

Contingent liabilities. As at 30 June 2006, except for guarantee amounting to approximately HK\$78,000,000 (31/12/2005: HK\$78,000,000) granted by the Group to a third party in its ordinary course of businesses, the Group had no other contingent liabilities.

EMPLOYEES

As at 30 June 2006, the Group had 106 full-time employees and 250 crew (31/12/2005: 107 full-time employees and 330 crew). The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

POST BALANCE SHEET EVENTS

On 24 July 2006, the Group completed the disposal of motor vessel "Jin Bi" at a consideration of US\$6,500,000 (approximately HK\$50,700,000) and realized a gain of around HK\$15,600,000.

During July 2006, the Company repurchased 6,680,000 shares of the Company at an aggregate price of HK\$10,981,580 before expenses, which were subsequently cancelled.

During July and August 2006, the Group entered into four agreements to acquire one Handymax newbuilding and three second hand Handymax vessels at a total purchase price of US\$138,900,000 (approximately HK\$1,083,420,000).

OUTLOOK

As at date of this report, the total capacity of the Group's fleet is around deadweight 1.4 million metric tons comprising nine owned vessels and ten chartered-in vessels, and approximately 86% of the Group's revenue days in 2006 have been covered. In addition, the Group will have additional seven newly built vessels and four second hand vessels for delivery going forward, where three of which will be delivered in 2006, four in 2007, three in 2008 and one in 2009.

Recently, the freight rates have increased significantly, especially the freight rates for Capesize tonnage and Handymax tonnage which are mainly driven by increasing iron ore imports to China and Western Europe, as well as the export of cement out of China respectively. Subsequent to the period ended 30 June 2006, the Baltic Dry Index further increased to around 3,880 by early September 2006. In light of the recent market conditions, future cargo volumes and trade patterns, we believe that there would be a firmer market for the rest of 2006.