| <u>Authorised:</u> | <u>US\$</u> |
|--|-------------|
| 3,600,000,000 shares (Shares of US\$0.10 each) | 360,000,000 |
| <u>Issued:</u> | |
| 1,267,010,609 shares (Shares of US\$0.10 each) | 126,701,060 |

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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, or (b) were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, 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 | — | 100,000 | — | 12,059,623 ⁽²⁾ | 4,800,000 ⁽¹⁾ | 16,959,623 | 1.34% |
| Mark M Harris | — | — | — | — | 4,800,000 ⁽¹⁾ | 4,800,000 | 0.38% |
| Paul C Over | — | — | — | 12,059,623 ⁽³⁾ | 4,800,000 ⁽¹⁾ | 16,859,623 | 1.33% |
| Brian P Friedman | 241,195,194 ⁽⁴⁾ | — | — | — | — | 242,209,708 | 19.04% |
| Simon K Y Lee | — | — | — | 36,536,997 ⁽⁵⁾ | — | 36,536,997 | 2.88% |

Notes:

- (1) On 14 July 2004, each of the executive Directors was granted options to subscribe for 4,800,000 Shares pursuant to the Share Option Scheme of the Company. 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.
- (2) 12,059,623 Shares are beneficially owned by Plymouth Shipping Investments Limited, which is wholly owned by Turnwell Limited and Ansleigh Limited in equal shares. Mr Buttery 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.
- (3) 12,059,623 Shares are beneficially owned by Plymouth Shipping Investments Limited, which is wholly owned by Turnwell Limited and Ansleigh Limited in equal shares. 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.
- (4) Mr Friedman is a managing member of FS Private Investments LLC, which is the manager of each of Furman Selz Investors II L.P., FS Employee Investors LLC and FS Parallel Fund LP, being the members of IDB Carriers (BVI) Limited. Under these arrangements, Mr Friedman is entitled, as a managing member of FS Private Investments LLC, to exercise or control the exercise of rights conferred by the holding of all the shares in IDB Carriers (BVI) Limited. Accordingly, Mr Friedman is taken to be interested in the 241,195,194 Shares held by IDB Carriers (BVI) Limited.
- (5) 1,059,725 Shares, 22,335,373 Shares and 13,141,899 Shares are beneficially owned by Firelight Investments Limited, Eagle Pacific International Limited and Eagle Sky Investments Limited respectively. These companies are controlled by discretionary trusts established by Mr Lee, the discretionary objects of which include his family members.

(ii) Interests of Shareholders discloseable pursuant to the SFO

As at the Latest Practicable Date, so far as is known to the Directors, the following parties have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of 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:

| Name | Capacity/Nature of Interest | Number of Shares | Approximate percentage of issued share capital of the Company (%) |
|---|--------------------------------------|------------------|---|
| Dry Bulk Shipping (BVI) Limited | Beneficial owner | 289,433,689 | 22.84 |
| IDB Carriers (BVI) Limited | Beneficial owner | 241,195,194 | 19.04 |
| Nassau Capital Real Estate Partners III L.P. ⁽¹⁾ | Interest of a controlled corporation | 289,433,689 | 22.84 |
| Furman Selz Investors II L.P. ⁽²⁾ | Interest of a controlled corporation | 241,195,194 | 19.04 |
| FS Private Investments LLC ² | Interest of a controlled corporation | 241,195,194 | 19.04 |
| James L Luikart ³ | Interest of a controlled corporation | 241,195,194 | 19.04 |
| Pembroke | Beneficial owner | 179,589,622 | 14.18 |

Note:

- (1) Nassau Capital Real Estate Partners III L.P. is interested in approximately 40% of the registered capital of Dry Bulk Shipping (BVI) Limited and is deemed or taken to be interested in these Shares and to hold this short position (which are beneficially owned by and attributable to Dry Bulk Shipping (BVI) Limited respectively) for the purposes of the Securities and Futures Ordinance.
- (2) Furman Selz Investors II L.P. is interested in approximately 88.2% of the registered capital of IDB Carriers (BVI) Limited, and FS Private Investments LLC is the manager of Furman Selz Investors II L.P. with power to control the exercise of voting rights attached to these Shares. Therefore Furman Selz Investors II L.P. and FS Private Investments LLC are deemed or taken to be interested in these Shares and to hold this short position (which are beneficially owned by and attributable to IDB Carriers (BVI) Limited respectively) for the purposes of the Securities and Futures Ordinance. FS Private Investments LLC does business under the name of Jefferies Capital Partners.
- (3) Mr Luikart is a managing member of FS Private Investments LLC, which is the manager of each of Furman Selz Investors II L.P., FS Employee Investors LLC and FS Parallel Fund LP, being the members of IDB Carriers (BVI) Limited. Under these arrangements, Mr Luikart is entitled, as a managing member of FS Private Investments LLC, to exercise or control the exercise of rights conferred by the holding of all the shares in IDB Carriers (BVI) Limited. Accordingly, Mr Luikart is taken to be interested in these Shares and to hold this short position (which are beneficially owned by and attributable to IDB Carriers (BVI) Limited respectively) for the purposes of the Securities and Futures Ordinance.

Save as disclosed above, the Directors are not aware that there is any party who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting 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 Society of 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 6th Floor, Tai Yau Building, 181 Johnston Road, Wanchai, 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.