

The following is the text of a letter, summary of valuations and valuation certificate, prepared for the purpose of incorporation in this prospectus received from Knight Frank, an independent valuer, in connection with its valuation as at 31 March 2004 of the property interests of the Group.

30 June 2004

The Directors
Pacific Basin Shipping Limited
6/F., Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong



29/F, Office Tower, Convention Plaza
No. 1 Harbour Road
Wan Chai
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests in Hong Kong, The Philippines, Singapore and the United Kingdom held by Pacific Basin Shipping Limited (the “Company”) and its subsidiaries (together referred to as the “Group”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such property interests as at 31 March, 2004.

We have valued each of the property interests at its open market value which we would define as meaning “the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

Our valuations have been made on the assumption that the owners sell the property interests on the open market in their existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangement which would serve to increase the value of such property interests.

The property interests which are all rented by the Group in Hong Kong, The Philippines, Singapore and the United Kingdom have no commercial value due either to the prohibition against sub-letting or to the lack of substantial profit rents.

In valuing the property interests, we have complied with all requirements contained in Practice Note No. 12 issued by The Stock Exchange of Hong Kong Limited.

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us by the Group on such matters as statutory notices, easements, tenure, lettings, site and floor areas and all other relevant matters. We have caused searches to be made at the relevant Land Registries for all the properties. However, we have not scrutinised the original documents to verify ownership or to verify any lease amendments which may not appear on the copies handed to us. All documents and leases have been used as reference only and all dimensions, measurements and areas are approximate. We have also assumed that all necessary mortgagors' consents to the creation of tenancy have been obtained.

We have inspected the exterior of all the properties. During the course of our inspection, we have not observed any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the properties are or are not free of rot, infestation or any other defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

We enclose herewith our summary of valuation and valuation certificate.

Yours faithfully,
For and on behalf of
KNIGHT FRANK

Catherine Cheung
MHKIS MRICS RPS(GP)
Assistant Director

Note: Ms. Catherine Cheung has extensive valuation experience for properties in Hong Kong, various Asian countries and the United Kingdom.

Summary of Valuation

<u>Property</u>	<u>Open Market Value as at 31 March 2004</u>
(I) Properties rented by the Group in Hong Kong	
1. The whole of 6th Floor, Tai Yau Building 181 Johnston Road, Wanchai, Hong Kong	No commercial value
2. Rooms 901 to 906, Tai Yau Building 181 Johnston Road, Wanchai, Hong Kong	No commercial value
(II) Property rented by the Group in Singapore	
3. 17 Phillip Street #09-00 "Grand Building" Singapore 048695	No commercial value
(III) Property rented by the Group in The Philippines	
4. 16/F Office space located at The Ramon Magsaysay Centre, Pres. Roxas Avenue, Manila City, The Philippines	No commercial value
(IV) Property rented by the Group in The United Kingdom	
5. Fourth Floor, 2-4 Brook Street, Mayfair, London, W1 The United Kingdom	No commercial value
Total:	<u>No commercial value</u>

Valuation Certificate

(I) Properties rented by the Group in Hong Kong

<u>Property</u>	<u>Description</u>	<u>Particulars of occupancy</u>	<u>Open Market Value as at 31 March 2004</u>
1. The whole of 6th Floor, Tai Yau Building 181 Johnston Road, Wanchai, Hong Kong Situated within Sections A and B of Inland Lot No. 2808 and Sections A and B of Inland Lot No. 2809.	The property comprises the whole office floor on 6th floor of a 25-storey commercial building erected on a six-storey basement carpark and was completed in about 1985. The gross floor area of the property is approximately 9,384 sq.ft.	The property is rented by Pacific Basin Agencies Ltd., a member of the Group, for a term of two years from 1 March 2003 to 28 February 2005 at a rent of HK\$103,224 per month exclusive of rates, management fees and air-conditioning charges. The property is currently occupied by the Group as an office.	No commercial value

Note: The registered owner of the property is Tak Shing Investment Company Limited.

2. Rooms 901 to 906, Tai Yau Building 181 Johnston Road, Wanchai, Hong Kong Situated within Sections A and B of Inland Lot No. 2808 and Sections A and B of Inland Lot No. 2809.	The property comprises various office units on 9th floor of a 25-storey commercial building erected on a six-storey basement carpark and was completed in about 1985. The gross floor area of the property is approximately 4,782 sq.ft.	The property is rented to Pacific Basin Agencies Ltd. & Indo China Ship Management (HK) Ltd., members of the Group, for a term of two years from 13 January 2003 to 12 January 2005 at a rent of HK\$52,602 per month exclusive of rates, management fees and air-conditioning charges. The property is currently occupied by the Group as offices.	No commercial value
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Note: The registered owner of the property is Tak Shing Investment Company Limited.

(II) Property rented by the Group in Singapore

<u>Property</u>	<u>Description</u>	<u>Particulars of occupancy</u>	<u>Open Market Value as at 31 March 2004</u>
3. 17 Phillip Street #09-00 "Grand Building" Singapore 048695	<p>The subject property comprises an office located on the 9th floor of a 10-storey commercial development known as "Grand Building".</p> <p>The subject development is located on the eastern side of Phillip Street, off Chulia Street/Church Street and within the heart of the Central Business District.</p> <p>The building, completed in the 1970s, is constructed of reinforced concrete frame with brick in-fill walls and reinforced concrete floor/flat roof. The building is served by two passenger lifts and supplemented by two flights of reinforced concrete staircases. The subject premises are fitted with timber doors and anodised aluminium frame glass windows.</p> <p>The subject property is assumed to be in average condition. All main utility and Telecoms services are provided.</p> <p>Legal Description : Strata Lot No. : U22V : Town Subdivision : 1</p> <p>Tenure : Leasehold 999 years commencing 25 January 1827</p> <p>Strata Floor Area : 195.0 sq.m. (2,099 sq.ft.)</p>	<p>The property is rented to M/S Pacmarine Services, a member of the Group, for a term of three years from 16 June 2002 to 15 June 2005 at a rent of S\$5,500 per month (inclusive of maintenance charges).</p> <p>The property is currently occupied by the Group as offices.</p>	No commercial value

(III) Property rented by the Group in The Philippines

<u>Property</u>	<u>Description</u>	<u>Particulars of occupancy</u>	<u>Open Market Value as at 31 March 2004</u>
4. 16/F office space located at The Ramon Magsaysay Centre, Pres. Roxas Avenue, Manila City, The Philippines	<p>The property comprises all office space on the 16th floor of Ramon Magsaysay Centre which is a prime quality development of 18 storeys (including a basement) and was completed in about 1968.</p> <p>The gross floor area of the property is approximately 838 sq.m. (9,020 sq.ft.).</p>	<p>The property is rented to Indo-China Ship Management, Inc., a member of the Group, for a term of three years from 1 November 2003 to 31 October 2006 at a rent of P293,300 per month exclusive of outgoings.</p> <p>The property is currently occupied as an office.</p>	No commercial value

(IV) Property rented by the Group in The United Kingdom

<u>Property</u>	<u>Description</u>	<u>Particulars of occupancy</u>	<u>Open Market Value as at 31 March 2004</u>
5. Fourth Floor, 2-4 Brook Street, Mayfair, London, W1 The United Kingdom	<p>The property comprises a single floor of this period office building, constructed in the mid eighteenth century. The fourth floor is split level and benefits from wall mounted air-cooling units and good natural light. There are no allocated car parking spaces and the floor is accessed down a corridor at ground level and via stairs and two lifts.</p> <p>We understand that the net internal floor area is 166 sq. m. (1,787 sq. ft.).</p>	<p>The lease has been agreed to Pacific Basin UK Limited on a five year lease, expiring April 2009, at a passing rent of £76,841 per annum, exclusive of rates and service charge. The lease benefits from an initial rent free period of four months.</p> <p>The lease has a break option at year three, which if not exercised will allow for a further two month rent free period.</p> <p>There is no profit rent from the lease, as it is at full open market rental value.</p>	No commercial value