

A. FURTHER INFORMATION ABOUT OUR COMPANY**1 INCORPORATION**

The Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 10 March 2004 (registration no. 35005). We have established a place of business in Hong Kong at 6th Floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong and have been registered as an overseas company under Part XI of the Hong Kong Companies Ordinance. In connection with such application, Pacific Basin Shipping (HK) Limited has been appointed as our agent for the acceptance of service of process and notices on our behalf in Hong Kong. As we are incorporated in Bermuda, we operate subject to the Companies Act, the Bye-Laws and the relevant laws of Bermuda. A summary of the Company's constitution and relevant aspects of Bermuda company law is set out in Appendix V to this prospectus.

2 CHANGES IN SHARE CAPITAL OF THE COMPANY

- (a) As at the date of incorporation of the Company, its authorised share capital was US\$12,000 divided into shares of US\$0.10 each.
- (b) Pursuant to a meeting of the provisional directors held on 15 March 2004, the following Shares were allotted and issued to the following persons, nil paid:

Subscriber

IDB Carriers (BVI) Limited	53,333.40 Class A shares
Dry Bulk Shipping (BVI) Limited	63,999.96 Class B shares
Plymouth Shipping Investments Limited	2,666.64 Class C shares.

All shares have the same share rights except that:

- (i) Class A shares shall have 0.00075 votes per share and shall carry the right to elect and remove two "A" directors;
- (ii) Class B shares shall have 0.000312 votes per share and shall carry the right to elect and remove one "B" director; and
- (iii) Class C shares shall have 0.015 votes per share and shall carry the right to elect and remove two "C" directors.
- (c) Pursuant to the statutory meeting of members of the Company held on 15 March 2004, the Company increased its authorised share capital from US\$12,000 to US\$120,000,000 by the creation of an additional 1,199,880,000 shares of US\$0.10 each.
- (d) Pursuant to a meeting of the directors held on 29 March 2004, the Company issued an aggregate of 795,016,900 shares credited as fully paid, comprised of 353,341,281 Class "A" shares being issued to IDB Carriers (BVI) Limited, 424,008,738 Class "B" shares being issued to Dry Bulk Shipping (BVI) Limited and 17,666,881 Class "C" shares being issued to Plymouth Shipping Investments Limited in consideration for the sale by the Initial Investors of their shares in the Initial Companies to the Company.

- (e) By a written resolution of the members of the Company passed on 1 April 2004, the Company increased its authorised share capital from US\$120,000,000 to US\$360,000,000 by the creation of an additional 2,400,000,000 shares of US\$0.10 each. It was further resolved that the authorised share capital of the Company be divided into shares of three classes, namely 1,600,002,000 Class “A” shares of US\$0.10 each, 1,919,998,800 Class “B” shares of US\$0.10 each and 79,999,200 Class “C” shares of US\$0.10 each.
- (f) Pursuant to resolutions of the Company’s directors passed on 11 May 2004, (i) a sum of US\$12,000 standing to the credit of the contributed surplus account of the Company was transferred to the capital account to pay up in full the 53,333.40 Class “A” shares, 63,999.96 Class “B” shares and 2,666.64 Class “C” shares issued nil-paid on 15 March 2004, and (ii) the Company re-purchased 53,329.40 Class A shares, 63,990.96 Class B shares and 2,682.64 Class C shares in the capital of Company from IDB Carriers (BVI) Limited, Dry Bulk Shipping (BVI) Limited and Plymouth Shipping Investments Limited respectively. The purchase price for the re-purchase was US\$1 paid to each of the Initial Investors, financed from the credits standing in the contributed surplus of the Company.

Save for the aforesaid and as mentioned in the sub-section headed “Resolutions in writing of the shareholders of the Company passed on 17 June 2004” below, there has been no alteration in the share capital of the Company since its incorporation.

3 RESOLUTIONS IN WRITING OF THE SHAREHOLDERS OF THE COMPANY PASSED ON 17 JUNE 2004

Pursuant to resolutions in writing passed by the shareholders of the Company on 17 June 2004:

- (a) conditional on the lapse of the grounds for terminating the Underwriting Agreements other than non-completion of the Reorganisation, it was resolved that the issued and unissued Class A shares, Class B shares and Class C shares in the capital of the Company be converted into Shares by way of a variation of the rights attaching to such shares, and accordingly that such issued shares respectively held by IDB Carriers (BVI) Limited, Dry Bulk Shipping (BVI) Limited and Plymouth Shipping Investments Limited be converted into 353,341,285 Shares, 424,008,747 Shares and 17,666,865 Shares respectively;
- (b) conditional on the lapse of the grounds for terminating the Underwriting Agreements other than non-completion of the Reorganisation, the Company approved and adopted the Bye-laws;
- (c) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including those referred to in paragraph (a) above, and any additional Shares which may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme), (ii) the completion of the Reorganisation and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms

therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

- (i) the Global Offering was approved, and the Directors were authorised to allot and issue the New Shares pursuant to the terms set out in this prospectus; and
 - (ii) the rules of the Share Option Scheme were approved and adopted and the Directors were authorised to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme;
- (d) a general unconditional mandate was given to the Directors to allot, issue and deal with unissued Shares (including the power to make an offer or agreement, or grant securities, which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws or pursuant to the grant of options under the Share Option Scheme or other similar arrangements or pursuant to a specific authority granted by the shareholders in general meeting, such mandate being limited to Shares with an aggregate nominal value not exceeding 20% of the total nominal value of the share capital of the Company in issue immediately following completion of the Reorganisation and of the Global Offering (including, without limitation, any issue of Shares pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first;
- (e) a general unconditional mandate was given to the Directors authorising them to exercise all powers of the Company to repurchase, on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total nominal amount of the share capital of the Company in issue immediately following completion of the Reorganisation and of the Global Offering (including, without limitation, any issue of Shares pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first; and
- (f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the

Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above.

4 CORPORATE REORGANISATION

In preparation for the Global Offering, the following steps were or (as indicated below) will be taken, as a result of which the Company will become the holding company of the Group:

- (a) On 30 March 2004, the shareholders' loans made by the Initial Investors to the following Initial Companies were capitalised by the issue of new A, B and C shares in such companies to those three parties:

<u>Initial Companies</u>	<u>Loan capitalised US\$</u>	<u>A shares issued to IDB Carriers (BVI) Limited</u>	<u>B shares issued to Dry Bulk Shipping (BVI) Limited</u>	<u>C shares issued to Plymouth Shipping Investments Limited</u>
Bernard (BVI) Limited	5,100,000.00	2,266,666.44	2,719,999.83	113,333.73
Caterina (BVI) Limited	2,500,000.00	1,111,111.00	1,333,333.25	55,555.75
Everclear Shipping (BVI) Limited	3,100,000.00	1,377,777.64	1,653,333.23	68,889.13
Francesca Shipping (BVI) Limited	3,000,000.00	1,333,333.20	1,599,999.90	66,666.90
Judith Shipping (BVI) Limited	3,800,000.00	1,688,888.72	2,026,666.54	84,444.74
Kia Shipping (BVI) Limited	2,600,000.00	1,155,555.44	1,386,666.58	57,777.98
Labrador Shipping (BVI) Limited	3,800,000.00	1,688,888.72	2,026,666.54	84,444.74
Mirs Shipping (BVI) Limited	2,100,000.00	933,333.24	1,119,999.93	46,666.83
Newman Shipping (BVI) Limited	2,600,000.00	1,155,555.44	1,386,666.58	57,777.98
Othello Shipping (BVI) Limited	2,659,182.75	1,181,858.88	1,418,230.71	59,093.16
TOTAL	<u>31,259,182.75</u>	<u>13,892,968.72</u>	<u>16,671,563.09</u>	<u>694,650.94</u>

- (b) On 30 March 2004, the Initial Investors agreed to transfer their shares in the Initial Companies to our Company (ex-dividend), in consideration for the issue of A, B and C shares in the capital of our Company to them and a cash payment of US\$24,230,781 in aggregate, as follows:

<u>Initial Company</u>	<u>Transferor</u>	<u>Initial Company shares sold</u>	<u>Shares issued</u>
Bernard (BVI) Limited	IDB Carriers (BVI) Limited	2,266,710.86 A shares of US\$0.01 each	19,061,376
	Dry Bulk Shipping (BVI) Limited	2,720,053.16 B shares of US\$0.01 each	22,873,608
	Plymouth Shipping Investments Limited	113,335.95 C shares of US\$0.01 each	953,059
Caterina (BVI) Limited	IDB Carriers (BVI) Limited	1,111,155.45 A shares of US\$0.01 each	19,061,376
	Dry Bulk Shipping (BVI) Limited	1,333,386.58 B shares of US\$0.01 each	22,873,608
	Plymouth Shipping Investments Limited	55,557.97 C shares of US\$0.01 each	953,059
Delphic Shipping (BVI) Limited	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	18,940,548
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	22,728,615
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	947,017

APPENDIX VI
STATUTORY AND GENERAL INFORMATION

<u>Initial Company</u>	<u>Transferor</u>	<u>Initial Company shares sold</u>	<u>Shares issued</u>
Everclear Shipping (BVI) Limited	IDB Carriers (BVI) Limited	1,377,822.04 A shares of US\$0.01 each	18,940,548
	Dry Bulk Shipping (BVI) Limited	1,653,386.56 B shares of US\$0.01 each	22,728,615
	Plymouth Shipping Investments Limited	68,891.35 C shares of US\$0.01 each	947,017
Francesca Shipping (BVI) Limited	IDB Carriers (BVI) Limited	1,333,377.65 A shares of US\$0.01 each	19,061,376
	Dry Bulk Shipping (BVI) Limited	1,600,053.23 B shares of US\$0.01 each	22,873,608
	Plymouth Shipping Investments Limited	66,669.12 C shares of US\$0.01 each	953,059
Gwenyth Shipping (BVI) Limited	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	12,899,166
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	15,478,971
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	644,953
Judith Shipping (BVI) Limited	IDB Carriers (BVI) Limited	1,688,933.17 A shares of US\$0.01 each	19,061,376
	Dry Bulk Shipping (BVI) Limited	2,026,719.87 B shares of US\$0.01 each	22,873,608
	Plymouth Shipping Investments Limited	84,446.96 C shares of US\$0.01 each	953,059
Kia Shipping (BVI) Limited . . .	IDB Carriers (BVI) Limited	1,155,599.86 A shares of US\$0.01 each	20,148,825
	Dry Bulk Shipping (BVI) Limited	1,386,719.91 B shares of US\$0.01 each	24,178,545
	Plymouth Shipping Investments Limited	57,780.20 C shares of US\$0.01 each	1,007,431
Labrador Shipping (BVI) Limited	IDB Carriers (BVI) Limited	1,688,933.17 A shares of US\$0.01 each	19,061,376
	Dry Bulk Shipping (BVI) Limited	2,026,719.87 B shares of US\$0.01 each	22,873,608
	Plymouth Shipping Investments Limited	84,446.96 C shares of US\$0.01 each	953,059
Mirs Shipping (BVI) Limited . .	IDB Carriers (BVI) Limited	933,377.68 A shares of US\$0.01 each	20,148,825
	Dry Bulk Shipping (BVI) Limited	1,120,053.26 B shares of US\$0.01 each	24,178,545
	Plymouth Shipping Investments Limited	46,669.05 C shares of US\$0.01 each	1,007,431
Newman Shipping (BVI) Limited	IDB Carriers (BVI) Limited	1,155,599.89 A shares of US\$0.01 each	20,148,825
	Dry Bulk Shipping (BVI) Limited	1,386,719.91 B shares of US\$0.01 each	24,178,545
	Plymouth Shipping Investments Limited	57,780.20 C shares of US\$0.01 each	1,007,431

APPENDIX VI
STATUTORY AND GENERAL INFORMATION

<u>Initial Company</u>	<u>Transferor</u>	<u>Initial Company shares sold</u>	<u>Shares issued</u>
Othello Shipping (BVI) Limited	IDB Carriers (BVI) Limited	1,181,903.33 A shares of US\$0.01 each	20,148,825
	Dry Bulk Shipping (BVI) Limited	1,418,284.04 B shares of US\$0.01 each	24,178,545
	Plymouth Shipping Investments Limited	59,095.38 C shares of US\$0.01 each	1,007,431
Quincy Shipping (BVI) Limited	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	22,323,723
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	26,788,416
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	1,116,175
Spencer Shipping (BVI) Limited	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	23,169,516
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	27,803,367
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	1,158,463
Thompson Shipping (BVI) Limited	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	23,169,516
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	27,803,367
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	1,158,463
Wharton Shipping Limited . . .	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	13,624,134
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	16,348,929
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	681,199
Helen Shipping (BVI) Limited	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	12,227,025
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	14,672,400
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	611,345
Uhland Shipping (BVI) Limited	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	9,001,671
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	10,801,986
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	450,080
Verner Shipping (BVI) Limited	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	9,729,903
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	11,675,862
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	486,491

<u>Initial Company</u>	<u>Transferor</u>	<u>Initial Company shares sold</u>	<u>Shares issued</u>
Alderran Shipping (BVI) Limited	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	3,413,337
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	4,095,996
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	170,664
Iliad Shipping (BVI) Limited	IDB Carriers (BVI) Limited	44.4445 A shares of US\$0.01 each	10,000,014
	Dry Bulk Shipping (BVI) Limited	53.3333 B shares of US\$0.01 each	11,999,994
	Plymouth Shipping Investments Limited	2.2222 C shares of US\$0.01 each	499,995
			795,016,900

- (c) On 30 March 2004 (following the transfer referred to in paragraph (b) above), our Company transferred its shares in the Initial Companies (ex-dividend) to PB Vessels Holding Limited, in return for the issue of 7,950,169 shares of US\$1 each to our Company by PB Vessels Holding Limited. The purpose of this share exchange was to make PB Vessels Holding Limited the ship-owning holding company of our Group.
- (d) On 30 March 2004, Pembroke transferred its shares (ex-dividend) in the following Management Companies to PB Management Holding Limited (incorporated in the BVI) in consideration for the issue of shares (except in relation to the acquisition of The London Shipping Consultancy Limited where a cash payment was made) by PB Management Holding Limited, as follows:

<u>Management Company</u>	<u>Management Companies shares transferred</u>	<u>PB Management Holding Limited shares issued/ cash payment made</u>
Pacific Basin (UK) Limited	2 shares of GBP1.00 each	4
PB Supervisory Limited ²	1 share of US\$1.00 ²	1
Pacific Basin Shipping (HK) Limited ³	2 shares of HK\$10.00 each	3
Pacific Basin Chartering Limited	10 shares of US\$1.00 each	10
Pacific Basin Logistics Limited	2 shares of US\$1.00 each (equal to 50% of the issued share capital) ⁴	2
Pacific Basin Shipping & Trading Co. Limited	10 shares of US\$1.00 each	10
International Handybulk Carriers Management Limited	10 shares of US\$1.00 each	10
IHC Chartering Limited	10 shares of US\$1.00 each	10
The London Shipping Consultancy Limited	49 shares of GBP1.00 each (equal to 49% of the issued share capital) ⁵	£1
Taylor Shipping (BVI) Limited ⁶	10 shares of US\$1 each	10
PBST Co. Ltd	12,000 shares of US\$1 each	12,000

Notes:

- The transfer of the new A, B and C shares issued on the capitalisation of the shareholders' loans referred to in paragraph 4(a) did not legally complete until 26 April 2004.
- In connection with the transfer of one share in PB Supervisory Limited, three Supervisory Agreements dated 26 May 1999 between it, the Initial Companies and the three respective Initial Investors are being terminated, as further described in the section headed "Business — Relationship with the Controlling Group — Previous Incentive Scheme" in this prospectus.
- Pacific Basin Shipping (HK) Limited (formerly Pacific Basin Agencies Limited) beneficially owns 100% of the issued share capital of Pacific Basin (HK) Limited.

4. In connection with the transfer of two shares in Pacific Basin Logistics Limited, the Joint Venture Agreement in respect thereof with Bay Bridge Enterprises Limited was amended on 5 March 2004, with PB Management Holding Limited becoming a party to the agreement in substitution for Pembroke.
5. In connection with the transfer of 49 shares in The London Shipping Consultancy Limited, a non-binding memorandum of understanding regarding the operation of this entity, made between Pembroke and Mr. Peter Rowat, was terminated and replaced by a similar memorandum between PB Management Holding Limited and Mr. Peter Rowat.
6. Taylor Shipping (BVI) Limited is a party to a charter.

- (e) On 30 March 2004, Pembroke transferred 252 shares (equal to 66.7% of the issued share capital) in IndoChina Ship Management Holdings Limited (ex-dividend) to PB Management Holding Limited (incorporated in the BVI) in return for the issue of 252 shares in PB Management Holding Limited to Pembroke. IndoChina Ship Management Holdings Limited is the holding company of the following Management Companies:

IndoChina Ship Management Limited
IndoChina Marine Services Limited
IndoChina Ship Management (HK) Limited
Majestic Carriers, Inc.
Pacific Basin Shipping (USA) Inc.
(formerly IndoChina Ship Management (USA) Inc.)
IndoChina Ship Management, Inc.
IndoChina Marine Services, Inc.
PacMarine Services Limited
PacMarine Services Pte Ltd (formerly PMS Surveying Services (Pte) Limited)
PacMarine Services (UK) Limited
PacMarine Services (HK) Limited

- (f) Pembroke irrevocably agreed with the Initial Investors to transfer its 12,313 shares of US\$1 each in PB Management Holding Limited to our Company, in return for the issue of 73,791,106 Shares. In addition, Pembroke agreed to transfer its (or its subsidiaries') shares in the following Vessel Companies to our Group in return for the issue of Shares and a cash payment, as follows:

<u>Vessel Company</u>	<u>Transferor</u>	<u>Shares transferred</u>	<u>Shares issued</u>	<u>Cash payment (US\$)</u>
Keswick Holdings Limited	Pembroke	1,000,000 ordinary shares of US\$1.00 each	5,594,627	525,511
Eastern Venture Corporation	Pembroke	10 "A" shares with no par value and 19 "B" shares with no par value	4,184,388	375,698
Beckley Enterprises Limited	Pembroke	800,000 ordinary shares of US\$1.00 each	3,624,000	151,360
New Majestic International Limited	Pembroke	10 "A" shares with no par value and 45 "B" Shares with no par value	2,492,397	233,147
Foreview Holdings Limited	Pembroke	515,625 ordinary shares of US\$1.00 each	2,945,869	318,936
Investors Choice Limited	Pacific Basin Shipping & Trading Co. Ltd	10 "A" shares of US\$1.00 each	N/A	10
Riley Shipping (BVI) Limited	Pacific Basin Shipping & Trading Co. Ltd	2 "A" shares with no par value	N/A	1
			<u>18,841,281</u>	<u>1,604,663</u>

The economic interests in the Vessel Companies and PB Management Holding Limited were effectively transferred to the Company on 31 March 2004. These transfers will be completed on the Listing Date, upon the Underwriters' rights to terminate the Underwriting Agreements lapsing (save in respect of the Reorganisation) pursuant to their terms. The cash payments are expected to be made shortly after the Listing Date. The basis for determining the amount of shares to be issued and the cash payments to be made was the appraised fair market value of the vessels owned by the Vessel Companies assuming a debt level of 60% of such appraised fair market value.

- (g) On or before 18 March 2004, all of the shareholders in the following Vessel Companies (excluding Pembroke and its subsidiaries) had irrevocably agreed to transfer their shares in such companies to our Group, with the economic interests in such companies transferring with effect from 31 March 2004, in consideration for the issue of 121,861,325 Shares and cash payments of US\$9,511,356 (including 13,185,195 Shares and a cash payment of US\$1,462,196 being issued/paid to Pembroke, in connection with the sales commission and manager's reward referred to and defined in the management agreements entered into in respect of the ships owned by each of the Vessel Companies) to them as follows:

<u>Vessel Company</u>	<u>Shareholder</u>	<u>Vessel Company shares transferred</u>	<u>Shares issued</u>	<u>Cash payment from Company (US\$)</u>
Beckley Enterprises Limited	Eagle Pacific International Limited	500,000 ordinary shares of US\$1.00 each	2,265,000	94,600
	Jacques Saverys	200,000 ordinary shares of US\$1.00 each	906,000	37,840
	Petercam S.A.	500,000 ordinary shares of US\$1.00 each	2,265,000	94,600
	Tritium Partners LLC	1,000,000 ordinary shares of US\$1.00 each	4,530,000	189,201
Eastern Venture Corporation	Cormorant Shipping Limited	2 "B" shares with no par value	440,568	39,557
	Firelight Investments Limited	6 "B" shares with no par value	1,321,703	118,670
	International Tool & Machine Co Ltd	5 "B" shares with no par value	1,100,414	98,801
	Metro Pacific Investments Ltd	12 "B" shares with no par value	2,643,407	237,340
	Petercam S.A.	12 "B" shares with no par value	2,643,407	237,340
	Sinolight Enterprises Corp	2 "B" shares with no par value	440,568	39,557
Foreview Holdings Limited	Eagle Pacific International Limited	421,875 ordinary shares of US\$1.00 each	2,410,256	260,947
	Jacques Saverys	234,375 ordinary shares of US\$1.00 each	1,339,031	144,971
	Petercam S.A.	156,250 ordinary shares of US\$1.00 each	892,688	96,647
	Tritium Partners LLC	1,171,875 ordinary shares of US\$1.00 each	6,695,156	724,854
Investors Choice Limited	Eagle Sky Investments Limited	424 "B" shares of US\$5,000.00 each	10,852,080	N/A
	Bocimar Far East Holdings Limited	318 "B" shares of US\$5,000.00 each	8,139,060	N/A
	Tritium Partners LLC	318 "B" shares of US\$5,000.00 each	8,139,060	N/A

<u>Vessel Company</u>	<u>Shareholder</u>	<u>Vessel Company shares transferred</u>	<u>Shares issued</u>	<u>Cash payment from Company (US\$)</u>
Keswick Holdings Limited	A J Hardy	20,697 ordinary shares of US\$1.00 each	115,792	10,877
	Eagle Pacific International Limited	579,521 ordinary shares of US\$1.00 each	3,242,205	304,545
	Hans Kremmel	185,185 ordinary shares of US\$1.00 each	1,036,041	97,317
	Jacques Saverys	74,074 ordinary shares of US\$1.00 each	414,416	38,927
	Petercam S.A.	103,486 ordinary shares of US\$1.00 each	578,966	54,383
	Timoco Invest & Trade	37,037 ordinary shares of US\$1.00 each	207,208	19,463
New Majestic International Limited	Eagle Sky Investments Limited	100 "B" shares with no par value	5,538,663	518,105
	Hans Kremmel	40 "B" shares with no par value	2,215,465	207,242
	Jacques Saverys	20 "B" shares with no par value	1,107,734	103,621
	Petercam S.A.	50 "B" shares with no par value	2,769,330	259,052
	Tritium Partners LLC	175 "B" shares with no par value	9,692,662	906,683
Riley Shipping (BVI) Limited	Eagle Pacific International Limited	352 "B" shares with no par value and 8 "A" shares with no par value	19,939,500	2,532,280
	Forecastle Inc.	22 "B" shares with no par value	1,198,680	145,433
	Petercam S.A.	22 "B" shares with no par value	1,198,680	145,433
	Tritium Partners LLC	44 "B" shares with no par value	2,397,390	290,874
			<u>108,676,130</u>	<u>8,049,160</u>

These transfers will be completed on the Listing Date, upon the Underwriters' rights to terminate the Underwriting Agreements lapsing (save in respect of the Reorganisation) pursuant to their terms. The cash payments are expected to be made shortly after the Listing Date. The basis for determining the amount of Shares to be issued and the cash payments to be made by the Company was the appraised fair market value of the vessels owned by the Vessel Companies assuming a debt level of 60% of such appraised fair market value. The additional cash payments payable by the Initial Investors are determined by reference to the final Offer Price.

- (h) An additional cash payment of up to approximately US\$7.4 million may be payable by the Initial Investors to the shareholders in the Vessel Companies (as set out in the second column of the table contained in paragraph (g) above). Such payment (if any) will be divided amongst such shareholders pro rata to the number of Shares which they will respectively hold in the Company (as set out in the fourth column of the table contained in paragraph (g) above). The amount (if any) of this cash payment will be determined by reference to the final Offer Price.
- (i) On 16 March 2004, Jardine Shipping Limited irrevocably agreed with Pembroke to transfer 126 shares of US\$1 each in IndoChina Ship Management Holdings Limited

(equal to 33.3% of its issued share capital) to our Company, with the economic interest in IndoChina Ship Management Holdings Limited transferring with effect from 31 March 2004, in return for the issue of 7,500,000 Shares to Jardine Shipping Limited. This transfer will be completed on the Listing Date, upon the Underwriters' rights to terminate the Underwriting Agreements lapsing (save in respect of the Reorganisation) pursuant to their terms. The basis for the Shares issued to Jardine Shipping Limited was a commercial negotiation, based on the historical and projected earnings of IndoChina Ship Management Holdings Limited and the group, between the Company and Jardine Shipping Limited.

- (j) An additional cash payment of up to approximately US\$1.0 million may be payable by Pembroke to Jardine Shipping Limited. The amount (if any) of this cash payment will be determined by reference to the final Offer Price.
- (k) On 29 March 2004, the Initial Companies declared cash dividends of US\$26,063,097 in aggregate, representing their aggregate retained earnings to 31 March 2004 (subject to applicable laws and their respective directors applying prudent commercial and financial practices for their ongoing operations), such dividends being payable to their shareholders of record prior to the transfers referred to in paragraph (b) above (i.e. the Initial Investors), following the completion of the Global Offering (although interim instalments may be made if sufficient funds exist to permit such payments).
- (l) On 29 March 2004, the Management Companies which are referred to in the table set out in paragraph (d) above declared cash dividends of US\$4,712,445 in aggregate, representing their retained earnings to 31 March 2004 (subject to applicable laws and their respective directors applying prudent commercial and financial practices for their ongoing operations), such dividends being payable to their respective shareholders of record prior to the transfer of shares referred to in paragraph (d) above (i.e. Pembroke), following the completion of the Global Offering (although interim instalments may be made if sufficient funds exist to permit such payments).
- (m) On 29 March 2004, the Management Companies referred to in paragraph (e) above declared cash dividends of US\$1,108,732 in aggregate, representing their retained earnings to 31 March 2004 (subject to applicable laws and their respective directors applying prudent commercial and financial practices for their ongoing operations), such dividends being payable to their respective shareholders of record prior to the transfers referred to in paragraph (e) above, namely IndoChina Ship Management Holdings Limited, which in turn declared a dividend in the same amount on the same date to its shareholders, Pembroke and Jardine Shipping Limited. Out of the US\$1,108,732, US\$900,000 was settled on 31 March 2004, and the remainder of US\$208,732 is expected to be paid following the Listing Date (although interim instalments may be made if sufficient funds exist to permit such payments).
- (n) On 31 March 2004, the Vessel Companies declared cash dividends of US\$4,216,130 in aggregate, representing their retained earnings to 31 March 2004 (subject to applicable laws and their respective directors applying prudent commercial and financial practices for their ongoing operations), such dividends

being payable to their respective shareholders of record at 31 March 2004, following the completion of the Global Offering (although interim instalments may be made if sufficient funds exist to permit such payments).

- (o) Prior to 19 May 2004, PB Vessels Holding Limited (incorporated in the BVI) obtained committed banking facilities to refinance existing loan facilities and to pay the cash payments referred to in paragraphs (b), (f) and (g) as consideration for the acquisition of the shares referred to in those paragraphs. This loan will be drawn down on the Listing Date or shortly afterwards.
- (p) On 10 June 2004, the Directors approved (i) the allotment of Shares to satisfy the various issues required pursuant to the Reorganisation and under the Global Offering, (ii) the adoption of the Bye-laws for the Company (summarised in Appendix V to this prospectus), and (iii) the conversion of the Company's A, B and C shares into Shares, conditional variously upon Bermuda regulatory approval and the lapse of the grounds for terminating the Underwriting Agreements, other than the non-completion of the Reorganisation.
- (q) At 6:00 a.m. on the Listing Date, the grounds for terminating the Underwriting Agreements, other than the non-completion of the Reorganisation, will lapse.
- (r) At 6:01 a.m. on the morning of the Listing Date, the A, B and C shares in our Company held respectively by the Initial Investors will be converted into Shares.
- (s) At 6:01 a.m. on the morning of the Listing Date, each of the Initial Companies will convert their A, B and C shares into ordinary shares, such conversion being achieved by the buy back of their A, B and C shares from PB Vessels Holding Limited and the issue of new ordinary shares to PB Vessels Holding Limited.
- (t) At 6:02 a.m. on the morning of the Listing Date, the transfers of (i) the shares in the Vessel Companies to our Group, (ii) the shares in PB Management Holding Limited (the holding company of the Management Companies¹) to the Company and (iii) Jardine Shipping Limited's shares in IndoChina Ship Management Holdings Limited to the Company, will all be completed, in return for the allotment of Shares and cash payments in certain circumstances (as referred to above).
- (u) At 6:03 a.m. on the morning of the Listing Date, the Company will declare a dividend of the Company's (and its Group's) profits from 1 April 2004 to 31 May 2004, such dividends being payable (shortly after the Listing Date) to the Company's shareholders of record as at 6:03 a.m. on the morning of the Listing Date (i.e. not including the public shareholders).
- (v) At 6:04 a.m. on the morning of the Listing Date, the Initial Investors will transfer to Pembroke 95,000,000 Shares pursuant to the arrangements described in the section headed "Business — Relationship with the Controlling Group — Previous Incentive Scheme" in this prospectus.
- (w) Not later than 6:05 a.m. on the morning of the Listing Date, the final ground for terminating the Underwriting Agreements will lapse following the completion of the

1. On 12 May 2004, the entire issued share capital (one share of HK\$1.00) of Pacific Basin Agencies Limited (formerly PB (HK) Limited), a dormant company, was transferred from its subscriber to PB Management Holding Limited.

Reorganisation, and the allotment and transfer of Shares to applicants pursuant to the Global Offering will become effective.

- (x) On the morning of the Listing Date (or shortly afterwards), our Company will (subject to the Underwriting Agreements not having been terminated) draw down approximately US\$309 million under the loan facilities referred to in paragraph (o) above.
- (y) Shortly following the Listing Date, the relevant cash payments due in connection with the transfer of their respective shares to the Company (as referred to above) will be made to the shareholders selling their shares in the Vessel Companies, Pembroke and the Initial Investors, by utilising the funds drawn down under the loan facilities referred to in paragraph (o) above.

5 CHANGES IN AND OPTIONS OVER SHARE CAPITAL OF SUBSIDIARIES

The Company has no subsidiaries save those mentioned in Appendices IA-IC to this prospectus.

The following alterations in the capital of members of the Group have occurred within the two years immediately preceding the date of this prospectus:

(a) *Beckley Enterprises Limited*— On 2 January 2003, Beckley Enterprises Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1 each. On 24 September 2003, the authorised share capital of Beckley Enterprises Limited was increased to US\$3,000,000 divided into 3,000,000 shares of US\$1 each. On 25 September 2003, 3,000,000 shares of US\$1 each in Beckley Enterprises Limited were issued and allotted for cash at par.

(b) *Beckley (HK) Limited*— On 11 September 2003, Beckley (HK) Limited was incorporated in Hong Kong with an authorised share capital of US\$3,000,010 divided into 10 Class “A” shares of US\$1 each and 3,000,000 Class “B” shares of US\$1 each. On the same day, 2 Class “A” shares of US\$1 each were allotted for cash at par. On 23 September 2003, 8 “A” shares of US\$1 each and 3,000,000 “B” shares of US\$1 each were issued and allotted for cash at par.

(c) *Bernard (BVI) Limited*— On 29 March 2004 the shareholders’ loans made by the Initial Investors of US\$5,100,000 in aggregate to Bernard (BVI) Limited (“Bernard”), were capitalised by the issue of 2,266,666.44 “A” shares in the capital of Bernard to IDB Carriers (BVI) Limited, 2,719,999.83 “B” shares in the capital of Bernard to Dry Bulk Shipping (BVI) Limited and 113,333.73 “C” shares in the capital of Bernard to Plymouth Shipping Investments Limited.

(d) *Caterina (BVI) Limited*— On 29 March 2004 the shareholders’ loans made by the Initial Investors of US\$2,500,000 in aggregate to Caterina (BVI) Limited (“Caterina”), were capitalised by the issue of 1,111,111 “A” shares in the capital of Caterina to IDB Carriers (BVI) Limited, 1,333,333.25 “B” shares in the capital of Caterina to Dry Bulk Shipping (BVI) Limited and 55,555.75 “C” shares in the capital of Caterina to Plymouth Shipping Investments Limited.

(e) *Everable Assets Limited*— On 28 March 2003, Everable Assets Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into

50,000 shares of US\$1 each. On 10 April 2003, 10 shares of US\$1 each were issued and allotted for cash at par.

(f) *Everclear Shipping (BVI) Limited* — On 29 March 2004 the shareholders' loans made by the Initial Investors of US\$3,100,000 in aggregate to Everclear Shipping (BVI) Limited ("Everclear"), were capitalised by the issue of 1,377,777.64 "A" shares in the capital of Everclear to IDB Carriers (BVI) Limited, 1,653,333.23 "B" shares in the capital of Everclear to Dry Bulk Shipping (BVI) Limited and 68,889.13 "C" shares in the capital of Everclear to Plymouth Shipping Investments Limited.

(g) *Foreview (HK) Limited* — On 4 February 2003, Foreview (HK) Limited was incorporated in Hong Kong with an authorised share capital of US\$1,000 divided into 1,000 shares. On the same day, the authorised share capital was increased to US\$2,500,010 shares divided into 2,500,010 shares of US\$1 each, and two such shares were issued and allotted in cash at par. Further on the same day, the then existing two issued ordinary shares of US\$1 each and the eight unissued ordinary shares of US\$1 each were re-designated as Class "A" shares of US\$1 each and the remaining 2,500,000 unissued shares were redesignated as 2,500,000 Class "B" shares of US\$1 each. On 7 February 2003, eight "A" shares of US\$1 each and 2,500,000 "B" shares of US\$1 each were issued and allotted for cash at par.

(h) *Foreview Holdings Limited* — On 7 February 2003, Foreview Holdings Limited was incorporated under the laws of Hong Kong with an authorised share capital of US\$2,500,000 divided into 2,500,000 shares of US\$1.00 each. On 7 February 2003, 2,500,000 such shares were issued and allotted for cash at par.

(i) *Francesca Shipping (BVI) Limited* — On 29 March 2004 the shareholders' loans made by the Initial Investors of US\$3,000,000 in aggregate to Francesca Shipping (BVI) Limited ("Francesca"), were capitalised by the issue of 1,333,333.20 "A" shares in the capital of Francesca to IDB Carriers (BVI) Limited, 1,599,999.90 "B" shares in the capital of Francesca to Dry Bulk Shipping (BVI) Limited and 66,666.90 "C" shares in the capital of Francesca to Plymouth Shipping Investments Limited.

(j) *Good Future International Holdings Limited* — On 11 December 2002, Good Future International Holdings Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 30 December 2002, one share of US\$1 was issued and allotted for cash at par.

(k) *Great Strength Assets Limited* — On 28 March 2003, Great Strength Assets Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 10 April 2003, 10 shares of US\$1 each were issued and allotted for cash at par.

(l) *IndoChina Ship Management Holdings Limited* — On 22 November 2000, IndoChina Ship Management Holdings Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 15 February 2002, three shares of US\$1 each were issued and allotted for cash for the total consideration of US\$3,000,000.

(m) *Investors Choice Limited* — On 18 February 2003, Investors Choice Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into

50,000 shares of US\$1 each. On 10 April 2003, 10 shares of US\$1 each were issued and allotted for cash at par.

On 11 April 2003, a new memorandum and articles of association replaced the ones previously in force and it was prescribed therein that Investors Choice Limited had an authorised share capital of US\$10,000,010 divided into 10 Class “A” shares of US\$1 each and 2,000 Class “B” shares of US\$5,000 each. On the same day, the 10 shares previously issued were designated as Class “A” shares.

On 24 April 2003, the authorised share capital was increased to US\$10,000,020 divided into 20 Class “A” shares of US\$1 each and 2,000 Class “B” shares of US\$5,000 each.

On 25 April 2003, it was agreed between Investors Choice Limited and Favourland Assets Limited that:

- (i) they would merge together, the surviving company being Investors Choice Limited;
- (ii) each Class “A” share of US\$1 and each Class “B” share of US\$5,000 in Favourland Assets Limited be converted into one Class “A” share of US\$1 and one Class “B” share of US\$5,000 respectively in Investors Choice Limited.

On 3 May 2003, the 10 Class “A” shares in Investors Choice Limited were cancelled and 10 “A” shares of US\$1 each and 1,060 “B” shares of US\$5,000 each were issued and allotted for cash at par.

(n) *Judith Shipping (BVI) Limited* — On 29 March 2004 the shareholders’ loans made by the Initial Investors of US\$3,800,000 in aggregate to Judith Shipping (BVI) Limited (“Judith”), were capitalised by the issue of 1,688,888.72 “A” shares in the capital of Judith to IDB Carriers (BVI) Limited, 2,026,666.54 “B” shares in the capital of Judith to Dry Bulk Shipping (BVI) Limited and 84,444.74 “C” shares in the capital of Judith to Plymouth Shipping Investments Limited.

(o) *Keswick Holdings Limited* — On 27 June 2003, Keswick Holdings Limited was incorporated in Hong Kong with an authorised share capital of US\$2,000,000 divided into 2,000,000 shares of US\$1 each, of which one was issued fully paid to each of the two subscribers. On 22 September 2003, 1,999,998 shares of US\$1 each in Keswick Holdings Limited were issued for cash at par.

(p) *Keswick Shipping (HK) Limited* — On 27 June 2003, Keswick Shipping (HK) Limited was incorporated in Hong Kong with an authorised share capital of US\$2,000,010 divided into 10 Class “A” shares of US\$1 each and 2,000,000 Class “B” shares of US\$1 each. On 2 July 2003, eight “A” shares and 2,000,000 “B” shares were issued and allotted for cash at par.

(q) *Kia Shipping (BVI) Limited* — On 29 March 2004 the shareholders’ loans made by the Initial Investors of US\$2,600,000 in aggregate to Kia Shipping (BVI) Limited (“Kia”), were capitalised by the issue of 1,155,555.44 “A” shares in the capital of Kia to IDB Carriers (BVI) Limited, 1,386,666.58 “B” shares in the capital of Kia to Dry Bulk Shipping (BVI) Limited and 57,777.98 “C” shares in the capital of Kia to Plymouth Shipping Investments Limited.

(r) *Labrador Shipping (BVI) Limited* — On 29 March 2004 the shareholders’ loans made by the Initial Investors of US\$3,800,000 in aggregate to Labrador Shipping (BVI) Limited (“Labrador”), were capitalised by the issue of 1,688,888.72 “A” shares in the capital of Labrador to IDB Carriers (BVI) Limited, 2,026,666.54 “B” shares in the capital of Labrador to

Dry Bulk Shipping (BVI) Limited and 84,444.74 “C” shares in the capital of Labrador to Plymouth Shipping Investments Limited.

(s) *Mirs Shipping (BVI) Limited* — On 29 March 2004 the shareholders’ loans made by the Initial Investors of US\$2,100,000 in aggregate to Mirs Shipping (BVI) Limited (“Mirs”), were capitalised by the issue of 933,333.24 “A” shares in the capital of Mirs to IDB Carriers (BVI) Limited, 1,119,999.93 “B” shares in the capital of Mirs to Dry Bulk Shipping (BVI) Limited and 46,666.83 “C” shares in the capital of Mirs to Plymouth Shipping Investments Limited.

(t) *New Majestic International Limited* — On 10 December 2002, New Majestic International Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 30 December 2002, 10 shares of US\$1 each were issued and allotted for cash at par.

Also on 30 December 2002, a new memorandum and articles of association of New Majestic International Limited replaced the ones previously in force and it was prescribed therein that New Majestic International Limited had an authorised share capital of US\$50,000 divided into 10 Class “A” shares and 500 Class “B” shares, both without par value. On the same day, the 10 shares previously issued were designated as Class “A” shares.

On 15 March 2004, 430 Class “B” shares were issued and allotted fully paid for cash at US\$9,418.605 per share.

(u) *Newman Shipping (BVI) Limited* — On 29 March 2004 the shareholders’ loans made by the Initial Investors of US\$2,600,000 in aggregate to Newman Shipping (BVI) Limited (“Newman”), were capitalised by the issue of 1,155,555.44 “A” shares in the capital of Newman to IDB Carriers (BVI) Limited, 1,386,666.58 “B” shares in the capital of Newman to Dry Bulk Shipping (BVI) Limited and 57,777.98 “C” shares in the capital of Newman to Plymouth Shipping Investments Limited.

(v) *Othello Shipping (BVI) Limited* — On 29 March 2004 the shareholders’ loans made by the Initial Investors of US\$2,659,182.75 in aggregate to Othello Shipping (BVI) Limited (“Othello”) were capitalised by the issue of 1,181,858.88 “A” shares in the capital of Othello to IDB Carriers (BVI) Limited, 1,418,230.71 “B” shares in the capital of Othello to Dry Bulk Shipping (BVI) Limited and 59,093.16 “C” shares in the capital of Othello to Plymouth Shipping Investments Limited.

(w) *Pacific Basin Agencies Limited* — On 8 April 2004, Pacific Basin Agencies Limited (then called PB (HK) Limited) was incorporated in Hong Kong, and one share of HK\$1 was issued to the subscriber.

(x) *PB Vessels Holding Limited* — On 19 March 2004, PB Vessels Holding Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1 each. On 26 March 2004, PB Vessels Holding Limited increased its authorised share capital from US\$50,000 to US\$9,000,000. On 29 March 2004, PB Vessels Holding Limited issued and allotted 7,950,169 ordinary shares fully paid, in consideration for the transfer to it by the Company of the shares in the Initial Companies.

(y) *Riley Shipping (BVI) Limited* — On 8 March 2002, Riley Shipping (BVI) Limited was incorporated in the BVI with an authorised share capital of US\$1 divided into 44.4445 shares of Class “A” common stock of US\$0.01 each, 53.3333 shares of Class “B” common stock of

US\$0.01 each and 2.2222 shares of Class “C” common stock of US\$0.01 each. On 8 March 2002, the 44.4445 shares of Class “A” common stock, 53.3333 shares of Class “B” common stock and 2.2222 shares of Class “C” common stock were issued and allotted in cash for the total consideration of US\$450.

On 23 September 2002, the then existing 44.4445 Class “A” shares, 53.3333 Class “B” shares and 2.2222 Class “C” shares were re-designated as one new Class “A” share of US\$1. On the same day, new memorandum and articles of association were adopted which prescribed that the authorised share capital was US\$50,000 divided into 10 Class “A” shares and 500 Class “B” shares, both without par value. Further on the same day, nine Class “A” shares of US\$1 each were issued and allotted for cash at par.

On 4 October 2002, 220 Class “B” shares were issued and allotted fully paid for cash at US\$10,000 per share. On 31 March 2004, 220 Class “B” shares were issued and allotted fully paid for cash at US\$10,000 per share.

(z) *Spencer Shipping (BVI) Limited*— On 31 January 2002, Spencer Shipping (BVI) Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 27 September 2002, the authorised share capital was reduced from US\$50,000 to US\$1 divided into 44.4445 Class “A” Common Shares, 53.3333 Class “B” Common Shares and 2.2222 Class “C” Common Shares of US\$0.01 each. On 30 September 2002, 44.4445 Class “A” Common Shares, 53.3333 Class “B” Common Shares and 2.2222 Class “C” Common Shares of US\$0.01 each were issued and allotted in cash for the total consideration of US\$450.

(aa) *Taylor Shipping (BVI) Limited*— On 4 December 2002, Taylor Shipping (BVI) Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On the same day, 10 shares of US\$1 each were issued and allotted for cash at par.

(bb) *Thompson Shipping (BVI) Limited*— On 7 January 2003, Thompson Shipping (BVI) Limited was incorporated in the BVI with an authorised share capital of US\$1 divided into 44.4445 Class “A” Common Shares, 53.3333 Class “B” Common Shares and 2.2222 Class “C” Common Shares of US\$0.01 each. On the same day, 44.4445 Class “A” Common Shares, 53.3333 Class “B” Common Shares and 2.2222 Class “C” Common Shares of US\$0.01 each were issued and allotted in cash for the total consideration of US\$450.

(cc) *Uhland Shipping (BVI) Limited*— On 30 December 2002, Uhland Shipping (BVI) Limited was incorporated in the BVI with an authorised share capital of US\$1 divided into 44.4445 Class “A” Common Shares, 53.3333 Class “B” Common Shares and 2.2222 Class “C” Common Shares of US\$0.01 each. On the same day, 44.4445 Class “A” Common Shares, 53.3333 Class “B” Common Shares and 2.2222 Class “C” Common Shares of US\$0.01 each were issued and allotted in cash for the total consideration of US\$450.

(dd) *Verner Shipping (BVI) Limited*— On 30 December 2002, Verner Shipping (BVI) Limited was incorporated in the BVI with an authorised share capital of US\$1 divided into 44.4445 Class “A” Common Shares, 53.3333 Class “B” Common Shares and 2.2222 Class “C” Common Shares of US\$0.01 each. On the same day, 44.4445 Class “A” Common Shares, 53.3333 Class “B” Common Shares and 2.2222 Class “C” Common Shares of US\$0.01 each were issued and allotted in cash for the total consideration of US\$450.

(ee) *Wharton Shipping Limited*— On 26 March 2003, Wharton Shipping Limited was incorporated in the BVI with an authorised share capital of US\$1 divided into 44.4445 Class “A” Common Shares, 53.3333 Class “B” Common Shares and 2.2222 Class “C” Common Shares of US\$0.01 each. On the same day, 44.4445 Class “A” Common Shares, 53.3333 Class “B” Common Shares and 2.2222 Class “C” Common Shares of US\$0.01 each were issued and allotted in cash for the total consideration of US\$450.

Save as set out in this paragraph 5 and in the sub-section headed “Corporate Reorganisation” in this Appendix, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

The Company is aware of the following options over existing shares of its subsidiaries:

(a) *IndoChina Ship Management Inc.*

In respect of the common shares in IndoChina Ship Management Inc., incorporated in The Philippines, Majestic Carriers, Inc. has entered into the following Call Option Agreements to acquire shares from the parties named below, in each case valid for 10 years from the relevant agreement date and exercisable at the net book value per share:

<u>Date</u>	<u>Shareholder</u>	<u>No. of common shares</u>
23.4.2004	Evelyn M. Defensor	29,650
23.4.2004	Rosemarie Regalado	29,650
28.1.2003	Rosemarie Regalado	32,900
28.1.2003	Evelyn M. Defensor	32,900
11.12.2000	Esteban Salonga	14,600
11.12.2000	Evelyn M. Defensor	47,800

(b) *IndoChina Marine Services Inc.*

In respect of the common shares in IndoChina Marine Services Inc., incorporated in The Philippines, Majestic Carriers, Inc. has entered into the following Call Option Agreements to acquire shares from the parties named below, in each case valid for 10 years from the relevant agreement date and exercisable at the net book value per share:

<u>Date</u>	<u>Shareholder</u>	<u>No. of common shares</u>
23.4.2004	Evelyn M. Defensor	1
11.12.2000	Esteban Salonga	1

6 REPURCHASE BY THE COMPANY OF SHARES

(a) *Relevant Legal & Regulatory Requirements*

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions. Such mandate is required to be given by way of an ordinary resolution passed by the shareholders in a general meeting.

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(Note: Pursuant to a resolution passed by the shareholders of the Company on 17 June 2004, a general unconditional mandate (the "Repurchase Mandate") was granted to the Directors authorising the repurchase by the Company on the Stock Exchange, or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws to be held or until such mandate is revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever is the earliest.)

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Bye-laws and the laws of Bermuda. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(b) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the shareholders for the Directors to have a general authority from the shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and the shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

(c) Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Bye-laws and the applicable laws of Bermuda.

It is presently proposed that any repurchase of Shares would be made out of capital paid up on the repurchased Shares, funds of the Company which would otherwise be available for dividend or distribution or out of proceeds of a fresh issue of shares made for the purposes of the repurchase and, in the case of any premium payable on such repurchase, from funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the shares are repurchased.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels.

(d) Effect on share capital

Exercise in full of the Repurchase Mandate, on the basis of 1,267,010,609 Shares in issue immediately after the listing of the Shares without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, could accordingly result in up to 126,701,060 Shares being repurchased by the Company (being 10% of the then issued share capital of the Company on that basis) during the period prior to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws to be held; or
- (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the shareholders in general meeting,

whichever occurs first.

(e) General

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

No connected person (as defined in the Listing Rules) has notified the Company that he or it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or a group of shareholders acting in concert, depending on the level of increase of the shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the minimum percentage of public shareholdings. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT THE BUSINESS**1 SUMMARY OF MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) An agreement dated 6 June 2003 between Pembroke (then called Pacific Basin Shipping Investments Limited), Bay Bridge Enterprises Limited (“Bay Bridge”) and Pacific Basin Logistics Limited (“PB Logistics”), as supplemented by an Addendum No. 1 dated 29 July 2003 among the same parties and a novation agreement dated 5 March 2004 among the same parties and PB Management Holding Limited (“PBMHL”), regarding the relationship of PBMHL and Bay Bridge as shareholders of PB Logistics (which is intended to be a member of the Group). These documents provide that the sole business of PB Logistics is to source log parcels and ship cargoes of logs between West Africa and China, employ vessels from the IHC Pool or through the spot market and perform parcel service and related activities. The working capital requirements of PB Logistics are agreed to be met by PBMHL and Bay Bridge in proportion to their shareholding (currently 50% each). PBMHL is responsible for the chartering and scheduling of IHC Pool vessels and for the provision of accounting, operational and corporate administration services to PB Logistics. Bay Bridge is responsible for cargo-related aspects. Both PBMHL and Bay Bridge have the right to appoint two directors to the board of PB Logistics. The agreement can be terminated by either PBMHL or Bay Bridge giving 60 days’ written notice to the other, whereupon they are obliged to wind up PB Logistics.


(b) A Memorandum of Understanding dated 18 March 2004 between the Initial Investors, the Company and Pembroke, whereby Pembroke and the Initial Investors conditionally agreed to use their best endeavours to effect the Global Offering and to reorganise their respective groups in preparation therefor.


(c) A Deed of Termination of Supervisory Agreements dated 18 June 2004 made between PB Supervisory Limited, the Initial Companies, Pembroke and the three Initial Investors, pursuant to which, conditionally on the commencement of dealings in the Shares on the Stock Exchange, the parties terminated three Supervisory Agreements made by them (except Pembroke) in May 1999. Under these Supervisory Agreements, each of the Initial Investors had been obliged to pay PB Supervisory Limited (being at that time a wholly owned subsidiary of Pembroke) success fees based on the total cash realised by the Initial Investors from the Initial Companies. As part of the termination arrangements 95,000,000 Shares will be transferred and US\$7,500,000 in cash will be paid by the Initial Investors to Pembroke. Certain of the Directors are interested in the shares of Pembroke and/or the Initial Investors. For further details, see the section headed “Business — Relationship with the Controlling Group — Previous Incentive Scheme” in this prospectus.


(d) The Public Offering Underwriting Agreement.

2 INTELLECTUAL PROPERTY

As at 17 June 2004, the Group had applied for registration of the following trademarks:

<u>Trademark</u>	<u>Country</u>	<u>Class</u>	<u>Application No.</u>	<u>Application Date</u>
 Pacific Basin	USA	35, 36	Serial No. 78/376,759	2 March 2004
	EU	35, 36	3670742	27 February 2004
	Hong Kong	35, 36	300166806	27 February 2004
	China	35	3939842	3 March 2004
		36	3939841	3 March 2004
	Singapore	35	T04/03072C	2 March 2004
		36	T04/03073A	2 March 2004
	Australia	35, 36	990977	1 March 2004
	New Zealand	35, 36	710861	8 April 2004
	Japan	35	2004-35978	15 April 2004
	Japan	36	2004-33399	8 April 2004
	Canada	35, 36	1212553	7 April 2004

<u>Trademark</u>	<u>Country</u>	<u>Class</u>	<u>Application No.</u>	<u>Application Date</u>
 International Handybulk Carriers	USA	35	Serial No. 78/376,745	2 March 2004
	Hong Kong	35	300166824	27 February 2004
	Australia	35	990972	1 March 2004
	New Zealand	35	708866	1 March 2004
	China	35	3939840	3 March 2004
	Japan	35	2004-18954	2 March 2004
	Canada	35	1208080	1 March 2004
	EU	35	3754108	15 April 2004
	Singapore	35	T04/05678A	8 April 2004

<u>Trademark</u>	<u>Country</u>	<u>Class</u>	<u>Application No.</u>	<u>Application Date</u>
	China	42	4041884	28 April 2004
	EU	42	3764057	26 April 2004
	Hong Kong	42	300193374	8 April 2004
	India	42	1282427	6 May 2004
	Japan	42	2004-041816	6 May 2004
	Singapore	42	T04/065961	27 April 2004
	South Korea	42	41-2004-0009946	6 May 2004
	Taiwan	42	Serial No. 093019521	29 April 2004
	USA	42	Serial No. 78/408,501	27 April 2004
	Pakistan	42	Note 1	21 May 2004
	U.A.E.	42	Note 1	Note 2

Notes:

1. Application number not available as at 17 June 2004.
2. Application for registration was pending as at 17 June 2004.

3 VALUE OF OWNED FLEET

The net book value as at 31 December 2003 of each vessel in the Owned Fleet was as follows:

<u>Owned Fleet</u> ¹	<u>Net book value as at 31 December 2003</u>
	US\$'000
1 Sun Ruby	3,728
2 Black Forest	15,197
3 Mount Travers	15,318
4 Mount Fisher	15,294
5 Ocean Exporter	15,253
6 Albany Sound	15,200
7 Tasman Sea	15,308
8 Hawke Bay	14,400
9 Cape Nelson	13,485
10 Cape York	13,976
11 Cape Jaffa	14,933
12 Captain Corelli	14,610
13 Kiwi Trader	15,273
14 Pacific Logger	14,883
15 Tauroa Point	9,811
16 Stewart Island	9,664
17 Ocean Logger	9,371
18 Apollo Bay	10,737
19 Priory Bay	7,866

The aggregate market valuation of the vessels in the Owned Fleet as at 1 February 2004 was approximately US\$362 million, being the average aggregate market valuation of such vessels obtained by the Company at that time.

C. DISCLOSURE OF INTERESTS**1 SECURITIES AND FUTURES ORDINANCE**

Disclosure of interests — interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations

Immediately following completion of the Reorganisation and of the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme, the interests and short positions of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance) which will be required to be disclosed pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they are taken or deemed to have

1. The Company has 100% ownership of each vessel in the Owned Fleet except for the Captain Corelli, where the Company has a 63.5% economic interest.

under the Securities and Futures Ordinance), or which will be required, pursuant to section 347 of the Securities and Futures Ordinance or the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange, or which will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, once the Shares are listed, are as follows:

(i) Long positions in the shares, underlying shares and debentures of the Company and its associated corporations:

Company

Name of Director	Number of Shares ⁽¹⁾				Total interests	Approximate percentage of interests immediately after the Global Offering ⁽¹⁾
	Corporate interests	Personal interests	Family interests	Trust & similar interests		
<i>Executive Directors</i>						
Christopher R. Buttery	—	4,800,000 ⁽²⁾	—	12,110,348 ⁽³⁾	16,910,348	1.33%
Mark M. Harris	—	4,800,000 ⁽²⁾	—	—	4,800,000	0.38%
Paul C. Over	—	4,800,000 ⁽²⁾	—	12,110,348 ⁽⁴⁾	16,910,348	1.33%
<i>Non-executive Directors</i>						
Brian P. Friedman	242,209,708 ⁽⁵⁾	—	—	—	242,209,708	19.12%
Simon K. Y. Lee	—	—	—	36,682,374 ⁽⁶⁾	36,682,374	2.89%

Notes:

- (1) Assuming no exercise of the Over-allotment Option and after transfer of 95,000,000 Shares by the Initial Investors to Pembroke as described in the section headed “Business — Relationship with the Controlling Group — Previous Incentive Scheme”.
- (2) Each of the executive Directors is entitled under his service contract to the grant of options in respect of 4,800,000 Shares on the Listing Date.
- (3) 12,110,348 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 Turnwell Limited under the Securities and Futures Ordinance 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) 12,110,348 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 Securities and Futures Ordinance 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) 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 242,209,708 Shares held by IDB Carriers (BVI) Limited.
- (6) 1,063,942 Shares, 22,424,243 Shares and 13,194,189 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) Short positions in the shares, underlying shares and debentures of the Company and its associated corporations:

Company

Name of Director	Number of Shares ⁽¹⁾⁽⁷⁾					Approximate percentage of short position on listing of the Shares ⁽¹⁾
	Corporate interests	Personal interests	Family interests	Trust interests	Total interests	
<i>Executive Directors</i>						
Christopher R. Buttery	—	—	—	1,044,683 ⁽⁸⁾	1,044,683	0.08%
Paul C. Over	—	—	—	1,044,683 ⁽⁹⁾	1,044,683	0.08%
<i>Non-executive Directors</i>						
Brian P. Friedman	20,893,890 ⁽¹⁰⁾	—	—	—	20,893,890	1.65%
Simon K. Y. Lee	—	—	—	2,994,027 ⁽¹¹⁾	2,994,027	0.24%

Notes:

- (7) These short positions arise pursuant to the Over-allotment Option.
- (8) Plymouth Shipping Investments Limited, which is wholly owned by Turnwell Limited and Ansleigh Limited in equal shares, is expected to agree pursuant to the Over-allotment Option to sell 1,044,683 Shares. Mr. Buttery is deemed to be interested in the entire share capital of Turnwell Limited under the Securities and Futures Ordinance, as its shares are held by a discretionary trust set up by Mr. Buttery and the discretionary objects of which include himself and his family members. Accordingly, Mr. Buttery is taken to have a short position in the 1,044,683 Shares which Plymouth Shipping Investments Limited is expected to agree to sell pursuant to the Over-allotment Option.
- (9) Plymouth Shipping Investments Limited, which is wholly owned by Turnwell Limited and Ansleigh Limited in equal shares, is expected to agree pursuant to the Over-allotment Option to sell 1,044,683 Shares. Mr. Over is deemed to be interested in the entire share capital of Ansleigh Limited under the Securities and Futures Ordinance, as its shares are held by a discretionary trust set up by Mr. Over and the discretionary objects of which include himself and his family members. Accordingly, Mr. Over is taken to have a short position in the 1,044,683 Shares which Plymouth Shipping Investments Limited is expected to agree to sell pursuant to the Over-allotment Option.
- (10) IDB Carriers (BVI) Limited is expected to agree pursuant to the Over-allotment Option to sell 20,893,890 Shares. 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 have a short position in the 20,893,890 Shares which IDB Carriers (BVI) Limited is expected to agree to sell pursuant to the Over-allotment Option.
- (11) Firelight Investments Limited, Eagle Pacific International Limited and Eagle Sky Investments Limited are expected to agree pursuant to the Over-allotment Option to sell 86,839 Shares, 1,830,274 Shares and 1,076,914 Shares respectively. These companies are controlled by discretionary trusts established by Mr. Lee, the discretionary objects of which include his family members. Accordingly, Mr. Lee is taken to have a short position in the 2,994,027 Shares which these three companies are expected to agree to sell pursuant to the Over-allotment Option.

2 PARTICULARS OF SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with one or more companies which, following the Reorganisation, will be subsidiaries of the Company, for a term

of three years commencing from the Listing Date. If such contract is terminated by the employing company on notice, or by such Director upon one of five specified "Good Reason Termination Events", the Director is entitled, in addition to statutory entitlements, to a lump sum payment equivalent to seven months' remuneration; to be considered at the sole discretion of the employing company to be paid a bonus; and to acquire the car provided to him by the employing company at the lower of its market and book values as at the termination date. The entitlement to the lump sum payment equivalent to seven months' remuneration will be reduced by an amount equal to any proportional payment made by the employing company pursuant to statute in respect of contractual bonuses. In the case of such termination, Mr. Harris is also entitled to the payment of reasonable relocation expenses. In the case of termination on expiry of the fixed term, the relevant Director will be entitled to the above benefits except the lump sum payment equivalent to seven months' remuneration. Where employment is terminated due to a Good Reason Termination Event or the appointment terminates without renewal on expiry of the fixed term, the Director will be entitled to a pro rata bonus calculated by reference to the period of service in the year in which termination occurs. These entitlements only arise upon the relevant Director signing and delivering to the employing company a deed of release of any claims he has against the Group.

Save as disclosed in this prospectus, none of the Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3 DIRECTORS' REMUNERATION

During the year ended 31 December 2003, the aggregate emoluments paid by the Group to the Directors were approximately US\$2.3 million.

Under the arrangements currently in force, the aggregate amount of emoluments payable by the Group to the Directors for the year ending 31 December 2004 will be approximately US\$1.7 million. (In addition, the Directors have received or will receive amounts totalling approximately US\$2.5 million from Pembroke for the period 1 January 2004 to 31 March 2004, which therefore will not be reflected in the results of the Company for the year ending 31 December 2004: this amount included bonuses of US\$2.1 million arising from the Reorganisation). The amount of US\$1.7 million assumes that the full amounts of discretionary bonuses are paid. In addition, the executive Directors are entitled to an additional bonus if certain financial targets, set annually by the Board, are achieved. For 2004, the target is to achieve earnings of US\$69.8 million before interest, tax, depreciation, amortisation and gains or losses on asset sales or retirement of debt. If this target is achieved, the maximum aggregate additional bonus payable is US\$0.5 million.

Further details of the terms of the above service contracts are set out in the paragraph immediately above headed "Particulars of service contracts".

4 DIRECTORS' INTERESTS IN PROMOTION AND ASSETS

Mr. Buttery and Mr. Over (or their family trusts) are each interested as to 50% in the issued share capital of Plymouth Shipping Investments Limited, which was one of the promoters of the Company and will transfer certain shares to the Group pursuant to the Reorganisation.

The family trusts of Mr. Lee are interested in the shares of Eagle Sky Investments Limited, Eagle Pacific International Limited and Firelight Investments Limited, each of which will transfer certain shares to the Group pursuant to the Reorganisation.

Mr. Friedman has an indirect attributable interest of 0.22% in the shares of IDB Carriers (BVI) Limited, which was one of the promoters of the Company.

5 AGENCY FEES OR COMMISSIONS RECEIVED

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of the Group.

D. DISCLAIMERS

Save as disclosed herein:

- (a) none of the Directors or chief executive of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance or which will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;
- (b) none of the Directors or experts referred to in the sub-section headed “Consents of Experts” in this Appendix has any direct or indirect interest in the promotion of the Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (c) none of the Directors or experts referred to in the sub-section headed “Consents of Experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;
- (d) none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of the Directors knows of any person (not being a Director or chief executive of the Company) who will, immediately following completion of the Reorganisation and of the Global Offering, have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or be interested, directly or indirectly, 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 any member of the Group;

- (f) none of the experts referred to in the sub-section headed “Consents of Experts” in this Appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (g) so far as is known to the Directors, none of the Directors, their respective associates (as defined under the Listing Rules) or shareholders who are interested in more than 5% of the issued share capital of the Company has any interests in the five largest customers or the five largest suppliers of the Group.

E. SHARE OPTION SCHEME

Summary of terms of the Share Option Scheme

The terms of the Share Option Scheme conditionally approved by a written resolution of the shareholders of the Company dated 17 June 2004, subject to certain conditions as referred to in paragraph (n) in this section, are as follows:

(a) Purpose of the Share Option Scheme

The Share Option Scheme enables the Company to grant options to Eligible Participants (as defined below) as an incentive or reward for their contribution to the Group and those companies in the equity share capital of which the Company, directly or indirectly, has a 20% or greater beneficial interest but excluding the Company’s subsidiaries (the “**Associated Companies**”).

(b) Who may join and basis for determining eligibility

- (i) Any Eligible Person, being:
 - (a) an executive director or employee or a person who has accepted an employment offer by a member of the Group, an Associated Company or any Controlling Shareholder (as defined below);
 - (b) a non executive director and any independent non executive director or officer of any member of the Group, of an Associated Company or of any Controlling Shareholder;
 - (c) a shareholder or holder of securities of any member of the Group, of an Associated Company or of any Controlling Shareholder, who in the opinion of the Directors has contributed to the development of the business of the Group or any Associated Company or Controlling Shareholder;
 - (d) a business partner, agent, consultant or representative of any member of the Group, of an Associated Company or of any Controlling Shareholder;
 - (e) a supplier of goods or services to any member of the Group, to an Associated Company or to any Controlling Shareholder, or any of its directors or employees;

- (f) a customer of any member of the Group, of an Associated Company or of any Controlling Shareholder, or any of its directors or employees;
 - (g) a person or entity that provides research, development or other technological support or any advisory, consultancy or professional services to any member of the Group, to an Associated Company or to any Controlling Shareholder, or any of its directors or employees;
 - (h) a person who is seconded to work and has devoted at least 40% of his time to the business of the Group or an Associated Company (“**Secondee**”); and
- (ii) a trust for the benefit of an Eligible Person or his immediate family members and/or a company controlled by an Eligible Person and/or by his immediate family members (“**Related Trust and Company**”) (together with Eligible Persons being the “**Eligible Participants**”).

A Controlling Shareholder of the Company is any person who has the power, directly or indirectly, to secure, (i) by means of the holding of shares entitling him to exercise or control the exercise of 30% (or such other percentage as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company, or (ii) by means of controlling the composition of a majority of the Board, that the affairs of the Company are conducted in accordance with the wishes of such person.

The Board may, at its absolute discretion (subject to the provisions of the Listing Rules and the applicable laws and regulations from time to time in force), invite Eligible Participants to take up options for Shares at a price calculated in accordance with sub paragraph (e) below. The Board may determine the amount, if any, payable on application or acceptance of the options and the period within which payments must or may be made. Upon acceptance of the option, the grantee shall pay the amount, if any, specified in the offer to the Company as consideration for the grant within such period as the Company shall specify. Unless the Board otherwise determines, there are no performance targets that must be achieved before options can be exercised.

(c) Maximum number of Shares

- (i) The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other schemes must not exceed 30% of the Shares in issue from time to time (“**Overriding Limit**”). No options may be granted under the Share Option Scheme or any other schemes of the Group if this will result in the **Overriding Limit** being exceeded.
- (ii) Subject to the **Overriding Limit** as stated in paragraph (i) above, the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes must not, in aggregate, exceed 126,701,060 Shares, representing 10% of the Shares in issue at the time dealings in the Shares first commence on the Stock Exchange (“**Mandate Limit**”), unless separate shareholders’ approval has been obtained pursuant to sub-paragraph (iii) or (iv) below. Options lapsed in accordance with the terms of the Share Option

Scheme and any other schemes will not be counted for the purpose of calculating the Mandate Limit.

- (iii) We may refresh the Mandate Limit at any time subject to prior shareholders' approval in general meeting. However, the Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of the shareholders' resolution. Options previously granted under the Share Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with the schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.
- (iv) We may also seek separate shareholders' approval for granting options beyond the Mandate Limit to Eligible Participants specifically identified by the Company before such approval is sought.
- (v) The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant (including exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue at the date of grant ("Individual Limit"). Any further grant of options in excess of the Individual Limit must be subject to shareholders' approval with such Eligible Participant and his associates abstaining from voting.

(d) Grant of options to connected persons or any of their associates

Any grant of options to a connected person (as defined in the Listing Rules) or its associates must be approved by the independent non executive Directors (excluding any independent non executive Director who is the grantee of the options). Where it is proposed to grant to an Eligible Participant who is also a substantial shareholder or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including exercised, cancelled and outstanding options) under the Share Option Scheme or any other scheme in any 12-month period up to and including the date of grant to such person representing in aggregate over (i) 0.1% of the total Shares in issue and (ii) having an aggregate value, based on the closing price of the Shares at the date of the Board meeting for proposing such grant, in excess of HK\$5 million, then the proposed grant must be approved in accordance with the Listing Rules including by way of ordinary resolution of the shareholders in general meeting if so required. All connected persons must abstain from voting in favour of such grant at such general meeting.

(e) Price for Shares

The subscription price for the Shares under the Share Option Scheme shall be determined by the Board and notified to each grantee. The subscription price shall not be less than the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of that option, which must be a business day; (ii) the average of the closing prices per Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of that option; and (iii) the nominal value of the Shares.

(f) Time of exercise of options

An option may be exercised during the period (not more than 10 years from the date of grant of the option) specified in the terms of grant. Although the Share Option Scheme does not specify the minimum period an option must be held before it can be exercised, the Directors may specify such minimum period at their discretion.

(g) Rights are personal to grantee

An option may not be transferred or assigned and is personal to the grantee, except for the transmission of an option on the death of the grantee to his personal representative.

(h) Option period and lapse of options

- (i) If the grantee is an executive director, employee, proposed employee, non-executive director, independent non-executive director, officer, shareholder or holder of securities of any member of the Group, an Associated Company or of any Controlling Shareholder, a Seconded or a Related Trust of such person and he ceases to be an Eligible Person because of death, retirement, ill health, injury or disability, his outstanding options shall lapse 12 months after he ceases to be an Eligible Person. If he ceases to be an Eligible Person because his office or employment ceases to be related to a member of the Group, or an Associated Company, his outstanding options lapse to the extent that they are not exercisable and exercised within three months after such cessation.
- (ii) If the grantee is a business partner, agent, consultant, representative, supplier of goods or services or one of its directors or employees, a customer or one of its directors or employees, a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services of/to any member of the Group, an Associated Company or of/to any Controlling Shareholder, or a Related Trust and commits a breach of contract with any member of the Group or an Associated Company, or commits any act of bankruptcy or becomes insolvent, commits any serious misconduct, is convicted of any criminal offence (other than an offence which does not bring the grantee, the Group or any Controlling Shareholder into disrepute) or makes any composition with his creditors, his outstanding option shall lapse on the date of occurrence of the relevant event.
- (iii) If the grantee is an Eligible Person and he ceases to be an Eligible Person or is a Related Trust of a person who ceases to be an Eligible Person by reason other than (a) in circumstances in which sub-paragraph (i) or (ii) applies; (b) upon expiration of his term as a director of a member of the Group, or an Associated Company (save where immediately renewed on expiration); (c) in circumstances in which sub-paragraph (iv) applies if the grantee is an executive director, employee or proposed employee of any member of the Group, an Associated Company or of any Controlling Shareholder; or (d) in circumstances in which sub-paragraph (v) applies if the grantee is qualified as an Eligible Person other than by reason of being an executive director, employee or proposed employee of any member of the Group, an Associated

Company or of any Controlling Shareholder, the grantee's outstanding options shall lapse forthwith unless the Board otherwise determines.

- (iv) If the grantee is an executive director, employee or proposed employee of any member of the Group, an Associated Company or of any Controlling Shareholder and his employment is terminated due to serious misconduct, act of bankruptcy, composition being made with his creditors or conviction of any criminal offence involving his integrity or honesty, his outstanding options shall lapse on the date he ceases to be employed by the relevant member of the Group and Associated Companies or any Controlling Shareholder (or, if earlier, on the date when notice of such termination of employment is given).
- (v) If the grantee is an Eligible Participant other than by reason of being an executive director, employee or proposed employee of any member of the Group, Associated Companies or of any Controlling Shareholder, his option will lapse upon the occurrence of any of the events stated in subparagraph (iv).
- (vi) If the Board considers that due to the separate listing or sale of a member of the Group or an Associated Company or a disposal of the business of a member of the Group or an Associated Company, a grantee should cease to be treated as an Eligible Participant or if any member of the Group or an Associated Company is reorganised or merged or consolidated with another entity, the Board may make such arrangements as appropriate, reach such appropriate accommodation with the grantee, waive any conditions to vesting of an option or permit the continuation of an option in accordance with its original terms.
- (vii) If a general offer by way of takeover is made to the shareholders and the offer becomes or is declared unconditional in all respects, the grantee may, within such period as the Board may determine, exercise his options to their full extent and any option that has not been exercised within the specified period shall lapse.
- (viii) If a compromise or arrangement between the Company and the shareholders or creditors is proposed for the purpose of amalgamation of the Company with any other company or companies, the grantee may, during the period specified in the Share Option Scheme, exercise any of his options in full or in part subject to such compromise and arrangement being sanctioned by the court and becoming effective and any of his unexercised options shall lapse upon such compromise or arrangement becoming effective.
- (ix) If an effective resolution is passed for a members' voluntary winding up of the Company, the options will immediately vest and the grantee may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the options have been exercised and unless the grantee so elects, his options shall lapse on the date of commencement of the winding-up of the Company.
- (x) A grantee's options shall lapse on the date he sells, transfers, assigns, charges, mortgages or encumbers or creates any interest in favour of a third

party over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative.

(i) Cancellation of options

Any options granted but not exercised or lapsed may be cancelled with the approval of the relevant Eligible Participant. If the Company grants new options to an option holder in place of his cancelled options, the Company may only grant such new options if there are available unissued options (excluding the cancelled options) within the Mandate Limit and subject to the other provisions of the Share Option Scheme.

(j) Effect of alterations to capital

In the event of any alteration in the share capital of the Company arising from any capitalisation issue, rights issue, open offer, reduction, subdivision or consolidation of share capital while any option remains exercisable, the number or nominal amount of Shares subject to the option so far as unexercised and/or the subscription price and/or the Overriding Limit and the Mandate Limit will be adjusted as appropriate, provided that any such adjustments will be on the basis that the proportion of the issued share capital to which a grantee is entitled after such adjustments will remain the same as that to which he was entitled before such alteration and that no Share will be issued at less than its nominal value. Save in the case of a capitalisation issue, an independent financial adviser or the auditors for the time being of the Company must confirm to the Directors in writing that such adjustments satisfy the aforesaid requirements.

(k) Price sensitive developments

Any grant of options will not be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has ceased to be unpublished price sensitive information. In particular, but only insofar as required by the Listing Rules, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as first notified to the Stock Exchange) for the approval of the Company's results for any year or half-year, quarterly or other interim period; and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year, quarterly or other interim period; and ending on the date of the results announcement, no option may be granted.

(l) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Bye-laws from time to time in force and will rank equally with the fully paid Shares in issue on the date of allotment or, if that date falls on a day on which the register of members is closed, the first day on which the register of members is re-opened.

(m) Alterations to terms and conditions

Subject to the Listing Rules in force from time to time, the Board may amend, withdraw or terminate the Share Option Scheme at any time. However, unless approved by ordinary resolution of the shareholders in general meeting or such alterations take effect automatically

under the terms of the Share Option Scheme, no amendments shall be made to the advantage of any grantee or any future option holders which relate to:

- (i) the purpose of the Share Option Scheme;
- (ii) the persons to or for whom options may be granted under the Share Option Scheme and the basis for determining their eligibility;
- (iii) the Overriding Limit, the Mandate Limit, refreshing of the Mandate Limit, granting of options beyond the Mandate Limit and the Individual Limit;
- (iv) any amendments to the terms of the period during which the Share Option Scheme is exercisable; the period during which options may be granted; the subscription price for Shares under the Share Option Scheme; the period during which options will lapse; cancellation of options; the various limits as stated in sub-paragraph (iii); the adjustments as stated in paragraph (j) above; the termination of the Share Option Scheme; lapse of options due to sale, transfer, assignment, charge, mortgage, encumbrance or creation of an interest in favour of third parties in relation to any option; and any alterations to the advantage of grantees or future option holders which relate to sub-paragraphs (i) to (v); and
- (v) any other alterations to the Share Option Scheme which are of a material nature.

Any change to the authority of the Board pursuant to any alteration to the terms of the Share Option Scheme must be approved by the shareholders in general meeting.

No alteration shall operate to affect adversely any rights which have accrued to any grantee at that date.

Except as described in sub-paragraphs (i) to (v), the Board need not obtain the approval of the shareholders for any minor changes as specified in the Share Option Scheme.

Subject to the Listing Rules and the provisions of this paragraph (m), the Board may, at any time and in its absolute discretion, remove, waive or vary the conditions, restrictions or limitations imposed in an option agreement on compassionate or any other grounds.

(n) Conditionality of the Share Option Scheme

The Share Option Scheme is conditional upon (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in any Shares falling to be issued pursuant to the exercise of the options granted under the Share Option Scheme, (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements and (iii) the completion of the Reorganisation.

(o) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date the Shares are listed on the Stock Exchange. Upon termination, no further options may be granted under the Share Option Scheme.

(p) Termination

The Company or the Board may resolve to terminate the Share Option Scheme at any time and in such event no further options will be offered, but options granted before such termination will continue to be valid and exercisable in accordance with the terms and conditions of the Share Option Scheme.

(q) General

The Board believes that the authority given to the Board under the Share Option Scheme to specify any minimum holding period and/or performance targets as conditions in any option granted and the requirement for a minimum subscription price as well as the selection criteria prescribed by the rules of the Share Option Scheme will serve to protect the value of the Company as well as to achieve the purpose of the Share Option Scheme.

Unless the context otherwise requires, references to “Shares” in these paragraphs includes shares in the Company of any other nominal amount as shall result from a subdivision or a consolidation of such Shares from time to time.

As at the date of this prospectus, no option has been granted under the Share Option Scheme. Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares which may fall to be issued following the exercise of the options under the Share Option Scheme.

The Directors consider it inappropriate to disclose the value of options that may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions, including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

The Company shall disclose details of the Share Option Scheme in its annual and interim reports in accordance with the Listing Rules in force from time to time.

F. OTHER INFORMATION

1 ESTATE DUTY

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries in Hong Kong, Bermuda or BVI.

2 LITIGATION

As at the Latest Practicable Date, no member of the Group 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.

3 SPONSOR

The Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any additional Shares which may be issued pursuant to the Over-allotment Option, or the exercise of options which may be granted under the Share Option Scheme).

4 PRELIMINARY EXPENSES

Our preliminary expenses are estimated to be approximately US\$7.7 million and are payable by us.

5 PROMOTERS

The promoters of the Company are the Initial Investors. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to such promoter in connection with the Global Offering and the related transactions described in this prospectus.

6 TAXATION OF HOLDERS OF SHARES

(a) Hong Kong

The sale, purchase and transfer of Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller being 0.1% of the consideration or, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Shares are Hong Kong property for the purposes of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) and, accordingly, Hong Kong estate duty may be payable in respect thereof on the death of an owner of Shares.

(b) Bermuda

Under present Bermuda law, transfers and other dispositions of Shares are exempt from Bermuda stamp duty.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of the Company, the Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise any rights attaching to them.

7 QUALIFICATION OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualifications</u>
Goldman Sachs (Asia) L.L.C.	Deemed licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) as defined under the SFO
PricewaterhouseCoopers	Certified public accountants
Conyers Dill & Pearman	Bermuda barristers and attorneys
Knight Frank	Property valuers

8 CONSENTS OF EXPERTS

Each of the Sponsor, PricewaterhouseCoopers, Conyers Dill & Pearman and Knight Frank has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of their report and/or letter and/or valuation certificate and/or opinion and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named in the paragraph headed "Qualification of Experts" in this Appendix has any shareholding interests in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9 PARTICULARS OF THE SELLING SHAREHOLDERS

Certain particulars of the Selling Shareholders as at the Latest Practicable Date are set out as follows:

<u>Selling Shareholders</u>	<u>Description</u>	<u>Registered office address/ Usual residence</u>
Dry Bulk Shipping (BVI) Limited	Investment holding company	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands
IDB Carriers (BVI) Limited	Investment holding company	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands
Pembroke Shipping Limited	Investment holding company	Romasco Place, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands

<u>Selling Shareholders</u>	<u>Description</u>	<u>Registered office address/ Usual residence</u>
Eagle Pacific International Limited	Investment holding company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Plymouth Shipping Investments Limited	Investment holding company	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands
Eagle Sky Investments Limited	Investment holding company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Bocimar Far East Holdings Limited	Investment holding company	P.O. Box HM 1179 Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda
Jacques Saverys	Businessman	Kleistraat 176 2630 Aartselaar, Belgium
Firelight Investments Limited	Investment holding company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Cormorant Shipping Limited	Investment holding company	80 Broad Street, Monrovia, Republic of Liberia
Anthony J. Hardy	Businessman	12/F, Warwick House East, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

10 BINDING EFFECT

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.

11 MISCELLANEOUS

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

- (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in the Company or any of its subsidiaries;
- (b) We have no outstanding convertible debt securities;
- (c) Save as disclosed in this prospectus, there are no founder, management or deferred shares nor any debentures in the Company or any of its subsidiaries;
- (d) None of the persons named in the sub-section headed “Consents of Experts” in this Appendix is interested beneficially or otherwise in any shares of any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group;
- (e) The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2003 (being the date to which the latest unaudited pro forma combined financial statements of the Group were made up);
- (f) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus;
- (g) Subject to the provisions of the Companies Act, the register of members of the Company will be maintained in Bermuda by Butterfield Fund Services (Bermuda) Limited and a branch register of members of the Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Company’s share register in Hong Kong and may not be lodged in Bermuda. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (h) The English text of this prospectus shall prevail over the Chinese text;
- (i) No company within the Group is presently listed on any stock exchange or traded on any trading system; and
- (j) The Directors have been advised that, under the Companies Act, the use of a Chinese name by the Company for identification purposes only does not contravene the Companies Act.