

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.

Though a prolonged period of refining disruption and oil price fluctuation could significantly affect business confidence, we remain cautiously optimistic that 2006 will be another reasonable year for the dry bulk market.

In addition, the Board expects that the Group's trading business will continue to contribute steady returns to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, the Company has repurchased 2,471,000 shares of the Company at an aggregate price of HK\$3,984,734.60 before expenses, which were subsequently cancelled in July 2006. The nominal value of the cancelled shares of HK\$247,100 was credited to capital redemption reserve and the aggregate price was paid out from the retained profits. Details of the repurchase are as follows:

Month of the repurchase	Total number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid (before expenses) HK\$
June 2006	2,471,000	1.64	1.59	3,984,734.60

The Directors considered that the repurchase would increase the net asset value per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2006.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 18 November 2004 (the "Share Option Scheme"). Under the Share Option Scheme, the Company may grant share options to acquire shares of the Company to the directors, officers and employees of the Group and other persons selected by the Board who have contributed or will contribute to the Group. The purpose of granting the share options is to provide incentives and/or rewards to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group.