



PROSPECTUS DATED 19 MAY 2006
(Registered with the Monetary Authority of Singapore on 19 May 2006)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.



PACIFIC SHIPPING TRUST

(a business trust constituted on 25 April 2006 under the laws of the Republic of Singapore)
managed by PST Management Pte. Ltd. (the "Trustee-Manager")
(a wholly-owned subsidiary of Pacific International Lines (Private) Limited (the "Sponsor"))

The securities offered under this Prospectus are units in a business trust registered under the Business Trusts Act, Chapter 31A of Singapore (the "Business Trusts Act" or "BTA"). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority" or the "MAS"). The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the MAS does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"), or any other legal or regulatory requirements, have been complied with. The MAS has not, in any way, considered the merits of the units being offered for investment.

OFFER FOR SUBSCRIPTION BY



PST Management Pte. Ltd.

222,000,000 Units subject to the Over-allotment Option
Offering Price: US\$0.45

The Trustee-Manager is making an offering (the "Offering") of 222,000,000 units ("Units") representing undivided interests in Pacific Shipping Trust ("PST") for subscription at the offering price (the "Offering Price") of US\$0.45 for each Unit. The Offering consists of (i) an international placement to investors, including institutional and other investors in Singapore (the "Placement Tranche") and (ii) an offering to the public in Singapore (the "Public Offer"). The size of the Public Offer is 11,100,000 Units. The Offering is fully underwritten by DBS Bank Ltd ("DBS Bank" or the "Underwriter") at the Offering Price. Investors subscribing for Units under the Public Offer will pay the Offering Price of \$0.715 (based on the fixed exchange rate of US\$1.00=\$S1.5889) per Unit.

At the same time as but separate from the Offering, the Sponsor has entered into a separate subscription agreement to subscribe for 115,000,000 Units at the Offering Price (the "Sponsor Units"), conditional upon the Trustee-Manager and the Underwriter entering into an underwriting agreement in connection with the Offering (the "Underwriting Agreement") and that the Underwriting Agreement is not terminated pursuant to its terms prior to the close of the Application List (as defined herein).

No Units shall be allotted or allocated on the basis of this Prospectus later than six months after the registration of this Prospectus by the Authority.

Prior to the Offering, there has been no market for the Units. The Offering is by way of an initial public offering in Singapore. PST has received a letter of eligibility from Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation on the Main Board of the SGX-ST of all the Units comprised in the Offering, the Sponsor Units as well as all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees. The Units will be traded on the Main Board of the SGX-ST in US dollars. PST's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, the Units, PST or the Trustee-Manager. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, the Units, PST or the Trustee-Manager.

The permission to list will be granted when PST has been admitted to the Official List of the SGX-ST (the "Listing Date"). Acceptance of applications for Units will be conditional upon issue of the Units and upon permission being granted to list the Units. In the event that such permission is not granted, application monies will be returned in full, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against PST, the Trustee-Manager, the Sponsor or the Underwriter.

Financial Adviser, Underwriter and Bookrunner



Co-Managers

ABN AMRO Rothschild

DnB NOR Markets

See "Risk Factors" commencing on page 20 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units. None of PST, the Trustee-Manager, the Sponsor or the Underwriter guarantees the performance of PST, the repayment of capital or the payment of a particular return on the Units.

Investors applying for Units by way of Application Forms or Electronic Applications (both as referred to in Appendix G, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will pay the Offering Price of \$0.715 (based on the fixed exchange rate of US\$1.00=\$S1.5889) per Unit on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom), where (i) an application is rejected or accepted in part only or, (ii) the Offering does not proceed for any reason.

In connection with the Offering, the Underwriter has been granted an over-allotment option (the "Over-allotment Option") by the Sponsor, exercisable by DBS Bank (the "Stabilising Manager"), in full or in part, on one or more occasions within 30 days from the Listing Date, to purchase up to an aggregate of 13,900,000 Units at the Offering Price from the Sponsor, solely to cover the over-allotment of Units (if any). The total number of Units in issue immediately after the completion of the Offering will be 337,000,000 Units. The exercise of the Over-allotment Option will not increase the total number of Units in issue.

The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")), except in certain transactions exempt from the registration requirements of the Securities Act. The Units are being offered and sold in offshore transactions (as defined in Regulation S) outside the United States in reliance on Regulation S.



STABLE YIELD OF 9%*

THE BUSINESS YOU CAN TRUST

Pacific Shipping Trust ("PST"), the first registered business trust in Singapore, seeks to provide investors with a steady, regular stream of income from long-term charters of its vessels. PST will be managed by the Trustee-Manager, PST Management Pte. Ltd. ("PSTM" or the "Trustee-Manager").

PST will start with an initial portfolio of eight container vessels that has been acquired from the Sponsor, Pacific International Lines (Private) Limited ("PIL"). The vessels will be chartered to PIL at fixed charter rates for between eight and 10 years, minimising PST's risk exposure and providing it with income stability through fluctuating market conditions.

PIL has also given PST a right of first refusal over another 13 vessels as at 18 April 2006. PST may also acquire vessels from, and charter them to, third parties.

PST will tap on the network of relationships of PIL to grow its business. It aims to achieve a balanced mix of vessels by targeting acquisitions from the Sponsor and third party owners as well as chartering out to the Sponsor and third party charterers.

THE SPONSOR - PACIFIC INTERNATIONAL LINES (PRIVATE) LIMITED

- Incorporated in 1967, PIL is one of Asia's largest ship owners, and Singapore's second largest container shipping company
- Ranked 19th among containership operators in the world
- Ranked fourth in the Singapore International 100 Ranking in 2006 which recognises Singapore's top 100 companies by highest overseas revenue
- PIL Group's turnover in 2004 hit US\$2 billion
- PIL Group remained profitable during the 1997/1998 Asian financial crisis and the downturn in the container shipping market in 2001/2002
- Owns and operates over 100 vessels with a total TEU (twenty-foot equivalent unit) capacity of more than 130,000 TEU as at 1 January 2006
- Also owns and operates a fleet of more than 250,000 TEU of marine containers
- Has 22 container vessels of varying sizes on order to be delivered by the end of 2009
- Its container liner services cover the whole of the Far East to Europe, Canada, the Indian sub-continent, Red Sea/Gulf, East Africa, South/West Africa, Australia, New Zealand and East Coast of South America. Its feeder services extend to ports in South East Asia, the Bay of Bengal and the Indian sub-continent
- Has won numerous awards and accolades including an award in the Intra-Asia Operator category of the Lloyd's List Maritime Asia Awards for two consecutive years in 2004 and 2005
- PIL has committed to a lock-up of 100% of its Units for three years after Listing Date, and to a lock-up of 50% of its Units for a further two years thereafter (subject to exceptions as set out in this Prospectus)

** Subject to the assumptions contained in this Prospectus*



PST – BUSINESS STRATEGY

The Trustee-Manager’s key financial objective is to ensure regular distributions to Unitholders and to achieve long-term growth in distributions per Unit.

The Trustee-Manager plans to achieve this through the following strategies:

Acquisition growth strategy

- Pursue further acquisitions
- Improve portfolio diversification
- Capitalise on the right of first refusal granted by the Sponsor for 13 vessels as at 18 April 2006
- Growth strategy will be enhanced by management’s investment track record
- Ability to leverage on the Sponsor’s network

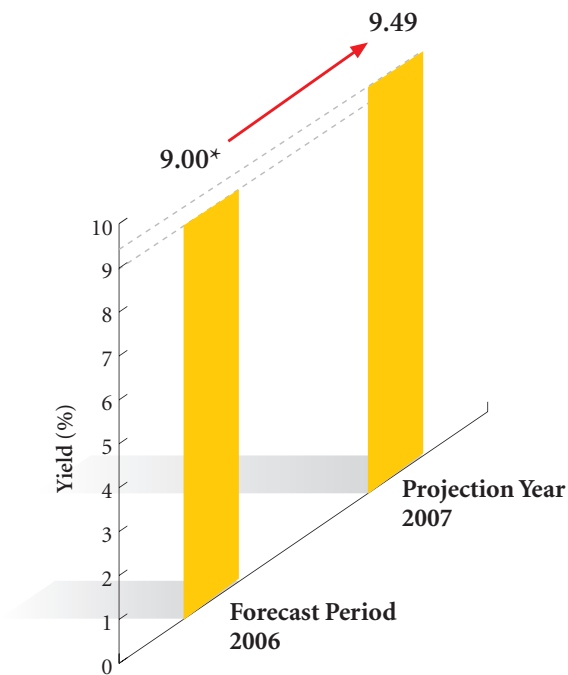
Active charter and asset management strategy

- Actively manage portfolio of charters and assets
- Leverage on the Sponsor’s network and relationships
- Work with established and creditworthy charterers

Capital and risk management strategy

- Pay down the term loan facilities in relation to the eight vessels over 10 or 12 years
- Employ an appropriate mix of equity and debt in financing future acquisitions
- Manage market risks through appropriate derivative instruments

DISTRIBUTION YIELD



* Annualised

The performance of PST, the repayment of capital and the payment of any distributions, or any particular returns, are not guaranteed. The forecast and projected yields stated in the table above are calculated based on the Offering Price of US\$0.45 per Unit and on the assumptions as set out in the Prospectus. Such yields may vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.



KEY INVESTMENT HIGHLIGHTS

Stable yield of 9.00%* for Forecast Period 2006 and 9.49% for Projection Year 2007.

** Annualised*

Tax-exempt distributions

- For local and foreign individuals
- For local and foreign corporates

High payout and quarterly distributions

- PST's policy is to distribute 100% of the Distributable Amount for the period from the Listing Date to 31 December 2007, and at least 90% thereof thereafter
- Scheduled pay-down of PST's borrowings will lead to higher distributable income for Unitholders while lowering PST's level of gearing over time

Opportunities for income and capital growth

- PST will acquire vessels from PIL and other shipping companies
- It enjoys the right of first refusal for another 13 vessels (as at 18 April 2006) ordered by PIL
- PIL has the flexibility to support PST's acquisition pipeline by 'warehousing' vessels which fit within PST's investment strategy

Exposure to growth in the container shipping segment, particularly in Asia

- Asian ports had the highest container throughput in the world in 2005

- Volume of container trade in Asia grew by a higher average rate of 17% and 21% per annum in the past five and 10 years respectively, compared to the worldwide growth of 14% and 15% per annum respectively
- Container shipping segment has enjoyed consecutive years of positive growth since 1984

Quality asset portfolio

- Initial portfolio of PST will comprise four vessels built and delivered in 2005 and another four vessels built and delivered in 1999
- Given their smaller size, they are very versatile and are able to call at many ports that are inaccessible to larger vessels

Future supply of vessels of similar size to those in PST's portfolio is comparatively low

- According to Drewry, future supply of container vessels under 4,000 TEU capacity accounted for 29.7% of the total container vessel order book as at March 2006. These vessels accounted for 54.5% of existing capacity as at March 2006

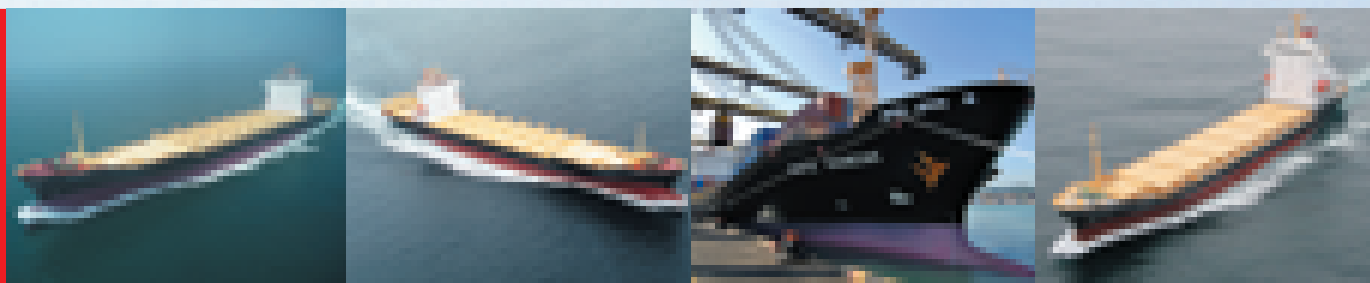
Experienced Management

- Extensive experience in shipping and maritime business and has track record in negotiating, structuring and financing investments in ships
- CEO has more than 35 years of experience in maritime business

THE VESSELS

- Young fleet with estimated remaining useful life of about 22 years (based on average life of 25 years for container vessels)
- Very versatile fleet, able to access ports inaccessible to larger vessels, especially for intra-Asian trade routes

(The vessels were valued as at 9 February 2006 by Braemar Seascope Valuations Limited)



Name	Kota Kaya
Year of delivery	2005
Daily bareboat charter rate	US\$17,700
Appraised value	US\$57.50m
Purchase price	US\$53.18m
Capacity (TEU)	3,081
Charter tenure	9 years

Name	Kota Kado
Year of delivery	2005
Daily bareboat charter rate	US\$17,700
Appraised value	US\$57.50m
Purchase price	US\$53.18m
Capacity (TEU)	3,081
Charter tenure	9 years

Name	Kota Rancak
Year of delivery	2005
Daily bareboat charter rate	US\$7,600
Appraised value	US\$25.50m
Purchase price	US\$23.59m
Capacity (TEU)	943
Charter period	10 years

Name	Kota Rajin
Year of delivery	2005
Daily bareboat charter rate	US\$7,600
Appraised value	US\$25.50m
Purchase price	US\$23.59m
Capacity (TEU)	943
Charter period	10 years

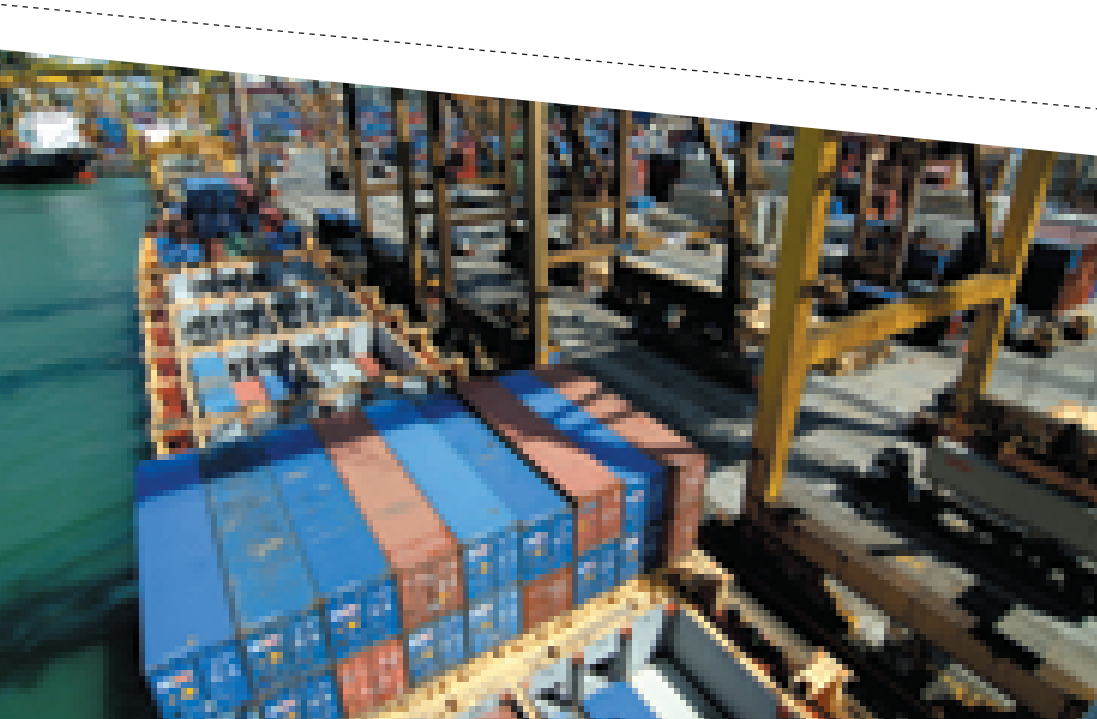


Name	Kota Arif
Year of delivery	1999
Daily bareboat charter rate	US\$11,000
Appraised value	US\$31.75m
Purchase price	US\$29.37m
Capacity (TEU)	1,454
Charter period	8 years

Name	Kota Anggerik
Year of delivery	1999
Daily bareboat charter rate	US\$11,000
Appraised value	US\$31.75m
Purchase price	US\$29.37m
Capacity (TEU)	1,454
Charter period	8 years

Name	Kota Anggun
Year of delivery	1999
Daily bareboat charter rate	US\$11,000
Appraised value	US\$31.75m
Purchase price	US\$29.37m
Capacity (TEU)	1,454
Charter period	8 years

Name	Kota Azam
Year of delivery	1999
Daily bareboat charter rate	US\$11,000
Appraised value	US\$31.75m
Purchase price	US\$29.37m
Capacity (TEU)	1,454
Charter period	8 years



INVESTOR INFORMATION

<i>The Offering</i>	: 222.0 million Units
<i>Offering Price</i>	: US\$0.45 per Unit
<i>Over-allotment option</i>	: Up to 13.9 million Units
<i>Subscription for the Public Offer</i>	: Investors will pay S\$0.715 per Unit based on the fixed exchange rate of US\$1.00=S\$1.5889
<i>Minimum subscription size</i>	: 1,000 Units, and investors may apply for larger numbers of Units in integral multiples of 1,000 Units

INDICATIVE TIMETABLE

An indicative timetable for the Offering and for trading in the Units is set out below:

Date & Time	Event
20 May 2006 8.00 a.m.	Opening date and time for the Offering
24 May 2006 12.00 noon	Closing date and time for the Offering
26 May 2006 9.00 a.m.	Commence trading on a “ready” basis*

* Subject to Singapore Exchange Securities Trading Limited (the “SGX-ST”) being satisfied that all conditions necessary for the commencement of trading in the Units on a “ready” basis have been fulfilled

Applicants may apply for the Units through:

- Application Forms accompanying the Prospectus
- ATMs of the Participating Banks (as defined herein)
- Internet Banking websites of the relevant Participating Banks
- DBS customers can call 1800 111 1111 for more information



NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Trustee-Manager, the Underwriter or the Sponsor. Neither the delivery of this Prospectus nor any offer, subscription, sale or transfer made hereunder shall in the circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of PST, the Units, the Trustee-Manager or the Sponsor since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Trustee-Manager will make an announcement of the same to the SGX-ST and, if required, issue and lodge a supplementary document or replacement document pursuant to Section 282D of the Securities and Futures Act and take immediate steps to comply with the said Section 282D. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes. No representation, warranty or covenant, express or implied, is made by any of PST, the Trustee-Manager, the Underwriter, the Sponsor or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise, representation or covenant by any of PST, the Trustee-Manager, the Underwriter, the Sponsor or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

None of PST, the Trustee-Manager, the Underwriter and the Sponsor or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers makes any representation or undertaking to any purchaser or subscriber of Units regarding the legality of an investment by such purchaser or subscriber of Units under appropriate legal, investment or similar laws. In addition, this Prospectus is issued solely for the purpose of the Offering and investors in the Units should not construe the contents of this Prospectus as legal, business, financial or tax advice. Investors should be aware that they are required to bear the financial risks of an investment in the Units, and may be required to do so for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Units.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, from:

**DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809**

as well as from branches of DBS Bank (including POSB) and, where applicable, from certain members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: <http://www.sgx.com>.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. PST, the Trustee-Manager, the Underwriter and the Sponsor require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to PST, the Trustee-Manager, the Underwriter and the Sponsor. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Such transactions may commence on or after the date of commencement of trading of the Units on SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the commencement of trading in the Units on the SGX-ST, (ii) the date when the over-allotment of the Units which are the subject of the Over-allotment Option has been fully covered (through the purchase of the Units on the SGX-ST and/or the exercise of the Over-allotment Option by the Stabilising Manager, on behalf of itself and the Underwriter), or (iii) the date falling 30 days after the date of adequate public disclosure of the final price of the Units.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute forward-looking statements. This Prospectus also contains forward-looking financial information in “Profit Forecast and Profit Projection”. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of PST or the Trustee-Manager, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Trustee-Manager’s present and future business strategies and the environment in which PST or the Trustee-Manager will operate in the future. As these statements and financial information reflect the Trustee-Manager’s current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information.

Among the important factors that could cause PST’s or the Trustee-Manager’s actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information are the condition of, and changes in, the domestic, regional and global economies that result in reduced charter rates for PST’s vessels, changes in government laws and regulations affecting PST, competition in the global shipping market, currency exchange rates, interest rates, relations with service providers, relations with lenders and the quality of charterers and other matters not yet known to the Trustee-Manager or not currently considered material by the Trustee-Manager. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Profit Forecast and Profit Projection” and “Business and Vessels”. These forward-looking statements and financial information speak only as at the date of this Prospectus. The Trustee-Manager expressly disclaims any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the Trustee-Manager’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

CERTAIN DEFINED TERMS AND CONVENTIONS

PST will publish its financial statements in US dollars. In this Prospectus, references to “US\$” and “US dollars” are to the lawful currency of the United States of America and references to “S\$” or “Singapore dollars” are to the lawful currency of the Republic of Singapore.

Capitalised terms used in this Prospectus shall have the meanings set out in the Glossary of Technical Terms and the Definitions.

Unless otherwise indicated, data relating to the financial performance of PST as at the Listing Date is pro forma data and has been derived based on the assumptions that (i) all the Vessels had been acquired by PST on the Listing Date and (ii) all the Vessels had been generating revenue for PST on the Listing Date, and computed based on the charter rates which are or will be applicable upon acquisition of such Vessels by PST.

The forecast and projected yields and yield growth are calculated based on the Offering Price. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place. References to “Appendices” are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

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SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Prospectus. Investors should read this Prospectus in its entirety and, in particular the sections from which the information in this summary is extracted and “Risk Factors”. The meanings of terms not defined in this summary can be found in the Glossary of Technical Terms, the Definitions or in the Trust Deed. A copy of the Trust Deed can be inspected at the registered office of the Trustee-Manager.

Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those forecast or projected (see “Forward-Looking Statements”). In no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Trustee-Manager, the Underwriter, the Sponsor or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks.

OVERVIEW OF PST — THE FIRST SHIPPING BUSINESS TRUST IN SINGAPORE INVESTING IN SHIPS

PST is the first shipping business trust registered by the MAS in Singapore. It is established with the principal objective of providing an opportunity to the public to invest primarily in container vessels which are intended to be chartered to liner operators for their liner trade (*i.e.* the passage of vessels between designated ports on a fixed schedule) and/or feeder trade (*i.e.* the employment of vessels in normally short sea routes to fetch or carry goods and containers to and from ocean going vessels).

The Trustee-Manager, as trustee-manager of PST, and the Sponsor have entered into memoranda of agreement (collectively, the “**Memoranda of Agreement**”) on 25 April 2006, as supplemented by addenda dated 18 May 2006, for the sale and purchase of eight container vessels (the “**Vessels**” and each, a “**Vessel**”) which are conditional upon the successful admission of PST to the Official List of the SGX-ST pursuant to the Offering (the “**Listing**”). The Vessels which will comprise PST’s initial portfolio consist of two Panamax¹ container vessels and six Handysize² container vessels with an aggregate capacity of 13,864 TEU.

The Vessels will be chartered to the Sponsor (also the “**Charterer**”) under the long-term bareboat charter agreements (the “**Charter Agreements**”) entered into between the Trustee-Manager, as trustee-manager of PST, and the Charterer. The Charter Agreements will be for periods of between eight to 10 years which will commence upon the completion of the acquisitions of the Vessels. The Charterer is liable for all operating costs and expenses during the tenure of the Charter Agreements. PST will be managed by the Trustee-Manager.

Strategy

The Trustee-Manager’s key financial objective is to provide PST’s unitholders (“**Unitholders**”) with attractive yield and a competitive rate of return for their investment by ensuring regular distributions to Unitholders as well as achieving long-term growth in distributions per Unit. The Trustee-Manager plans to achieve this financial objective through the following strategies:

- **Acquisition Growth Strategy** — Pursuing growth opportunities via acquiring additional container vessels in line with PST’s investment strategy to enhance yields and returns for Unitholders while improving portfolio diversification and enhancing versatility in the deployment of vessels and adaptability in meeting varying charter demands.

¹ Commonly refers to vessels with a breadth of 32 metres and can transit the Panama Canal, typically up to 5,000 TEU.

² Commonly refers to vessels with capacity below 2,000 TEU.

The Trustee-Manager believes that PST's acquisition growth strategy will be enhanced by the following: (i) the Right of First Refusal (as defined herein), (ii) the management team's investment track record in container shipping, (iii) the ability of PST to leverage on the Sponsor's network, and (iv) opportunities available in the container shipping industry (see "Strategy — Acquisition Growth Strategy").

- **Active Charter and Asset Management Strategy** — Sustaining and enhancing medium to long-term returns on PST's portfolio by active management of charters and assets and leveraging on the Sponsor's network and relationships.

The Trustee-Manager will seek to achieve attractive and sustainable returns taking into consideration factors including charter rates, charterer's track record and creditworthiness, charter tenure and diversification (see "Strategy — Active Charter and Asset Management").

- **Capital and Risk Management Strategy** — Paying down loan facilities throughout the loan period and employing an appropriate mix of debt and equity in the financing of the acquisitions of the Vessels and future acquisitions, and utilising interest rate and currency hedging strategies where appropriate to optimise risk adjusted returns to Unitholders (see "Strategy — Capital and Risk Management Strategy").

Key investment highlights

The Trustee-Manager believes that an investment in PST will offer the following attractions for Unitholders:

- Stable and regular income from long-term bareboat charters with the Charterer in respect of the Vessels
- The Charterer is one of the leading Asian container shipping companies/operators
- Exposure to growth in the container shipping segment
- Quality asset portfolio
- Low comparative supply of vessels similar to the Vessels
- Scheduled pay-down of PST's borrowings expected to result in higher distributable income for Unitholders, while lowering PST's level of gearing over time
- Opportunities for income and capital growth via acquisitions of container vessels
- Strong management team with container shipping market expertise
- Management fees (as defined herein) structured to incentivise the Trustee-Manager and align interests of the Trustee-Manager with those of Unitholders
- Enhanced corporate governance under the regime of the Business Trusts Act
- High distribution payout ratio and quarterly distributions
- Tax exempt distributions for Unitholders

Stable and regular income from long-term bareboat charters with the Charterer in respect of the Vessels

The initial portfolio of PST will comprise the Vessels acquired from the Sponsor upon Completion. The Vessels will be under long-term bareboat charters upon Completion pursuant to the Charter Agreements.

Under each of the Charter Agreements, the Charterer has possession and control of the Vessel for a fixed period of time. The Charterer will be liable to pay a fixed amount of charter hire to PST monthly

and to bear all operating costs and expenses incurred in the operation of the Vessels during the tenures of the respective charters. (See “Certain Agreements relating to PST and the Vessels — Charter Agreements”).

To ensure a stable flow of income, the tenures of the Charter Agreements range from eight to 10 years (subject to renewal of the respective Charter Agreements on terms to be mutually agreed between the parties thereto upon expiry thereof), spreading out the respective expiries of the Charter Agreements over three years.

Investors are expected to benefit from the Charter Agreements as the Vessels will be employed for a long term in return for a steady flow of income to PST. Such long-term bareboat charters will reduce the exposure of PST to volatility in the spot market for container vessels. In addition, PST will enjoy reduced exposure to volatility in operating costs (such as fuel costs, repair and maintenance costs) as these costs will be borne by the Charterer under the Charter Agreements.

A summary of PST’s forecast and projected distribution yields is set out below based on the Offering Price and a distribution of 3.04 US cents and 4.27 US cents for the Forecast Period 2006 and for Projection Year 2007 respectively. Unitholders are expected to benefit from 5.4% growth in annualised distributions over the Forecast Period 2006 and Projection Year 2007.

	Distribution Yield	
	Based on Offering Price of US\$0.45	Growth for FY2006 to FY2007
Forecast Period 2006	9.00%	n.a.
Projection Year 2007	9.49%	+5.4%

The Charterer is one of the leading Asian container shipping companies/operators

The Charterer (which is also the Sponsor) and its subsidiaries (the “PIL Group”) was ranked 19th amongst the top containership operators globally³. The Charterer owns and operates a fleet of over a hundred vessels with a total capacity of over 130,000 TEU as at 1 January 2006. The Charterer has also diversified into logistics-related activities such as container manufacturing, supply chain management, consolidation/distribution facilities, warehousing, container depot operations, trucking and ship agencies.

One of the Charterer’s strengths is in intra-Asian trade, having been one of the pioneer foreign shipping lines that entered the PRC market as early as the late 1960s. The Charterer has a dedicated network of services covering a comprehensive range of ports in Asia and regular and frequent sailings from the PRC. The Charterer has won numerous awards for its shipping services including an award in the Intra-Asia Operator category of the Lloyd’s List Maritime Asia Awards for two consecutive years in 2004 and 2005. The Charterer has also been ranked fourth in the Singapore International 100 Ranking in 2006 which recognises Singapore’s top 100 companies ranked by highest overseas revenue. Given the foregoing, the Charterer is well-positioned to take advantage of the boom in the shipping industry and, in particular, the rise in the Asian shipping industry.

Turnover of the PIL Group hit US\$2.0 billion in 2004, and the PIL Group has demonstrated its ability to withstand fluctuating economic conditions by remaining profitable even during the 1997/1998 Asian financial crisis and the downturn in the container shipping market in 2001/2002.

A formal credit rating on the Sponsor was carried out by Standard & Poor’s, an established and reputable credit rating agency and the Sponsor was rated BBB. (See Appendix H, “A Brief Guide on Credit Ratings”).

³ Source: BRS – Alphaliner Top 100 Liner operators as at 1 January 2006.

The Trustee-Manager believes that the Charterer's established track record in container shipping, strength in intra-Asian trade, long track record in the Chinese market and strong financial performance will enhance the creditworthiness of the Charterer and that the long-term Charter Agreements entered into between PST and the Charterer in respect of the Vessels will add stability to the flow of income into PST.

Exposure to growth in the container shipping segment

The Trustee-Manager intends to follow an investment strategy focused primarily on the container shipping segment. According to Drewry Shipping Consultants Limited ("**Drewry**" or the "**Independent Market Research Consultant**"), the average growth rate in container seaborne trade was the highest in the shipping industry between 1994 and 2004, compared to other shipping segments like dry bulk, oil and gas shipping. In addition, container shipping seaborne trade has enjoyed consecutive years of positive growth since 1984. PST is expected to benefit from the exposure to growth in the container shipping segment, and in particular the growth potential of the Asian container shipping market. According to Drewry, container traffic in 2005 was estimated to account for more than 70.0% of international seaborne trade by value, with the rate of container traffic growth sustained by the growth of output and consumption and the trend of globalisation. In 2005, container throughput of the ports in Asia was the highest in the world, accounting for 53.0% of global container throughput, driven in particular by the growth of the PRC.

Container cargo volume worldwide has grown by an average rate of 14.0% and 15.0% per annum in the past five and 10 years respectively. In Asia, the volume of container trade grew by a higher average rate of 17.0% and 21.0% per annum in the past five and 10 years respectively. In addition, there has been positive growth in container volume every year since 1995 both worldwide and in Asia. (See "The Container Shipping Industry".)

Quality asset portfolio

PST will invest in vessels which are constructed by reputable shipbuilders with a good track record and certified by Classification Societies which are members of IACS, to ensure quality in the design and build of the vessels.

The initial portfolio of PST will comprise the Vessels acquired from the Sponsor upon Completion, of which four were built and delivered in 2005 and are less than a year old as at March 2006. The other four were built and delivered in 1999 and are approximately seven years old as at March 2006. Container vessels in general are expected to have useful lives of approximately 25 years and the global container fleet has an average age of 10.9 years as at March 2006. (See "The Container Shipping Industry".) As such, PST will have a relatively young fleet of vessels in its initial portfolio.

The Vessels consist of two Panamax container vessels and six Handysize container vessels with a total capacity of 13,864 TEU. Four of the Handysize vessels are geared, *i.e.* equipped, with their own cranes for loading and unloading of containers, which enables them to access ports with restricted shore crane facilities.

Given their smaller size, Panamax and Handysize container vessels are able to call at a large number of ports that are inaccessible to larger vessels. As such, the Vessels are very versatile in deployment and while they will be employed primarily in the mid-haul and intra-Asian trades, the Panamax vessels can easily be deployed in complementary loops between Asia and Europe or North America when demand arises.

To ensure that the Vessels meet the requirements of international standards, the Vessels were engineered and constructed under close supervision by Shin Kurushima Dockyard Co., Ltd., an established medium-sized shipbuilding dockyard in Japan. The Trustee-Manager believes that

investing in vessels constructed in reputable shipyards will support their value in the secondary market for container ships. Their designs are modern and the Vessels are specially designed for the carriage of container cargoes, including a reasonably large number of reefers. The cargo holds are permanently fitted with cell guides for ease of cargo operation. The workmanship of the Vessels is of a high quality which enhances durability of the Vessels, thus reducing the operating and maintenance costs which would otherwise be required.

The Vessels will be under the Charter Agreements which will be for periods of between eight to 10 years, with the Charterer being liable to pay a fixed amount of charter hire to PST on a monthly basis and for all operating costs and expenses during the tenures of the respective Charter Agreements. (See “Business and Vessels — The Vessels”.)

Low comparative supply of vessels similar to the Vessels

According to Drewry, container vessels of under 4,000 TEU accounted for 54.5% of existing capacity as at March 2006, while the future supply of container vessels under 4,000 TEU capacity accounted for only 29.7% of the total container vessel orderbook as at March 2006.

The Trustee-Manager believes that Unitholders will benefit from the low comparative supply of vessels with capacities similar to those of the Vessels (which are vessels with capacities of under 4,000 TEU). The Trustee-Manager believes that this, coupled with the flexibility for deployment enjoyed by the Vessels due to their size and versatility, will provide Unitholders with stable income flow. (See “The Container Shipping Industry”.)

Scheduled pay-down of PST’s borrowings expected to result in higher distributable income for Unitholders, while lowering PST’s level of gearing over time

PST has secured amortising loan facilities of up to US\$155.0 million from four banks, namely DBS Bank, DnB NOR Bank ASA, Singapore branch (“**DnB**”), HSH Nordbank AG, Singapore branch (“**HSH**”) and Oversea-Chinese Banking Corporation Limited (“**OCBC**”) respectively (the “**Term Loan Facilities**” and each, a “**Term Loan Facility**”) as well as an uncommitted standby revolving credit facility of US\$1.0 million from DBS Bank (the “**RCF**”). Save for the Term Loan Facility extended by DnB in relation to four of the Vessels (which is for a term of 10 years), the other Term Loan Facilities are for a term of 12 years each. The Term Loan Facilities will be drawn down on the date of Completion in an aggregate amount of US\$127.0 million to partly finance the acquisition of the Vessels.

The Term Loan Facilities require the amortisation and repayment of the Term Loan Facilities in monthly instalments commencing 30 June 2006 over 10 or 12 years, as the case may be, after which PST will be substantially free from debt (barring new acquisitions that involve debt financing) and will own the Vessels substantially unencumbered. PST is expected to benefit from the lowering of PST’s gearing from the periodic scheduled repayments of outstanding amounts under the Term Loan Facilities and Unitholders are expected to benefit from an increased distributable income as a result.

(See “Strategy — Capital and Risk Management Strategy”.)

Opportunities for income and capital growth via acquisitions of container vessels

The Trustee-Manager intends to pursue opportunities to acquire container vessels from both the Sponsor and third parties that can enhance PST’s portfolio, diversify the asset base, and improve yields and returns to Unitholders. These acquisition opportunities will be evaluated in accordance with the Trustee-Manager’s strategy of investing primarily in container shipping vessels. (See “Strategy — Acquisition Growth Strategy”.)

To enhance PST's pipeline of potential future acquisitions, the Sponsor has granted a right of first refusal to PST on terms to be mutually agreed over 11 container vessels with an estimated combined capacity of over 31,000 TEU that are delivered or expected to be delivered between 2006 and 2009 and any other container vessel with a capacity exceeding 900 TEU that the Sponsor may order or contract to acquire on and after 17 February 2006 (the **"Right of First Refusal"**). As at the Latest Practicable Date, 13 container vessels are subject to the Right of First Refusal as the Sponsor has between 17 February 2006 and the Latest Practicable Date contracted to acquire an additional two container vessels. The Right of First Refusal will remain in force for so long as (1) PIL and/or any of its subsidiaries hold in aggregate at least 30.0% of the total voting shares from time to time issued in the Trustee-Manager or otherwise have interest in the voting shares of the Trustee-Manager and exercise control (as defined herein) over the Trustee-Manager, and the Trustee-Manager remains the trustee-manager of PST, or (2) PIL and/or any of its subsidiaries hold in aggregate at least 30.0% of the total units from time to time issued in PST (collectively, (1) and (2) are referred to as the **"Pre-conditions"**). With the shipping industry experiencing a shipbuilding boom and according to Drewry, between the middle of 2004 and March 2006, the container vessel orderbook more than doubled (see "The Container Shipping Industry"), established shipyards currently face capacity constraints in accepting new orders and new shipbuilders and shipyards have emerged in certain countries without proven track record in shipbuilding. In this regard, the Trustee-Manager believes that PST has secured acquisition opportunities through the Right of First Refusal. (See "Certain Agreements relating to PST and the Vessels — Right of First Refusal Agreement".)

In addition to the Right of First Refusal, the Sponsor will continue to support and strengthen PST's acquisition pipeline by "warehousing" vessels acquired from third party sellers which fit within PST's investment strategy, prior to making these vessels available for potential future acquisition by PST.

Strong management team with container shipping market expertise

The Trustee-Manager believes that Unitholders will benefit from the experience of its executive officers in investing and managing container shipping vessels. The executive officers of the Trustee-Manager (the **"Executive Officers"**) have extensive experience in the shipping and maritime business and have demonstrated track records in negotiating, structuring and financing investments in ships. (See "The Trustee-Manager — Executive Officers".)

Management fees structured to incentivise the Trustee-Manager and align the interests of the Trustee-Manager with those of Unitholders

The management fees payable to the Trustee-Manager (the **"Management Fees"**) have a performance-based element which is designed to align the interests of the Trustee-Manager with those of Unitholders, and to incentivise the Trustee-Manager to grow revenues. Under the Trust Deed, the Trustee-Manager is entitled to receive Management Fees of 4.0% per annum of the Charter Income in the relevant calendar year and may elect to receive the fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine), subject to the Trust Deed.

Any increase in the rate or any change in the structure of these fees must be approved by a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed (an **"Extraordinary Resolution"**). (See "The Trustee-Manager — Fees Payable to the Trustee-Manager".)

Enhanced corporate governance under the regime of the Business Trusts Act

Unitholders are expected to benefit from the stringent corporate governance requirements of the Business Trusts Act governing PST.

Corporate governance of companies and collective investment schemes are generally governed by the Code of Corporate Governance and, in the case of collective investment schemes, by the Code of Collective Investment Schemes. Where the company or collective investment scheme is listed, the rules of the Listing Manual of the SGX-ST (the “**Listing Manual**”) also apply. The Code of Corporate Governance and the Code of Collective Investment Schemes only set out broad principles for guidance while the regime under the Business Trusts Act sets out the statutory requirements for, among other things, board composition of a trustee-manager, audit committee composition of a trustee-manager and independence of the directors of a trustee-manager. (See “Corporate Governance”.)

High distribution payout ratio and quarterly distributions

Investors are expected to benefit from PST’s policy of distributing 100.0% of the Distributable Amount (as defined herein) for the period commencing from the Listing Date to 31 December 2007 and to distribute at least 90.0% of the Distributable Amount thereafter. The actual proportion of the Distributable Amount distributed to Unitholders beyond 31 December 2007 may be greater than 90.0% to the extent that the Trustee-Manager believes it to be appropriate, having considered PST’s financing requirements and the stability of distributions.

Furthermore, investors are expected to enjoy regular and frequent distributions from PST that will be paid out quarterly.

Tax exempt distributions for Unitholders

The income derived by PST from the chartering of the Vessels (the “**Charter Income**” or “**Tax-Exempt Income**”) to ship operators would qualify for tax exemption under Section 13A of the Income Tax Act, Chapter 134 of Singapore. The subsequent distributions made by PST to its Unitholders out of the Tax-Exempt Income less allowable expenses (“**Net Tax-Exempt Income**”) will be free of Singapore withholding tax or tax deduction at source. Such distributions will also be exempt from Singapore income tax in the hands of all Unitholders regardless of whether they are corporate Unitholders or individuals.

(See “Taxation” and Appendix C, “Independent Taxation Report”, for further information on the Singapore income tax consequences of the purchase, ownership and disposition of the Units.)

Key Information on the Vessels

All the Vessels are container ships built in Shin Kurushima Dockyard Co., Ltd., Japan and are registered with the Singapore Registry of Ships (“SRS”). A summary of key information on the Vessels are set out below (see “Business and Vessels — The Vessels” for further details):

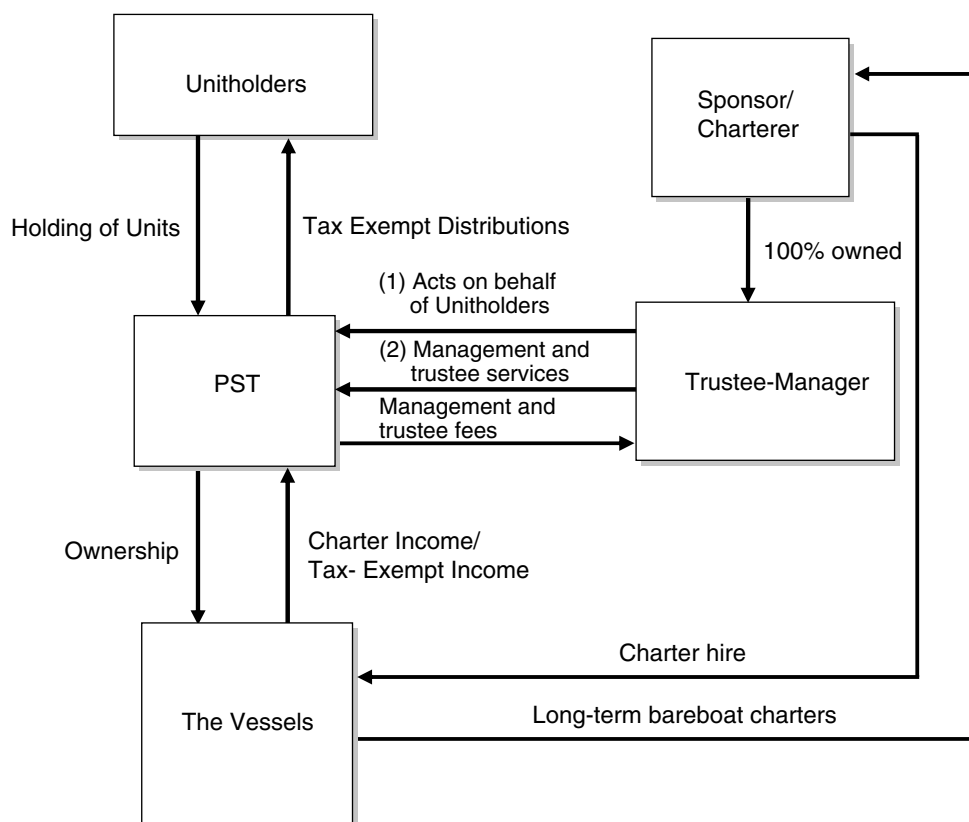
Name of Vessel	Official Number	IMO Number	Year of Registration	Gross Tonnage (“GT”)	Net Tonnage (“NT”)	Registered Dimensions (Length x Breadth x Depth) (metres)	Brake horsepower (“BHP”)	Year of delivery	Classification	Daily bareboat charter rate (US\$) ⁽²⁾	Appraised Value (US\$ million) ⁽³⁾	Charter Income/ Appraised Value ⁽⁴⁾	Capacity (TEU)
Kota Kado	390897	9307396	2005	31070	15648	220.50 x 32.2 x 17.1	1 x 21,735 kw	2005	Nippon Kaiji Kyokai	17,700	57.50	11.2%	3,081
Kota Kaya	390899	9307401	2005	31070	15648	220.50 x 32.2 x 17.1	1 x 21,735 kw	2005	Nippon Kaiji Kyokai	17,700	57.50	11.2%	3,081
Kota Anggerik	388405	9175597	2003 ⁽¹⁾	17652	8156	170.33 x 28.0 x 14.0	1 x 11,680 kw	1999	Lloyd's Register	11,000	31.75	12.6%	1,454
Kota Anggun	388406	9175602	2003 ⁽¹⁾	17652	8156	170.33 x 28.0 x 14.0	1 x 11,680 kw	1999	Lloyd's Register	11,000	31.75	12.6%	1,454
Kota Arif	388407	9175614	2003 ⁽¹⁾	17652	8156	170.33 x 28.0 x 14.0	1 x 11,680 kw	1999	Lloyd's Register	11,000	31.75	12.6%	1,454
Kota Azam	388408	9182033	2003 ⁽¹⁾	17652	8156	170.33 x 28.0 x 14.0	1 x 11,680 kw	1999	Lloyd's Register	11,000	31.75	12.6%	1,454
Kota Rajin	390898	9296286	2005	9678	4558	135.23 x 22.6 x 10.8	1 x 6,150 kw	2005	Nippon Kaiji Kyokai	7,600	25.50	10.9%	943
Kota Rancak	390900	9296298	2005	9678	4558	135.23 x 22.6 x 10.8	1 x 6,150 kw	2005	Nippon Kaiji Kyokai	7,600	25.50	10.9%	943
									Total	94,600	293.00	11.8%	13,864

Notes:

- (1) The previous registration with SRS was in 1999.
- (2) Under the Charter Agreements (see “Certain Agreements Relating to PST and the Vessels — Charter Agreements”).
- (3) As at 9 February 2006.
- (4) Annualised.

STRUCTURE OF PST

The following diagram illustrates the relationship between PST, the Trustee-Manager, the Sponsor/Charterer and Unitholders based on PST's initial portfolio, comprising the eight Vessels:



PST is a business trust constituted by a trust deed dated 25 April 2006 and is principally regulated by the BTA and the SFA. Under the Trust Deed, the Trustee-Manager declared that it will hold vessels acquired on trust for Unitholders as the trustee-manager of PST.

The initial portfolio of PST will comprise two Panamax container vessels and six Handysize container vessels with a total slot capacity of 13,864 TEU. (See "Business and Vessels — The Vessels".)

The Vessels will be chartered to the Charterer upon Completion pursuant to the Charter Agreements. The Charter Agreements will be for periods of between eight to 10 years from Completion (subject to renewal of the Charter Agreements on terms to be mutually agreed between the parties thereto upon expiry thereof), with the Charterer being liable to pay a fixed charter hire to PST on a monthly basis and for all operating costs and expenses during the tenures of the respective Charter Agreements.

The Sponsor/Charterer: Pacific International Lines (Private) Limited

The Sponsor was incorporated in 1967 and the PIL Group was ranked 19th amongst the top containership operators globally⁴. The Sponsor owns and operates a fleet of over a hundred vessels with a total capacity of over 130,000 TEU as at 1 January 2006. The Sponsor has also diversified into logistics-related activities such as container manufacturing, supply chain management, consolidation/distribution facilities, warehousing, container depot operations, trucking and ship agencies.

⁴ Source: BRS – Alphaliner Top 100 Liner operators as at 1 January 2006.

The Sponsor is strong in intra-Asian trade, having been one of the pioneer foreign shipping lines that entered the China market as early as the late 1960s. The Sponsor has won numerous awards for its shipping services, including an award in the Intra-Asia Operator category of the Lloyd's List Maritime Asia Awards for two consecutive years in 2004 and 2005, the Australian Lloyds List Prestigious Awards and the China Shipping Gazette of the State Development Planning Commission. The Sponsor has also been ranked fourth in the Singapore International 100 Ranking in 2006 which recognises Singapore's top 100 companies ranked by highest overseas revenue.

Turnover of the PIL Group hit US\$2.0 billion in 2004, and the PIL Group has demonstrated its ability to withstand fluctuating economic conditions by remaining profitable even during the 1997/1998 Asian financial crisis and the downturn in the container shipping market in 2001/2002. (See "The Sponsor" for further details.)

A formal credit rating on the Sponsor was carried out by Standard & Poor's, an established and reputable credit rating agency and the Sponsor was rated BBB. (See Appendix H, "A Brief Guide on Credit Ratings".)

The Trustee-Manager: PST Management Pte. Ltd.

The Trustee-Manager is responsible for safeguarding the interests of Unitholders and for PST's investment and financing strategies, asset acquisition and disposal policies and for the overall management of PST's vessels.

The Trustee-Manager was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") on 24 February 2006. It has an issued and paid up capital of US\$200,000.00 and its registered office is located at 140 Cecil Street #15-00A, PIL Building, Singapore 069540. The Trustee-Manager is a wholly-owned subsidiary of the Sponsor.

The Board is made up of individuals with a broad range of commercial experience, including expertise in the shipping industry. The Board consists of Mr Kwek Gim Song (also known as Mr Benedict Kwek) ("**Mr Benedict Kwek Gim Song**"), Mr Chin Soon Siong (also known as Mr David Chin) ("**Mr David Chin Soon Siong**") and Mr Lee Soo Hoon, as Independent Directors (as defined herein), and Mr Kuan Kim Kin and Mr Subhangshu Dutt, as Non-Independent Directors (as defined herein).

Generally, the Trustee-Manager will provide the following services to PST:

- *Investment strategy.* Formulate and execute PST's investment strategy, including determining the size and tonnage capacity of PST's portfolio.
- *Acquisitions and disposals.* Decide on the acquisition and disposal of vessels.
- *Financing.* Provide advisory services regarding plans for equity and debt financing for PST's vessel acquisitions, distribution payments, expense payments and capital expenditure payments.
- *Planning and reporting.* Make periodic plans, including budgets and reports, relating to the performance of PST's vessels.
- *Administrative and advisory services.* Perform day-to-day administrative services as PST's representative, including providing administrative services relating to meetings of Unitholders when such meetings are convened.
- *Investor relations.* Communicating and liaising with Unitholders and potential investors.
- *Compliance management.* Make all regulatory filings on behalf of PST, and ensure that PST is in compliance with the applicable provisions of the Business Trusts Act, the Securities and Futures Act and all other relevant legislation, the Listing Manual, the Trust Deed and all relevant contracts.
- *Accounting records.* Maintain accounting records and prepare or cause to be prepared accounts and annual reports.

(See “The Trustee-Manager” for further details.)

Certain Fees

The following is a summary of certain fees payable by PST in connection with the establishment and on-going management and operation of PST:

	Payable by PST	Amount payable
(a)	Trustee-Manager’s trustee fee	0.02% per annum of the value of the Trust Property subject to a minimum fee of US\$10,000 in each calendar quarter.
(b)	Trustee-Manager’s Management Fees	4.0% per annum of the Charter Income in the relevant calendar year. The Trustee-Manager may elect to receive the fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine), subject to the Trust Deed.
(c)	Any other substantial fee or charge (<i>i.e.</i> 0.1% or more of PST’s asset value)	
	(i) Acquisition fee (payable to the Trustee-Manager)	1.0% of the acquisition price of the vessel acquired directly or indirectly through one or more special purpose vehicles, pro-rated if applicable to the proportion of PST’s interest. The Trustee-Manager may elect to receive the fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine), subject to the Trust Deed. No acquisition fee is payable for the acquisition of the Vessels.
	(ii) Disposal fee (payable to the Trustee-Manager)	0.5% of the sale price of the vessel disposed, pro-rated if applicable to the proportion of PST’s interest.

THE OFFERING

PST	PST is a business trust established in Singapore and constituted by the Trust Deed.
The Trustee-Manager	PST Management Pte. Ltd.
The Sponsor	Pacific International Lines (Private) Limited
The Offering	222,000,000 Units offered under the Placement Tranche and the Public Offer.
The Placement Tranche	Units offered by way of an international placement to investors, including institutional and other investors in Singapore. The Units have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account of, United States persons (as defined in Regulation S). The Units are being offered and sold in offshore transactions (as defined in Regulation S) outside the United States in reliance on Regulation S.
The Public Offer	Units offered by way of a public offer in Singapore. 11,100,000 Units will be offered under the Public Offer.
Clawback and Re-allocation	The Units may be re-allocated between the Placement Tranche and the Public Offer in the event of an excess of applications in one and a deficit of applications in the other.
Subscription by the Sponsor	115,000,000 Units to be issued to the Sponsor.
Offering Price	US\$0.45 per Unit.
Subscription for the Public Offer	Investors applying for Units by way of Application Forms or Electronic Applications (both as referred to in Appendix G “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”) in the Public Offer will pay the equivalent in Singapore dollars of the Offering Price (such amount being S\$0.715 per Unit based on the fixed exchange rate of US\$1.00 = S\$1.5889) on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) the Offering does not proceed for any reason. For the purpose of illustration, an investor who applies for 1,000 Units by way of an Application Form or an Electronic Application under the Public Offer will have to pay US\$450.00 (such amount being approximately S\$715.00 based on the fixed exchange rate of US\$1.00 = S\$1.5889), which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom), as the case may be, upon the occurrence of any of the foregoing events.

The minimum initial subscription is for 1,000 Units. An applicant may subscribe for a larger number of Units in integral multiples of 1,000.

Investors in Singapore must follow the application procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”. Subscriptions under the Public Offer must be paid for in Singapore dollars. No fee is payable by applicants for the Units, save for an administration fee of S\$1.00 for each application made through automated teller machines and the internet banking websites of certain Participating Banks.

Over-allotment Option

In connection with the Offering, the Underwriter has been granted the Over-allotment Option by the Sponsor. The Over-allotment Option is exercisable by the Stabilising Manager, in full or in part, on one or more occasions, within 30 days from the Listing Date, to purchase from the Sponsor up to an aggregate of 13,900,000 Units at the Offering Price, solely to cover over-allotment of Units (if any). The total number of Units in issue immediately after the close of the Offering will be 337,000,000 Units. The exercise of the Over-allotment Option will not increase this total number of Units in issue. The total number of Units subject to the Over-allotment Option will constitute up to 6.3% of the total number of Units under the Placement Tranche and the Public Offer.

Lock-ups

The Sponsor has agreed with the Underwriter that it will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), directly or indirectly offer, sell or contract to sell or otherwise dispose of (i) its interest in any or all of the Sponsor Units (the “**Lock-up Units**”) during the period commencing from the Listing Date until the date falling three years after the Listing Date (the “**First Lock-up Period**”); and (ii) its interest in more than 50.0% of the Lock-up Units during the period commencing from the day immediately following the First Lock-Up Period until the date falling five years after the Listing Date (the “**Second Lock-up Period**”), save for certain exceptions.

Certain shareholders of the Sponsor have each given an undertaking to the Underwriter that it will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of their direct interests in certain upstream companies for the relevant lock-up periods, save for certain exceptions.

(See “Ownership of Units — Moratorium” and “Plan of Distribution — Lock-up Arrangements”).)

Capitalisation

US\$271,303,100 (based on the Offering Price). (See “Capitalisation”).)

Use of Proceeds

See “Use of Proceeds” and “Certain Agreements Relating to PST and the Vessels”.

Listing and Trading

Prior to the Offering, there has been no market for the Units. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST all the Units comprised in the Offering, the Sponsor Units, as well as all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees. (See "The Trustee-Manager" and "Corporate Governance".) Such permission will be granted when PST is admitted to the Official List of the SGX-ST.

The Units will, upon their issue, listing and quotation on the SGX-ST, be traded in US dollars under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited ("**CDP**"). The Units will be traded in board lot sizes of 1,000 Units.

Stabilisation

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA, and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Such transactions may commence on or after the date of commencement of trading in the Units on SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the commencement of trading in the Units on the SGX-ST, (ii) the date when the over-allotment of the Units which are the subject of the Over-allotment Option has been fully covered (through the purchase of the Units on the SGX-ST and/or the exercise of the Over-allotment Option by the Stabilising Manager, on behalf of itself and the Underwriter), or (iii) the date falling 30 days after the date of adequate public disclosure of the final price of the Units. (See "Plan of Distribution — Over-allotment and Stabilisation".)

Distribution Currency

Distributions will be declared in US dollars. All Units will be held directly through CDP and Unitholders will receive their distributions in Singapore dollar equivalent of the US dollar distribution declared, unless Unitholders elect to receive the distributions in US dollars by submitting a "Distribution Election Notice" by the closing date for election. For distributions to be paid in Singapore dollars, the Trustee-Manager will make the necessary arrangements to convert the distributions declared in US dollars into Singapore dollars (taking into account the cost of exchange) at the prevailing market exchange rate. Neither the CDP, the Trustee-Manager nor PST will be liable for any loss howsoever arising from the conversion of the distributions payable to Unitholders from US dollars into Singapore dollars. Save for approved depository agents (acting as nominees of their customers), each Unitholder may elect to receive distribution in either Singapore dollars or US dollars and shall not be able to elect to receive distributions partly in US dollars and partly in Singapore dollars.

(See “Risk Factors” and “Distributions” for a discussion of factors that may adversely affect the ability of PST to make distributions to Unitholders.)

Commission payable by PST to the Underwriter

The Trustee-Manager, on behalf of PST, has agreed to pay the Underwriter for its services in connection with the offering of Units under the Offering, an underwriting and selling commission (the “**Underwriting and Selling Commission**”) of US\$3.0 million, excluding goods and services tax (“**GST**”) on the Underwriting and Selling Commission.

Risk Factors

Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed under “Risk Factors”.

INDICATIVE TIMETABLE

An indicative timetable for the Offering is set out below for the reference of applicants for the Units:

Date and time	Event
20 May 2006, 8.00 a.m.	Opening date and time for the Offering.
24 May 2006, 12.00 noon	Closing date and time for the Offering.
25 May 2006	Balloting of applications, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.
26 May 2006, at or before 9.00 a.m.	Completion of the acquisition of the Vessels not already owned by PST.
26 May 2006, 9.00 a.m.	Commence trading on a “ready” basis.
31 May 2006	Settlement date for all trades done on a “ready” basis on 26 May 2006.

The above timetable is indicative only and is subject to change. It assumes (i) that the closing of the application list for the Public Offer (the “**Application List**”) is 24 May 2006, (ii) that the Listing Date is 26 May 2006, (iii) compliance with the SGX-ST’s unitholding spread requirement and (iv) that the Units will be issued and fully paid up prior to 9.00 a.m. on 26 May 2006. All dates and times referred to above are Singapore dates and times.

Trading in the Units through the SGX-ST on a “ready” basis is expected to commence at 9.00 a.m. on 26 May 2006 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units through the SGX-ST on a “ready” basis have been fulfilled), as the completion of the acquisition of the Vessels by PST is expected to take place at or before 9.00 a.m. on 26 May 2006 (see “Certain Agreements Relating to PST and the Vessels”). If PST is terminated by the Trustee-Manager under the circumstances specified in the Trust Deed prior to, or the acquisition of the Vessels is not completed by 9.00 a.m. on 26 May 2006 (being the time and date of commencement of trading in the Units through the SGX-ST), the Offering will not proceed and the application monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom and at each applicant’s own risk and without any right or claim against PST, the Trustee-Manager, the Underwriter and the Sponsor).

In the event of any early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Trustee-Manager will publicly announce the same:

- via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: <http://www.sgx.com>; and
- in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

Investors should consult the SGX-ST announcement on the “ready” listing date on the internet (at the SGX-ST website), INtv or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

The Trustee-Manager will provide details and results of the Public Offer via SGXNET and in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

The Trustee-Manager reserves the right to reject or accept, in whole or in part, or to scale down or ballot any application for Units, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of the Trustee-Manager will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

Where an application is accepted or rejected in part only or if the Offering does not proceed for any reason, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, and without any right or claim against PST, the Trustee-Manager, the Underwriter or the Sponsor.

Where an application is not successful, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk within two Market Days (or such shorter period as the SGX-ST may require) after the close of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

Where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days after the close of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

PROFIT FORECAST AND PROFIT PROJECTION

The following is an extract from “Profit Forecast and Profit Projection”. Statements in this extract that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out on pages 48 to 51 of this Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by PST, the Trustee-Manager, the Sponsor/Charterer, the Underwriter or any other person, or that these results will be achieved or are likely to be achieved. See “Forward-Looking Statements” and “Risk Factors”. Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are valid only as at the date of this Prospectus.

None of PST, the Trustee-Manager, the Sponsor/Charterer, the Underwriter or any other person guarantees the performance of PST, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast and projected yields stated in the following table are calculated based on (i) the Offering Price and (ii) the assumption that the Listing Date is 1 April 2006. Such yields will vary accordingly if the Listing Date is after 1 April 2006 or in relation to investors who purchase Units in the secondary market at a market price that differs from the Offering Price or to investors who do not hold the Units for the whole of the Forecast Period 2006 or Projection Year 2007.

The following table sets forth PST's forecast and projected profit and loss accounts for the Forecast Period 2006 and the Projection Year 2007, respectively. The financial year end of PST is 31 December. PST's first accounting period is for the period from 25 April 2006, being the date of its establishment, to 31 December 2006 and its next accounting period will be for the period from 1 January 2007 to 31 December 2007.

The distribution per Unit for the Forecast Period 2006 is calculated on the assumption that the Listing Units are issued on 1 April 2006 and are eligible for distributions arising from operations from 1 April to 31 December 2006. Notwithstanding that the Forecast Period 2006 commenced prior to the Listing Date, the Profit Forecast for the period from 1 April 2006 to 31 December 2006 would still be valid based on the assumptions set out on pages 48 to 51 of this Prospectus. However, if the Units are issued at a later date, the actual distribution per Unit will differ as investors will only be entitled to distributions arising from operations from the date of issue of the Units to 31 December 2006.

The profit forecast and profit projection are based on the assumptions set out in “Profit Forecast and Profit Projection”. The assumptions have been reviewed and the computations have been checked by the Independent Reporting Accountants. Investors in the Units should read the whole of the “Profit Forecast and Profit Projection” together with the report set out in Appendix A, “Independent Accountants’ Report on the Profit Forecast and Profit Projection”.

Forecast and Projected Profit and Loss Accounts

	Forecast Period 2006 (1 April 2006 to 31 December 2006) (US\$ million)	Projection Year 2007 (1 January 2007 to 31 December 2007) (US\$ million)
Charter Income	25.9	34.5
Depreciation	(9.3)	(12.3)
Management Fees	(1.0)	(1.4)
Other trust expenses ⁽¹⁾	(0.5)	(0.5)
Finance costs	(5.5)	(6.8)
Profit before taxation	9.6	13.5
Income tax expense ⁽²⁾	—	—
Net profit for the period	9.6	13.5
Add: Non-tax deductible expenses ⁽³⁾	9.3	12.3
Less: Repayment of borrowings	(8.7)	(11.4)
Distributable Amount	10.2	14.4
Issue Price (US\$)	0.45	0.45
Number of Units (million)	337.0	337.0
Distribution per Unit (US cents)	3.04	4.27
Annualised distribution yield (%)	9.00	9.49

Notes:

- (1) Comprise recurring annual trust expenses, including trustee fee, annual listing fees, registration fees, audit and tax advisory fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses.
- (2) Pursuant to Section 13A of the Income Tax Act, Chapter 134 of Singapore, PST would not be subject to Singapore income tax on its Charter Income (see "Taxation" for details).
- (3) Comprise depreciation and trustee fee, which are non-deductible for tax purposes.

RISK FACTORS

Prospective investors should consider carefully, together with all other information contained in this Prospectus, the factors described below before deciding to invest in the Units as these may, inter alia, adversely affect the ability of PST to make distributions to Unitholders.

This Prospectus also contains forward-looking statements (including a profit forecast and profit projection) that involve risks, uncertainties and assumptions. The actual results of PST could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by PST as described below and elsewhere in this Prospectus.

As an investment in a business trust is meant to produce returns over the long term, investors should not expect to obtain short-term gains.

Investors should be aware that the price of units in a business trust, and the income from them, may fall or rise. Investors should note that they may not get back their original investment.

Before deciding to invest in the Units, prospective investors should seek professional advice from the relevant advisers about their particular circumstances.

Risks Relating to Investing in the Shipping Industry

PST operates in an industry that is highly cyclical in nature and subject to seasonal fluctuations, which may have a material adverse effect on its financial condition and results of operations

The shipping industry is highly cyclical and subject to seasonal fluctuations primarily due to changes in the supply of and demand for shipping capacity which result in the volatility of sales, profitability and vessel values. The demand for ships and charter rates are influenced by global and regional economic conditions, developments in international trade, changes in seaborne and other transportation patterns, weather patterns, crop yields, armed conflicts, canal closures, fuel prices, foreign exchange fluctuations, embargoes and strikes, among other factors. Demand for the transportation of commodities, manufactured goods and consumer products in containers, may decline and is affected by, among other things, general economic conditions, the demand for cargoes (which may be due to seasonal fluctuations), commodity prices, environmental concerns, weather and competition from alternative sources of supply for those commodities, manufactured goods and consumer products.

Furthermore, there can be no assurance that there will not be an unexpected increase in the delivery of newbuildings that operate in the container shipping market.

Many of the factors influencing the supply of and demand for shipping capacity are outside PST's control, and the nature, timing and degree of changes in industry conditions are unpredictable.

Decreases in the demand for shipping services or increases in the supply of capacity could lead to significantly lower charter rates, reduced volume or a combination of the two, which could have a material adverse effect on PST's financial condition and results of operations.

PST operates in a highly competitive industry, which may have a material adverse effect on its business

The container liner shipping industry is highly fragmented among many global and regional shippers, owners and operators of vessels and is characterised by intense competition. The industry is affected by developments in the major world economies that influence trade patterns and is fragmented among many global and regional carriers.

PST competes with other shipowners, trading companies and other ship investment vehicles such as KG⁵ in Germany. These competitors may have container vessels on order and pending delivery. Upon delivery, such vessels may enter the charter market for container ships. Furthermore, existing ships may be at the end of their charter and this will result in an increase in the number of vessels available in the charter market. More newbuildings may be ordered at the shipyards by the competitors if the prospects for the charter market remain strong.

The above may result in increased competition which may have an adverse effect on PST's financial condition and results of operations, including higher pressure on margins. These competitors may be able to devote greater resources to the development, promotion and employment of their businesses than PST.

In respect of the Vessels, PST has entered into the Charter Agreements which will be for a long term of between eight to 10 years. There can be no assurance that PST will be able to renew the Charter Agreements on same or similar terms with the Charterer or any other parties upon the expiry of the Charter Agreements.

In respect of additional vessels to be acquired in future, there can be no assurance that PST will be able to charter out these additional vessels on the same or similar terms as those offered by the Charterer for the Vessels.

(See "Business and Vessels — Competition".)

PST operates in a highly regulated industry that may require it to incur additional costs in meeting new regulations or limit its ability to do business that may have a material adverse effect on its financial condition and results of operations

The shipping industry is highly regulated, and PST's operations are affected by extensive and evolving environmental protection laws and other regulations in the form of numerous international conventions, national, state and local laws and national and international regulations in force in the jurisdictions in which PST's vessels operate, as well as in the country or countries in which such vessels are registered. Subject to arrangements with the charterer concerned, compliance with such laws and regulations may entail significant expenses, including expenses for ship modifications and changes in operating procedures. (See "Business and Vessels — Government Regulations and Policy".)

The supply of shipping capacity is a function of the size of the existing global fleet, its operational efficiency, the impact of port congestion, the delivery of new vessels and the number of older vessels scrapped, in lay-up, converted to other uses, deactivated or lost. Such supply may be affected by regulation of maritime transportation practices by governmental and international authorities.

Subject to arrangements with the charterer concerned, PST may also incur substantial costs in order to comply with existing and future environmental and health and human safety requirements, including, among others, obligations relating to air emissions, maintenance and inspection, development and implementation of emergency procedures and insurance coverage. Subject to arrangements with the charterer concerned, PST could also face substantial liability for penalties, fines, damages and remediation costs associated with hazardous substance spills or other discharges into the environment involving PST's shipping operations under such laws and regulations. Subject to arrangements with the charterer concerned, these costs and penalties could have a material adverse effect on PST's business, financial condition and results of operations.

PST's vessels' operating certificates and licenses are renewed periodically during each vessel's required annual survey. However, government regulation of vessels, particularly in the areas of safety and environmental impact may change in the future and require PST to incur significant capital

⁵ *Kommanditgesellschaft*. A partnership incorporated in Germany under a legal name. There must be at least two partners, at least one limited and at least one unlimited.

expenditure on its vessels to keep them in compliance. In addition, PST is required by various governmental bodies to obtain permits and licenses required for the operation of PST's business. These permits may become costly or impossible to obtain or renew.

PST's vessels have to operate within the rules, international conventions and regulations adopted by the International Maritime Organisation ("IMO"), an agency of the United Nations, as well as the environmental protection laws, health and safety regulations and other marine protection laws in each of the jurisdictions in which PST's vessels operate. Since the International Safety Management Code ("ISM Code") became effective in 1998, shipping companies and individual vessels are required to establish safety systems and have them certified by standardisation bodies. (See "Business and Vessels — Government Regulations and Policy".) In complying with IMO regulations and other regulations that may be adopted, PST may, subject to arrangements with the charterer concerned, be required to incur additional costs in meeting new maintenance and inspection requirements, in developing contingency arrangements for potential contamination by vessels and in obtaining insurance coverage. Because such conventions, laws and regulations are often revised, PST is unable to predict the long-term costs of compliance. Additional laws and regulations may be adopted which could limit PST's ability to do business and which could have a material adverse effect on PST's business, financial condition and results of operations.

PST is exposed to fluctuations in vessel values

Vessel values have generally experienced a certain degree of volatility. The fair market value of container ships, including the Vessels, can be expected to fluctuate, depending upon general economic and market conditions affecting the container shipping industry and competition from other shipping companies, types and sizes of vessels, and other modes of transportation. In addition, as vessels become older, they may be expected to decline in value. These factors will affect the value of PST's vessels at the termination of their respective charters or earlier at the time of their sale. (See "The Container Shipping Industry".)

Risks Relating to the Vessels in PST's Initial Portfolio

PST may face constraints due to contractual arrangements with the Charterer

The Charter Agreements which PST has entered into with the Sponsor are based on prevailing charter rates and are for a long term of between eight to 10 years. PST will be bound by the terms of the Charter Agreements (including the charter rates) and will not be free to deploy the Vessels to take advantage of any future increase in charter rates in the market during the tenure of the Charter Agreements.

PST is exposed to the credit risk of the Charterer and PST is dependent on the due performance of the Charterer under the Charter Agreements

Until more vessels are acquired and/or vessels are chartered to a party other than the Charterer, PST's only source of revenue will stem from the charter hire from the Charterer. As such, PST's only source of operating revenue for eight to 10 years from the Listing Date (subject to renewal of the Charter Agreements on terms mutually agreed between the parties thereto upon expiry thereof) is expected to be the charter hire paid by the Charterer under the Charter Agreements.

PST is dependent on the due performance by the Charterer of its obligations under the Charter Agreements. Given that the Vessels are mortgaged to secure payment of indebtedness under the Term Loan Facilities and that the Charter Income from the Charter Agreements will be PST's sole source of income for the initial period, a failure by the Charterer to perform its obligations under the Charter Agreements could result in a default by PST under the Term Loan Facilities which could in turn result in, among other things, the enforcement by the lenders under the Term Loan Facilities of their rights in the underlying security (including foreclosing on the mortgages over the Vessels pledged to the lenders) with a consequent loss of income and asset value to PST and the inability of PST to make any distributions on the Units.

In the event the Charterer fail to make the requisite payments or certain other events of default under the Charter Agreements occur, PST may lose its Charter Income. As such, PST is highly exposed to single party credit risk.

Risks Relating to PST's Operations

The Sponsor will be a controlling unitholder of PST and may be able to influence the activities of PST

The Sponsor, its subsidiaries, related corporations and associates are engaged in, among other things, ship management and operation. The Sponsor will, immediately after the completion of the Offering, hold 115,000,000 Units (constituting approximately 34.1% of the total number of Units expected to be in issue then) subject to the exercise of the Over-allotment Option.

The Sponsor will hold at least 30.0% of the total Units in issue immediately after the close of the Offering even assuming the exercise of the Over-allotment Option in full, and be a controlling Unitholder of PST. The Sponsor will be in a position to exercise influence in matters which require Unitholders' approval by way of an Extraordinary Resolution, for example, the modification, alteration or addition to the provisions of the Trust Deed or the removal of the trustee-manager of PST.

The Trustee-Manager may be in breach of the BTA if it does not give priority to the interests of all the unitholders as a whole in the event of a conflict with its own interests

The BTA imposes stringent corporate governance requirements on a trustee-manager of a registered business trust and its directors and requires the trustee-manager to act in the best interests of all the unitholders of the registered business trust as a whole, and to give priority to the interests of all the unitholders of the registered business trust as a whole over its own interests in the event of a conflict between the interests of all the unitholders as a whole and its own interests.

Accordingly, if the Trustee-Manager (being a wholly-owned subsidiary of the Sponsor) does not give priority to the interests of all the Unitholders of PST as a whole over its own interests in the event of a conflict between the interests of all the Unitholders as a whole and its own interests, the Trustee-Manager and its Directors will be in breach of the BTA. Under the BTA, should the Trustee-Manager contravene such requirements, it shall be liable to all Unitholders as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all Unitholders as a whole as a result of the contravention; and it shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000.

PST's strategy of investing in vessels may entail a higher level of risk compared to other types of business trusts that have a more diverse range of investments

PST's principal objective is to carry on chartering business and its principal strategy is to invest in container vessels which are chartered to ship operators who operate the container liner and/or feeder services. A concentration of investments in a portfolio of such type of vessels and for such market segment of the shipping industry may cause PST to be susceptible to a downturn in the global container shipping industry and/or charter market. This may lead to a corresponding decline in Charter Income for such vessels in PST's portfolio and/or a decline in the capital value of PST's portfolio, which will have an adverse impact on the results of operations and the financial condition of PST and/or on distributions to Unitholders.

PST faces risks associated with debt financing

PST will be subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to meet required payments of principal and interest under such financing or to make distributions to Unitholders.

PST will also be subject to the risk that the terms of refinancing will not be as favourable as the terms of its existing borrowings. In addition, PST may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and its ability to make distributions to Unitholders. Such covenants may also restrict PST's ability to acquire vessels or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make loans in relation to container vessels) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect PST's cash flow and the amount of distributions it could make to Unitholders.

The Vessels are secured under the Term Loan Facilities and the RCF and any default in payment of the Term Loan Facilities or the RCF may result in the Vessels being seized.

PST's level of indebtedness could limit cash flow available for its operations and could adversely affect its operations and flexibility

PST has secured the Term Loan Facilities as well as the RCF. The Term Loan Facilities will be drawn down on the date of Completion in an amount of US\$127.0 million to partly finance the acquisition of the Vessels.

The Term Loan Facilities require the amortisation and repayment of the Term Loan Facilities in monthly instalments over 10 or 12 years, as the case may be, after which PST will be substantially free from debt (barring new acquisitions that involve debt financing) and will own the Vessels substantially unencumbered.

PST's indebtedness could restrict its operations. Among other things, PST's indebtedness may:

- limit PST's ability to obtain additional financing for working capital, capital expenditures, acquisitions of vessels or other strategic acquisitions and general corporate purposes;
- require PST to dedicate all or a substantial portion of its cash flow to service its debt, which will reduce funds available for other business purposes, such as capital expenditures, investments or acquisitions;
- limit PST's flexibility in planning for or reacting to changes in the markets in which PST competes, such as engaging in mergers and consolidations or disposing of assets;
- place PST at a competitive disadvantage relative to its competitors with less indebtedness;
- render PST more vulnerable to general adverse economic and industry conditions; and
- make it more difficult for PST to satisfy its financial obligations or be able to refinance maturing indebtedness.

PST cannot assure investors that PST will be able to purchase or acquire new or secondhand vessels meeting its requirements at prices or delivery times acceptable to PST

PST will be required to expend substantial sums in the form of down payments and progress payments during the construction of newbuildings, but do not derive any revenue from these vessels until after their delivery. There can be no assurance that newbuildings which PST purchases will be completed on schedule or at all. While PST would receive penalty payments from the shipbuilder, delays in the delivery of, or failure to deliver, one or more of the newbuildings which PST purchases could have an adverse effect on its business, financial condition and results of operations.

Sellers of secondhand vessels typically provide very limited or no warranties with respect to the condition of the vessel. In addition, PST's inspections of secondhand vessels prior to purchase would not normally provide PST with the same knowledge about the condition of the vessel that PST would have if the vessel had been constructed for PST. While PST can generally avail itself of any remaining

warranties from the seller of secondhand vessel, there can be no assurance that the purchase of secondhand vessels will not result in higher than anticipated operating expenditures, including repair costs. There can be no assurance that vessels meeting PST's size and quality requirements will be available at prices or delivery times acceptable to PST.

PST cannot assure investors that it has sufficient insurance nor can it assure investors that it will be able to maintain its existing insurance coverage

The operation of any ocean-going vessel has an inherent risk of sinking, collision, other catastrophic maritime disaster, environmental pollution, leaks or spills, personal injury, loss of life, losses to, stranding of or damage to cargo and property, business interruption caused by war, terrorist activities, mechanical failure, human error, political action, labour strikes, adverse weather conditions, fire and other circumstances or events. Subject to arrangements with the charterer concerned, any of these events could result in PST experiencing direct losses and liabilities, loss of income, increased costs and damage to its reputation. Under the Charter Agreements, the Charterer will arrange for all insurance against these risks. However, there can be no assurance that all risks are adequately insured against, that any particular claim will be paid or that adequate insurance coverage can be procured at commercially reasonable rates in the future.

The insurance policies do not cover risks arising from the damage caused by wear and tear, and the damage caused by wilful misconduct of office managers. PST has not purchased the type of insurance covering loss of revenues due to delay or detention caused by political unrest, labour strikes, arrest, crew desertion, crew illness, infectious diseases, stowaways, drug seizure and the inability to load or discharge cargo, all of which are considered as trading risks.

In recent years, insurance companies have increased premiums for most participants in the shipping industry. The insurance contains certain standard deductibles, limitations and exclusions, including limitations and exclusions with respect to certain losses arising from acts of war, terrorism, malicious acts, nuclear forces, wilful misconduct, fraud or widespread communicable or infectious diseases. In addition, in the event that claims are asserted against PST or the Charterer, its vessels could be subject to attachment or other judicial processes.

The Charterer is a member of several protection and indemnity associations (“**P&I Associations**”). P&I Associations are mutual insurance associations whose members must contribute to cover losses sustained by other association members. The objective of a P&I Association is to provide mutual insurance based on the aggregate tonnage of the members' vessels entered into the association. Claims are paid through the aggregate premiums of all members of the association, although (subject to the rules of the relevant P&I Association which may prescribe an overall limit to members' contributions) members remain subject to calls for additional funds if the aggregate premiums are insufficient to cover claims submitted to the association. Claims submitted to the association may include those incurred by members of the association, as well as claims submitted to the association from other P&I Associations where the association has entered into interclub agreements. Currently, all premiums payable are borne by the Charterer. However, upon the expiry of the Charter Agreements, if no similar arrangements are made with other charterers to bear the premiums, PST may be subject to calls, or premiums, in amounts based not only on PST's own claim records but also the claim records of all other members of P&I Associations through which PST obtains insurance coverage. PST's payment of these calls could result in significant expenses which would reduce its profits or cause losses. PST's protection against P&I risks and liabilities depends on PST's ability to be indemnified by the relevant P&I Association subject to the relevant association's rules. In the event a P&I Association is unable to meet its payment obligations, for example, due to a gross mismatch between the premiums it collects and the claims it is exposed to at any one time, subject to arrangements with the charterer concerned, PST may be exposed to P&I risks and liabilities in respect of the vessel(s) insured by such P&I Association, unless it is able to have such P&I risks and liabilities alternatively insured by another P&I Association.

In November 2002, the United States passed the Terrorism Risk Insurance Act of 2002, which was principally designed to cover real estate risk and did not take into account directly the specifics of the marine insurance market. Under this Act, P&I Associations are required to offer liability insurance coverage subject to the limit prescribed by this Act in respect of terrorism risks to all United States flagged ships and to all ships trading to the United States. While it is a requirement that insurers offer this cover, it is not a requirement that the consumer (in this case the Charterer in respect of the Vessels) takes out such cover. As the premium for such cover is prohibitively high, the Charterer, in accordance with industry practice, has not subscribed for this additional insurance coverage. Without such additional cover, the Charterer's current P&I coverage in respect of terrorism risks with respect of the Vessels continues, and is limited to US\$500.0 million per incident. As such, in the event of an act of terrorism on one of PST's vessels in the United States, any claims in excess of the insured cover would be uninsured and could potentially be extremely detrimental to PST's business. More stringent environmental and other regulations may also come into force, expanding the liability PST faces under its operations, and insurance against this new degree of risk may not be available at commercially reasonable rates, if at all. Subject to arrangements with the charterer concerned, if PST's insurance is insufficient to cover these large claims and liabilities, PST's assets could be subject to attachment, seizure or other judicial processes, which could have a material adverse effect on its operations.

Neither PST nor the Trustee-Manager, as new entities, has an established operating history

PST was established on 25 April 2006 and the Trustee-Manager was incorporated on 24 February 2006. Accordingly, neither PST (as a business trust) nor the Trustee-Manager (as the trustee-manager of a business trust) has sufficiently long operating histories by which their past performance as such may be judged. This will make it more difficult for investors to assess their likely future performance. There can be no assurance that PST will be able to generate sufficient revenue from operations to make distributions to Unitholders or that such distributions will be in line with those set out in "Profit Forecast and Profit Projection".

Pro forma financial information in relation to the Vessels is not available

The Trustee-Manager is unable to prepare pro forma profit and loss account, statement of cash flows and balance sheet to show the pro forma historical financial performance of PST as:

- the Vessels were used by the PIL Group for its container liner and feeder businesses and were not chartered to third parties. There would not be any historical Charter Income for these Vessels based on which the pro forma financial information may be prepared;
- four of the Vessels are new vessels which have been in operations for only between three to six months in 2005. Any historical pro forma financial information presented in respect of such periods of operation is unlikely to be meaningful or accurately illustrate PST's historical financial performance; and
- the business of PST, which owns and charters vessels to ship operators and derives mainly Charter Income, is different from that of the Sponsor, which owns and operates vessels and derives mainly freight income. The historical financial information of the Sponsor does not form an appropriate basis on which the pro forma financial information of PST is to be prepared.

For the reasons stated above, the MAS has granted PST a waiver from the requirement to prepare pro forma profit and loss account, statement of cash flows and balance sheet. In lieu of such pro forma historical financial information, the Trustee-Manager has prepared the pro forma balance sheet setting out the assets and liabilities of PST as at the Listing Date (the "**Unaudited Pro Forma Balance Sheet**"), upon the completion of the Offering, the acquisition of the Vessels and PST entering into the Charter Agreements with the Sponsor in respect of the Vessels.

The Unaudited Pro Forma Balance Sheet has been prepared on the basis of assumptions and the accounting policies set out in Appendix B, “Independent Accountants’ Report on the Unaudited Pro Forma Balance Sheet at the Listing Date”. The Unaudited Pro Forma Balance Sheet should be read together with these assumptions and accounting policies.

The objective of the Unaudited Pro Forma Balance Sheet of PST is to show what the financial position might have been at the Listing Date, had PST, on the Listing Date, acquired the Vessels and entered into the Charter Agreements with the Sponsor in respect of the Vessels, pursuant to the terms set out in this Prospectus. However, the Unaudited Pro Forma Balance Sheet is not necessarily indicative of PST’s actual financial position on the Listing Date. The Unaudited Pro Forma Balance Sheet, because of its nature, may not give a true picture of PST’s financial position and there can be no assurance that the Vessels will be able to generate sufficient revenue for PST to make distributions to Unitholders or that such distributions will be in line with those set out in “Profit Forecast and Profit Projection”.

The Trustee-Manager may not be able to implement its investment strategy

The Trustee-Manager’s investment strategy includes growing PST’s portfolio of container vessels to enhance yields and returns for Unitholders while improving portfolio diversification and enhancing flexibility. There can be no assurance that the Trustee-Manager will be able to implement its investment strategy successfully or that it will be able to expand PST’s portfolio at all, or at any specified rate or to any specified size. The Trustee-Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame. PST will be relying on external sources of funding to expand its portfolio, which may not be available on favourable terms or at all. Even if PST were able to successfully make additional vessel acquisitions or investments, there can be no assurance that PST will achieve its intended return on such acquisitions or investments. Such acquisitions are likely to be largely dependent on PST’s ability to raise equity capital, which may result in a dilution of Unitholders’ holdings. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers. Further, the Trustee-Manager may not be able to make disposals of its vessels on favourable terms or within a desired time frame. The selling price of any vessel would depend on market conditions at the time of the intended sale of the vessel. In addition, PST would have to pay a disposal fee to the Trustee-Manager, and, if PST goes through brokers to effect the sale, commissions to these brokers as well. In accordance with industry practice, such commissions, which are payable to the brokers only when the sale contract is fully concluded, may be up to 1.0% of the selling price of the vessel per broker and more than one broker may be involved in the sale of a vessel. For example, if PST goes through two brokers to effect the sale of a vessel, PST will have to pay to each of these brokers a commission of up to 1.0% of the selling price of the vessel or an aggregate commission of up to 2.0% of the selling price.

The Right of First Refusal may not be triggered and even if triggered, is subject to terms to be agreed

The Right of First Refusal is triggered and becomes exercisable by PST only when the Sponsor or any of its subsidiaries offers to sell those vessels. If the Sponsor or any of its subsidiaries does not offer to sell any of these vessels and operates the vessels for its own business, the Right of First Refusal will not be triggered and PST will not be able to exercise the Right of First Refusal to acquire these vessels. (For more information on the Right of First Refusal, see “Certain Agreements relating to PST and the Vessels — Right of First Refusal Agreement”.) Furthermore, even if the Right of First Refusal is triggered and exercised, the actual sale of the relevant vessel will be subject to terms to be mutually agreed between the parties. In the event the Right of First Refusal comprises an offer for sale with a charter-back arrangement, the Right of First Refusal may fall away unless the terms for the sale and charter-back arrangements are agreed between the parties. Such tie-in offer may reduce PST’s overall bargaining position in negotiating the terms for the tie-in arrangements and there can be no assurance

that the respective terms for the sale and charter-back arrangements would be as favourable to PST as what PST might be able to obtain had it negotiated the terms for each of the sale and charter-back arrangements separately.

PST depends on certain key personnel, and the loss of any key personnel may adversely affect its operations

PST's performance depends, in part, upon the continued service and performance of key staff members of the Trustee-Manager. These key personnel may leave the Trustee-Manager in the future and compete with the Trustee-Manager and PST. The loss of any of these individuals, or of one or more of the Trustee-Manager's other key employees, could have a material adverse effect on PST's operations and financial condition.

PST may incur significant capital expenditure in connection with its future plans and therefore may require additional funding and new capital in the future

To grow its business, PST intends to acquire additional vessels and will require substantial capital expenditure. Such expenditure (in the case of acquisition of vessels) may be made in advance of increased revenue. However, PST cannot assure that its revenue will increase after such capital expenditure. PST's failure to increase its revenue after such capital expenditures could reduce its profitability.

In addition, PST may need to obtain additional debt or equity financing to fund its capital expenditure.

Additional equity financing may result in dilution to Unitholders. Additional debt financing may result in all or any of the following:

- limit PST's ability to pay distributions;
- increase PST's vulnerability to general adverse economic and industry conditions;
- require PST to dedicate a substantial portion of its cash flows from operations to payments on its debt, thereby reducing the availability of its cash flows to fund capital expenditure, working capital and other requirements; and/or
- limit its flexibility in planning for, or reacting to, changes in its business and its industry.

PST is not able to assure investors that it will be able to obtain the additional debt and/or equity financing on terms that are acceptable to it or at all. An inability to secure additional debt and/or equity financing may adversely affect PST's business, implementation of its business strategy and future plans and results of operations.

(For more information on PST's future plans, see "Strategy".)

Political, economic and other risks in the markets where PST has operations may cause serious disruptions to its business, which may result in a decline in the value of its units

PST's vessels ply ports in various countries around the world, including emerging markets. As such, PST's business is subject to political, economic and social conditions of the countries where these ports are located. For example, PST will be exposed to risks of political unrest, war and economic and other forms of instability, such as natural disasters, epidemics, widespread transmission of communicable or infectious diseases, acts of God, terrorist attacks and other events beyond its control which may adversely affect local economies, infrastructures and livelihoods. These events can result in disruption to PST's or PST's customers' business and seizure of, or damage to, PST's or PST's customers' assets. These events could also cause the partial or complete closure of particular ports and sea passages, such as the Suez or Panama canals, potentially resulting in higher costs, vessel delays and cancellations on some lines. Furthermore, these events could lead to reductions in, or in the growth rate of, world trade, which could reduce demand for PST's vessels and/or services.

The political, economic or social conditions in any of these countries may have an effect on PST's customers' business and financial condition which may affect the creditworthiness of PST's customers and hence affect the stability of income flow to PST.

Government requisitions during periods of emergency or war could have a material adverse effect on PST's financial condition and results of operations

A government could requisition for title or seize PST's vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. Also, a government could requisition one or more of PST's vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of PST's vessels could adversely affect its business, financial condition and results of operations.

Maritime claimants could arrest PST's vessels, which could interrupt its cash flow and have a material adverse effect on its financial condition and results of operations

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against that vessel (and, in some jurisdictions, any vessel owned or controlled by the same owner) for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel and commencing foreclosure proceedings. This would apply even if PST's vessels are chartered out (whether on a time charter basis or otherwise). The arrest or attachment of one or more of PST's vessels could result in PST paying a substantial sum of money to have the arrest lifted.

PST's vessels may be exposed to attacks by pirates or terrorist attacks

PST's vessels may be attacked by pirates or terrorists. In the event that PST's vessels are attacked, destroyed, hijacked or seized by pirates or subject to terrorist attacks, resulting in damage and/or loss to its vessels which exceeds its existing insurance coverage or which is not covered by the existing insurance policies PST has taken up, its business and financial conditions may be adversely affected.

PST's operations may be adversely affected if there is any significant downtime of vessels or equipment

In the event of any extensive servicing or repair, there will be a prolonged and significant downtime of PST's vessels or equipment resulting in major disruptions to its operations (for instance, where the vessels cannot be chartered out during the down time). In the event PST is affected by such prolonged and significant downtime of its vessels or equipment, its operations and financial performance may be adversely affected.

Rising fuel prices and other unexpected expenses may adversely affect PST's profitability

The price and supply of fuel is unpredictable and fluctuates based on events outside PST's control, including geopolitical developments, supply and demand for oil and gas, actions by Organisation of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil-producing countries and regions, regional production patterns and environmental concerns. In recent years, fuel prices have been volatile and have been increasing. In a bareboat charter arrangement, bunker charges and lube oil will be borne by bareboat charterers. In a time charter arrangement, while the time charterer will be liable for the costs of bunkers, the shipowner will be liable for the ship management costs and hence will be subject to the risk of an increase in any such costs (including lube oil). The potential risks that may add to overall expenses include lengthy quarantines, mechanical failures or human error (including sales lost in offhire days), unexpected drydock repairs and increases in fuel prices. Any of these events may adversely affect PST's profitability.

Risks Relating to an Investment in the Units

The sale or possible sale of a substantial number of Units by the Sponsor in the public market following the lapse of their lock-up arrangements could adversely affect the price of the Units

In conjunction with the Offering, 115,000,000 Units (constituting approximately 34.1% of the total number of Units expected to be in issue after the completion of the Offering) will be held by the Sponsor immediately after the completion of the Offering assuming that the Over-allotment Option is not exercised.

The Sponsor has agreed to (i) a lock-up arrangement during the First Lock-up Period in respect of its interests in all of the Lock-up Units and (ii) a lock-up arrangement during the Second Lock-up Period in respect of its interest in 50.0% of the Lock-up Units.

Units will be tradable on the Main Board of the SGX-ST. If the Sponsor (following the lapse of its lock-up arrangements or pursuant to any applicable waivers) directly or indirectly sells or is perceived as intending to sell a substantial amount of its Units, or if a secondary offering of the Units is undertaken, the market price for the Units could be adversely affected. (See “Plan of Distribution — Lock-up Arrangements” and “Ownership of the Units”.)

The net asset value per Unit may be diluted if further issues are priced below the current net asset value per Unit

The Trust Deed contemplates that new issues of Units may occur and the subscription price for which may be above, at or below the then prevailing net asset value per Unit. Where new Units, including Units which may be issued to the Trustee-Manager in payment of the Trustee-Manager’s Management Fees or its acquisition fees are issued at less than the then prevailing net asset value per Unit, the net asset value of each existing Unit may be diluted.

PST may need to obtain financing to fund distributions and if the terms are not acceptable or financing is not available, PST may not be able to make distributions

The Trustee-Manager will distribute 100.0% of the Distributable Amount for the period commencing from the Listing Date to 31 December 2007. Thereafter, the Trustee-Manager will distribute at least 90.0% of the Distributable Amount. In the event that there should be any delay in payment of charter income (for example, due to telex transfer problem) at the same time that PST needs to make distribution and the Distributable Amount is greater than its cash flow from operations, PST would need to obtain financing to bridge the timing difference since it may not have any reserves to draw on. There can be no assurance that such financing will be available on acceptable terms or at all. If the financing terms are not acceptable or financing is not available, the Trustee-Manager may not be able to make distributions to Unitholders.

Foreign Unitholders may not be permitted to participate in future rights issues by PST

The Trust Deed provides that in relation to any rights issue, the Trustee-Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses, as registered with CDP, are outside Singapore and who have not provided CDP with addresses in Singapore for the service of notices and documents. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Trustee-Manager may determine. The proceeds of any such sale, if successful, will be paid to Unitholders whose rights or entitlements have been thus sold, provided that where such proceeds payable to the relevant Unitholder are less than US\$10.00, the Trustee-Manager is entitled to retain such proceeds as part of the Trust Property. The unitholding of the relevant Unitholder may be diluted as a result of such sale.

The actual performance of PST and the Vessels could differ materially from the forward-looking statements in this Prospectus

This Prospectus contains forward-looking statements regarding, among other things, forecast and projected distribution levels for the period from 1 April 2006 to 31 December 2007. These forward-looking statements are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside of PST's control (see "Profit Forecast and Profit Projection — Assumptions"). In addition, PST's revenue is dependent on a number of factors, including the receipt of charter hire from the Vessels, which may decrease for a number of reasons, such as the decline in charter rates, insolvency of the Charterer or delay in payment of charter hire by the Charterer. This may adversely affect PST's ability to achieve the forecast and projected distributions as some or all of the events and circumstances assumed may not occur as expected, or events and circumstances, which are not currently anticipated, may arise. Actual results may be materially different from the forecast and projected results. While the Trustee-Manager currently expects to meet the forecast and projected distribution levels, no assurance can be given that the assumptions will be realised and the actual distributions will be as forecast and projected.

The laws, regulations and accounting standards in Singapore to which PST is subject may change

PST may be affected by the introduction of new or revised legislation, regulations or accounting standards. There can be no assurance that any such changes will not have an adverse effect on the ability of the Trustee-Manager to carry out PST's investment strategy or on the operations and financial condition of PST.

Market and economic conditions may affect the market price and demand for the Units

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of and demand for the Units. In particular, an increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units

Prior to the Offering, there is no public market for the Units and an active public market for the Units may not develop or be sustained after the Offering. While the Trustee-Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST, listing and quotation do not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units.

Although it is currently intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. PST may not continue to satisfy the listing requirements for business trusts.

The price of the Units may decline after the Offering

The Offering Price of the Units is determined by agreement between the Trustee-Manager and the Underwriter and may not be indicative of the market price for the Units after the completion of the Offering. The Units may trade at prices significantly below the Offering Price after the Offering. The trading price of the Units will depend on many factors, including:

- the perceived prospects of PST's business and investments and the container shipping market;
- differences between PST's actual financial and operating results and those expected by investors and analysts;

- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of PST's assets;
- the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the container shipping industry;
- the balance of buyers and sellers of the Units;
- the future size and liquidity of the Singapore business trust market;
- any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Singapore business trusts;
- the ability on PST's part to implement successfully its investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including weakness of the equity market and increases in interest rates.

For these reasons, among others, Units may trade at prices that are higher or lower than the net asset value per Unit. To the extent that PST retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure on PST's part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units.

In addition, the Units are not capital-safe products and there is no guarantee that Unitholders can regain the amount invested. If PST is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Units.

The Units are primarily not redeemable

It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST. Unitholders will not have the right to redeem Units or require the redemption of Units by the Trustee-Manager, though it is provided in the Trust Deed that the Trustee-Manager may repurchase and/or redeem Units in accordance with Relevant Laws, Regulations and Guidelines (as defined in the Trust Deed).

It is more difficult to remove a trustee-manager of a registered business trust than a director of a public company

The BTA requires the removal of a trustee-manager of a registered business trust to be by way of a resolution approved by not less than three-fourth of the voting rights of all the unitholders of the registered business trust present and voting. In comparison, the Companies Act requires the removal of a director of a public company to be by way of an ordinary resolution approved by more than 50.0% of the voting rights of all the shareholders of the company present and voting.

As the Sponsor will hold more than 30.0% of the Units upon Listing, it may be difficult for the Trustee-Manager (being a wholly-owned subsidiary of the Sponsor) to be removed.

The business trust regime is new and its application has not been tested

The BTA came into operation on 12 October 2004 while the Business Trusts Regulations 2005 only came into operation on 6 January 2005. The first set of guidelines on business trusts (*i.e.* “Guidelines on Disclosure of Financial Information in Prospectus”) was issued on 15 October 2005. As at the date of this Prospectus, this Prospectus is the first prospectus issued in connection with an initial public offer of units in a shipping business trust registered by the MAS. As such, the application of the legislation and regulations have not been tested and some degree of uncertainty exists.

The Trustee-Manager may change PST’s investment strategy

PST’s policies with respect to certain activities including investments and acquisitions will be determined by the Trustee-Manager. While the Trustee-Manager has stated its intention to invest primarily in container vessels intended to be chartered to liner operators for their liner trade and/or feeder trade, and such strategy may not be changed for a period of three years commencing from the Listing Date (as the Listing Manual prohibits a departure from the Trustee-Manager’s stated investment strategy for PST for the said period unless otherwise approved by an Extraordinary Resolution), the Trust Deed gives the Trustee-Manager wide powers of management and the Trustee-Manager may depart from the investment strategy after the three-year period. There are also risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

Exchange rate fluctuations may adversely affect the value of the Units and any distribution for Singapore investors

The Units will be listed and quoted on the SGX-ST in US\$. The revenue of PST will be denominated and received in US\$ and the distributions of PST may be made in US dollar or Singapore dollar. Fluctuations in the exchange rate between the US dollar and the Singapore dollar will affect, among other things, the Singapore dollar value of the US dollar price of the Units and the Singapore dollar value of PST’s distributions for Singapore investors (see “Exchange Rates” for information on the exchange rate between the US dollar and the Singapore dollar).

The terms of the Unit Lending Agreement could affect the Underwriter’s ability to undertake stabilisation

Pursuant to the Singapore Code on Take-overs and Mergers, the Sponsor is required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Singapore Code on Take-overs and Mergers) in the event that an increase in the aggregate unitholdings of it and/or parties acting in concert with it results in the aggregate unitholdings crossing certain thresholds as specified in the Singapore Code on Take-overs and Mergers. In order not to trigger the mandatory offer requirement of the Singapore Code on Take-overs and Mergers which may otherwise occur in connection with the lending and return of Units pursuant to a unit lending agreement dated 19 May 2006 between the Sponsor and the Stabilising Manager, such unit lending agreement includes a right for the Sponsor to recall such number of Units which are equivalent to the Units (if any) lent under such agreement by giving seven days prior written notice to the Underwriter. In the event this right to recall is exercised by the Sponsor, it is possible that the Underwriter may not be able to stabilise the market price of the Units. (See “Plan of Distribution — Over-allotment and Stabilisation”.)

USE OF PROCEEDS

The Trustee-Manager intends to raise an aggregate of US\$99.9 million from the Offering. At the same time as but separate from the Offering, the Sponsor will be subscribing for 115,000,000 Units. The Trustee-Manager will raise an aggregate of US\$51.8 million from the subscription by the Sponsor.

The Trustee-Manager also intends to make a draw down from the Term Loan Facilities an aggregate amount of US\$127.0 million.

The Trustee-Manager intends to apply the total proceeds from the Offering, the subscription by the Sponsor as well as the draw down from the Term Loan Facilities towards:

- (i) payment to the Sponsor of the purchase price of the Vessels;
- (ii) issue related costs; and
- (iii) working capital.

The Sponsor, which wholly owns the Trustee-Manager, is an “interested person” of PST under the Securities and Futures (Offer of Investments) (Business Trusts) (No. 2) Regulations 2005 and the Listing Manual. The purchase price for each of the Vessels is derived at based on the Offering Price and on the valuations of the Vessels conducted by the Independent Valuer (see Appendix D, “Independent Valuation Reports”).

The following table, included for the purpose of illustration, sets out the intended source and application of the total proceeds from the Offering as well as the draw down from the Term Loan Facilities.

Source	(US\$ million)	Application	(US\$ million)
Units in issue	151.7	Acquisition of the Vessels ⁽¹⁾	271.0
Borrowings	127.0	Issue related costs	7.4
		Working capital	0.3
Total	278.7	Total	278.7

Note:

- (1) The Vessels were valued at US\$293.0 million as at 9 February 2006 by the Independent Valuer. (See “Business and Vessels — Purchase Price of the Vessels”.)

The Trustee-Manager believes that PST’s working capital of US\$0.3 million will, together with the RCF, be sufficient for PST’s working capital requirements over the next 12 months following the close of the Offering.

The following table shows the application of proceeds and expenses incurred as a percentage of the total proceeds raised from the Offering and the subscription by the Sponsor based on the Offering Price:

Application	(US\$ million)	%
Acquisition of the Vessels	144.0	95.0
Issue related costs	7.4	4.9
Working capital	0.3	0.1
Total	151.7	100.0

For each dollar of the proceeds raised from the Offering, approximately 95.0 cents will be applied towards the acquisition of the Vessels and approximately 5.0 cents will be applied towards the total expenses of the Offering.

Issue Expenses

The estimated amount of the expenses in relation to the Offering of US\$99.9 million includes the Underwriting and Selling Commission, professional and other fees and all other incidental expenses in relation to the Offering, which will be borne by PST. A breakdown of these estimated expenses is as follows:

	As a percentage of the Offering based on the Offering Price	
	(US\$'000)⁽¹⁾	(%)
Professional and other fees ⁽²⁾	1,421.7	1.4
Underwriting and Selling Commission ⁽³⁾	3,146.9	3.2
SGX Listing Fees	45.9	0.0
Miscellaneous Offering expenses ⁽⁴⁾	2,732.4	2.7
Total estimated expenses of the Offering	7,346.9	7.3

Notes:

- (1) Amounts include GST, where applicable.
- (2) Includes financial advisory fees, solicitors' fees and fees for the Independent Reporting Accountants, the Independent Tax Adviser, the Independent Valuer and other professionals' fees.
- (3) Such commissions represent approximately 3.0% of the total amount of the Offering and approximately 3.0% on a per Unit basis. The commission payable to the Stabilising Manager in connection with the exercise of the Over-allotment Option will be paid by the Sponsor.
- (4) Includes cost of prospectus production, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering.

In addition to the Offering Price, subscribers of the Units may be required to pay brokerage (and if no requirement, such brokerage will be up to 1.0% of the Offering Price) and applicable stamp duties, taxes and other similar charges (if any) in accordance with the laws and practices of the country of subscription.

OWNERSHIP OF UNITS

As at the date of this Prospectus, no Units have been issued.

Subscription of Units by the Sponsor

At the same time as but separate from the Offering, the Sponsor will, pursuant to a subscription agreement, subscribe for Units at the Offering Price and will, immediately after the completion of the Offering hold 115,000,000 Units (constituting approximately 34.1% of the total number of Units expected to be in issue then) subject to an Over-allotment Option exercisable by the Stabilising Manager to purchase from the Sponsor up to 13,900,000 Units.

Subscription by the Directors

The Directors may subscribe for Units under the Offering and in such cases, the Trustee-Manager will make announcements via SGXNET as soon as practicable. Save for the Trustee-Manager's internal policy which prohibits the Directors from dealing in the Units at certain times, there is no restriction on the Directors disposing of or transferring all or any part of their unitholdings. (See "The Trustee-Manager" and "Corporate Governance" for further details.)

Options on Units

No option to subscribe for Units has been granted to any of the Directors or to the Chief Executive Officer.

Principal Unitholders and their Unitholdings

The following table sets out the principal Unitholders and their unitholdings after the Offering:

	Units owned after Offering (assuming that the Over- allotment Option is not exercised)		Units owned after Offering (assuming that the Over- allotment Option is exercised in full)	
	('000)	(%)	('000)	(%)
The Sponsor ⁽¹⁾⁽²⁾⁽³⁾	115,000.0	34.1	101,100.0	30.0
Public and institutional investors	222,000.0	65.9	235,900.0	70.0
Total	337,000.0	100.0	337,000.0	100.0

Notes:

- (1) Y. C. Chang & Sons Private Limited ("YCCS") holds a direct interest of 43.7% in the Sponsor and is deemed to have an interest in the Units held by the Sponsor and is a substantial shareholder of the Trustee-Manager.
- (2) South Pacific International Holdings Limited ("SPIH") holds a direct interest of 31.7% in the Sponsor and is deemed to have an interest in the Units held by the Sponsor and is a substantial shareholder of the Trustee-Manager.
- (3) Mr Teo Woon Tiong also known as Mr Chang Yun Chung ("Mr YC Chang"), together with members of his family, control YCCS and SPIH and is deemed to have an interest in the Units held by the Sponsor and is a substantial shareholder of the Trustee-Manager.

THE SPONSOR

The Sponsor is one of the leading Asian container shipping companies and operators and the PIL Group was ranked 19th amongst the top containership operators globally⁶. As at the Latest Practicable Date, the Sponsor holds all the shares in the issued share capital of the Trustee-Manager. The Sponsor will hold at least 30.0% of the total Units issued after the Listing Date even assuming the exercise of the Over-allotment Option in full and will accordingly be a controlling Unitholder. (For more information on the Sponsor, see “The Sponsor”.)

MORATORIUM

The Sponsor

The Sponsor has agreed with the Underwriter that it will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), directly or indirectly offer, sell or contract to sell or otherwise dispose of:

- (i) its interests in the Lock-up Units during the First Lock-up Period; and
- (ii) its interests in more than 50.0% of the Lock-up Units (adjusted for any bonus issue, consolidation or subdivision) during the Second Lock-up Period,

or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

The restrictions described in the preceding paragraphs do not apply to any securities lending arrangement with the Underwriter or any sale or transfer of its interests in the Loan Units by the Sponsor pursuant to the exercise of the Over-allotment Option. Furthermore, notwithstanding the above restriction, the Sponsor shall be free to transfer its interests in any of the Lock-up Units to any of its wholly-owned subsidiaries provided that the transferor procures that each such wholly-owned subsidiary gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remainder of the Lock-up Periods relating to the Lock-up Units.

The Shareholders of the Sponsor

The shareholders of the Sponsor consist of YCCS, SPIH, Mr YC Chang, the family members of Mr YC Chang and certain other persons.

YCCS

YCCS has agreed with the Underwriter that it will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of:

- (i) any or all of its direct interests in the issued and paid-up ordinary shares in the Sponsor as at the Listing Date (the “**Sponsor Shares**”) during the period commencing on the Listing Date until the date falling six months after the Listing Date (the “**First Sponsor Lock-up Period**”); and
- (ii) more than 50.0% of its direct interests in the Sponsor Shares (adjusted for any bonus issue, consolidation or subdivision) during the period commencing on the day immediately following the First Sponsor Lock-up Period until the date falling 12 months after the Listing Date (the “**Second Sponsor Lock-up Period**”, and together with the First Sponsor Lock-up Period, the “**Sponsor Lock-up Periods**”),

or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

⁶ Source: BRS – Alphaliner Top 100 Liner operators as at 1 January 2006.

Notwithstanding the above restrictions, YCCS will be free to transfer any of its direct interests in the Sponsor Shares to any of Mr YC Chang and his immediate family members provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which such Sponsor Shares are subject.

The Sponsor Special Members (as defined herein)

Each of Mr YC Chang and his sons, being Mr Teo Siong Seng, Mr Teo Tiou Seng, Mr Teo Chew Seng also known as Mr Peter Chang (“**Mr Peter Chang**”), Mr Teo Choon Seng, Mr Teo Cho Keng, Mr Teo Choo Wee, Mr Teo Teng Seng and Mr Teo Tung Seng, who each holds more than 500,000 shares in the capital of the Sponsor as at the Latest Practicable Date (collectively, the “**Sponsor Special Members**” and each a “**Sponsor Special Member**”), has agreed with the Underwriter that he will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of:

- (i) any or all of his direct interests in the Sponsor Shares during the First Sponsor Lock-up Period; and
- (ii) more than 50.0% of his direct interests in the Sponsor Shares (adjusted for any bonus issue, consolidation or subdivision) during the Second Sponsor Lock-up Period,

or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions, each Sponsor Special Member will be free to transfer any of his direct interests in the Sponsor Shares among themselves or to any of Mr YC Chang’s or the Sponsor Special Member’s immediate family members or to any other persons pursuant to the laws of succession and intestacy, provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which such Sponsor Shares are subject.

SPIH

SPIH has agreed with the Underwriter that it will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of:

- (i) any or all of its direct interests in the Sponsor Shares during the First Sponsor Lock-up Period; and
- (ii) more than 50.0% of its direct interests in the Sponsor Shares (adjusted for any bonus issue, consolidation or subdivision) during the Second Sponsor Lock-up Period,

or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions, SPIH will be free to transfer any of its direct interests in the Sponsor Shares to any of Mr YC Chang and his immediate family members provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which such Sponsor Shares are subject.

Shareholders of SPIH

Sponsor Special Members

Each Sponsor Special Member has further agreed with the Underwriter that he will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of any or all of his direct interests, in the issued and paid-up ordinary shares in SPIH as at the Listing Date (“**SPIH Shares**”) (adjusted for any bonus issue, consolidation or subdivision) and in the issued and paid-up ordinary shares in PIL (HK) as at the Listing Date (“**PIL HK Shares**”) (adjusted for any bonus issue, consolidation or subdivision), for a period of 12 months commencing on the Listing Date, or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions, each of the Sponsor Special Members will be free to transfer any of his direct interests in the SPIH Shares and the PIL HK Shares among themselves or to any of Mr YC Chang’s or the Sponsor Special Member’s immediate family members or to any other persons pursuant to the laws of succession and intestacy, provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which such SPIH Shares or, as the case may be, such PIL HK Shares, are subject.

PIL HK

PIL HK has agreed with the Underwriter that it will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of any or all of its direct interests in the SPIH Shares (adjusted for any bonus issue, consolidation or subdivision) for a period of 12 months commencing immediately on the Listing Date, or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions, PIL HK will be free to transfer any of its direct interests in the SPIH Shares to any of Mr YC Chang and his immediate family members provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which such SPIH Shares are subject.

Shareholders of YCCS

The YCCS Special Members (as defined herein)

The shareholders of YCCS comprise Mr YC Chang, Mr Teo Siong Seng, Mr Peter Chang and their family members. Each of Mr YC Chang, Mr Teo Siong Seng and Mr Peter Chang (collectively, the “**YCCS Special Members**”) holds a special share in YCCS (collectively, the “**YCCS Special Shares**”). Under the articles of association of YCCS, the YCCS Special Shares are not transferable but may be convertible into ordinary shares in limited circumstances. Prior consent in writing of not less than two thirds of the YCCS Special Members is required for any transfer of ordinary shares in YCCS.

Each of the YCCS Special Members has agreed with the Underwriter that he will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), approve any transfer of ordinary shares in YCCS (“**YCCS Shares**”) to any person other than YCCS’ shareholders as at the Listing Date, for a period of 12 months commencing on the Listing Date, or do anything with a similar economic effect to the foregoing, or do anything which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions pertaining to the YCCS Shares, each holder of the YCCS Shares shall be free to transfer any of his YCCS Shares to Mr YC Chang's or the holder's immediate family members or to any other persons pursuant to the laws of succession and intestacy, provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which the YCCS Shares are subject.

The Trustee-Manager

In all cases where acquisition fees are paid to the Trustee-Manager in respect of an interested person transaction in the form of Units, such Units shall not be sold or transferred to any party within one year from the date of their issuance, save that the Trustee-Manager shall be free to transfer such Units to its related corporations provided that the Trustee-Manager procures that such transferee gives a similar undertaking for the remainder of the moratorium period. (See "Plan of Distribution — Lock-up Arrangements".)

Pursuant to the Underwriting Agreement, the Trustee-Manager has agreed not to issue any Units (other than as contemplated by the Underwriting Agreement) for six months from the Listing Date without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed).

DISTRIBUTIONS

PST's distribution policy is to distribute at least 90.0% of the Distributable Amount, comprising its income from bareboat charter agreements after deduction of allowable expenses, the scheduled repayment of principal under the Term Loan Facilities and any such additional amount as the Trustee-Manager may determine to be reasonable to be set aside to meet PST's repayment obligations under the Term Loan Facilities. However, PST will distribute 100.0% of the Distributable Amount for the period from the Listing Date to 31 December 2007. Thereafter, PST will distribute at least 90.0% of the Distributable Amount, with the actual level of distribution to be determined at the Trustee-Manager's discretion. Distributions will be declared in US dollars. All Units will be held directly through CDP and Unitholders will receive their distributions in Singapore dollar equivalent of the US dollar distribution declared, unless Unitholders elect to receive the distributions in US dollars by submitting a "Distribution Election Notice" by the closing date for election. For the distributions to be paid in Singapore dollars, the Trustee-Manager will make the necessary arrangements to convert the distributions in US dollars into Singapore dollars (taking into account the cost of exchange) at the prevailing market exchange rate. Neither the CDP, the Trustee-Manager nor PST will be liable for any loss howsoever arising from the conversion of the distributions payable to Unitholders from US dollars into Singapore dollars. Save for approved depository agents (acting as nominees of their individual customers), each Unitholder may elect to receive distribution in either Singapore dollars or US dollars and shall not be able to elect to receive distributions partly in US dollars and partly in Singapore dollars.

(See "Risk Factors" for a discussion of factors that may adversely affect the ability of PST to make distributions to Unitholders.)

After PST has been admitted to the Main Board of the SGX-ST, PST will make distributions to Unitholders on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. However, PST's first distribution after the Listing Date will be for the period from the Listing Date to 30 September 2006 and will be paid by the Trustee-Manager on or before 29 November 2006. Subsequent distributions will take place on a quarterly basis. Under the Trust Deed, the Trustee-Manager is required to pay distributions within 60 days after the end of each distribution period.

In the event that there are Net Taxable Income and/or gains arising from sale of vessels, and only if such income and/or gains are surplus to the business requirements and needs of PST and its taxability or otherwise confirmed by the IRAS, the Trustee-Manager may, in its discretion, distribute such income and/or gains. Such income and/or gains, if not distributed, will form part of the Trust Property.

PST's primary source of liquidity to fund distributions, servicing of debt, payment of non-vessel expenses and other recurring capital expenditure will be from the receipts of Gross Revenue and the borrowings where appropriate.

(See "Taxation" and Appendix C, "Independent Taxation Report" for further information on the Singapore income tax consequences of the purchase, ownership and disposition of the Units.)

EXCHANGE RATES

The exchange rate between US\$ and S\$ as at the Latest Practicable Date is US\$0.6237 to S\$1.00.

The table below sets forth the high and low exchange rates between US\$ and S\$ for each month from October 2005 to the Latest Practicable Date. The table indicates how many US\$ can be bought with S\$1.00.

	US\$/S\$ Rate	
	High	Low
October 2005	0.5941	0.5898
November 2005	0.5917	0.5868
December 2005	0.6012	0.5909
January 2006	0.6175	0.6018
February 2006	0.6161	0.6113
March 2006	0.6191	0.6124
April 2006 (1 April 2006 to 18 April 2006)	0.6237	0.6180

Source: Bloomberg L.P.⁷

The exchange rates as set out above have been calculated with reference to exchange rates quoted from Bloomberg L.P. and should not be construed as representations that the US\$ amounts actually represent such S\$ amounts or could be converted into S\$ at the rate indicated or at any other rate or at all.

⁷ Bloomberg L.P. has not provided its consent, for purposes of Section 282I of the Securities and Futures Act, to the inclusion of the information extracted from the relevant report issued by it and is thereby not liable for such information under Sections 282N and 282O of the Securities and Futures Act. While the Trustee-Manager and the Underwriter have taken reasonable actions to ensure that the information from the relevant report issued by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Trustee-Manager and the Underwriter nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

CAPITALISATION

The following table sets forth the pro forma capitalisation of PST as at the Listing Date and after application of the total proceeds from the Offering, as well as from the issuance of the Sponsor Units, based on the Offering Price. The information in the table below should be read in conjunction with “Use of Proceeds”.

	(US\$'000)
	<i>Pro forma</i>
Unitholders' funds ⁽¹⁾	144,303.1
Borrowings	127,000.0
Total Capitalisation	271,303.1

Note:

(1) Comprise Units in issue of US\$151,650,000 net of unit issue costs of US\$7,346,900 based on the Offering Price

UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

The Trustee-Manager is unable to prepare pro forma profit and loss account, cash flow statement and balance sheet to show the pro forma historical financial performance of PST as:

- the Vessels were used by the PIL Group for its container liner and feeder businesses and were not chartered to third parties. There would not be any historical Charter Income for these Vessels based on which the pro forma financial information may be prepared;
- four of the Vessels are new vessels which have been in operation for only between three to six months in 2005. Any historical pro forma financial information presented in respect of such periods of operation is unlikely to be meaningful or accurately illustrate PST's historical financial performance; and
- the business of PST, which owns and charters vessels to ship operators and derives mainly Charter Income, is different from that of the Sponsor, which owns and operates vessels and derives mainly freight income. The historical financial information of the Sponsor does not form an appropriate basis on which the pro forma financial information of PST is to be prepared.

For the reasons stated above, the MAS has granted PST a waiver from the requirement to prepare pro forma profit and loss account, statement of cash flows and balance sheet. In lieu of such pro forma historical financial information, the Trustee-Manager has prepared the Unaudited Pro Forma Balance Sheet, upon the completion of the Offering, the acquisition of the Vessels and PST entering into the Charter Agreements with the Sponsor in respect of the Vessels.

The Unaudited Pro Forma Balance Sheet has been prepared on the basis of assumptions and the accounting policies set out in Appendix B, "Independent Accountants' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date". The Unaudited Pro Forma Balance Sheet should be read together with these assumptions and accounting policies.

The objective of the Unaudited Pro Forma Balance Sheet of PST is to show what the financial position might have been at the Listing Date, had PST, on the Listing Date, acquired the Vessels and entered into the Charter Agreements with the Sponsor in respect of the Vessels, pursuant to the terms set out in the Prospectus. However, the Unaudited Pro Forma Balance Sheet is not necessarily indicative of the actual financial position that would have been attained by PST on the Listing Date. The Unaudited Pro Forma Balance Sheet, because of its nature, may not give a true picture of PST's financial position and there can be no assurance that the Vessels will be able to generate sufficient revenue for PST to make distributions to Unitholders or that such distributions will be in line with those set out in "Profit Forecast and Profit Projection".

Unaudited Pro Forma Balance Sheet as at the Listing Date	
(US\$ million)	
Non-current asset	
Container vessels, at cost	271.0
Current asset	
Cash and cash equivalents ⁽¹⁾	3.2
Total assets	274.2
Non-current liability	
Interest-bearing borrowings	115.5
Current liabilities	
Charter Income received in advance ⁽²⁾	2.9
Current portion of interest-bearing borrowings	11.5
	14.4
Total liabilities	129.9
Net assets attributable to Unitholders	144.3
Unitholders' funds	
Units in issue	151.6
Unit issue costs	(7.3)
Total Unitholders' funds	144.3
Number of Units in issue (million)	337.0
Net asset value per Unit (US\$)	0.43
Total borrowings/Total assets (%)	46.3

Notes:

- (1) Includes Charter Income received in advance from the Sponsor of US\$2,877,000 in relation to the Charter Agreements.
- (2) Comprises one month's Charter Income received in advance from the Sponsor.

PROFIT FORECAST AND PROFIT PROJECTION

Statements contained in this Profit Forecast and Profit Projection section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out on pages 48 to 51 of this Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by PST, the Trustee-Manager, the Sponsor, the Underwriter, the Financial Adviser or any other person, or that these results will be achieved or are likely to be achieved. See "Forward-Looking Statements" and "Risk Factors". Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are valid only as at the date of this Prospectus.

None of PST, the Trustee-Manager, the Sponsor, the Underwriter or any other person guarantees the performance of PST, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast and projected yields stated in the following table are calculated based on (i) the Offering Price and (ii) the assumption that the Listing Date is 1 April 2006. Such yields will vary accordingly if the Listing Date is after 1 April 2006 or in relation to investors who purchase Units in the secondary market at a market price that differs from the Offering Price or to investors who do not hold the Units for the whole of the Forecast Period 2006 or Projection Year 2007.

The following table sets forth PST's Forecast and Projected Profit and Loss Accounts for the Forecast Period 2006 and the Projection Year 2007, respectively. The financial year end of PST is 31 December. PST's first accounting period is for the period from 25 April 2006, being the date of its establishment, to 31 December 2006 and its next accounting period will be for the period from 1 January 2007 to 31 December 2007.

The distribution per Unit for the Forecast Period 2006 is calculated on the assumption that the Units are issued on 1 April 2006 and are eligible for distributions arising from operations from 1 April 2006 to 31 December 2006. Notwithstanding that the Forecast Period 2006 commenced prior to the Listing Date, the Profit Forecast for the period from 1 April 2006 to 31 December 2006 would still be valid based on the assumptions set out on pages 48 to 51 of this Prospectus. However, since the Units will be issued at a later date, the actual distribution per Unit will differ as investors will only be entitled to distributions arising from operations from the date of issue of the Units to 31 December 2006.

The profit forecast and profit projection are based on the assumptions set out in this section of the Prospectus. The assumptions have been reviewed and the computations have been checked by the Independent Reporting Accountants. Investors in the Units should read the whole of this "Profit Forecast and Profit Projection" section together with the report set out in Appendix A, "Independent Accountants' Report on the Profit Forecast and Profit Projection".

FORECAST AND PROJECTED PROFIT AND LOSS ACCOUNTS

	Forecast Period 2006 (1 April 2006 to 31 December 2006) (US\$ million)	Projection Year 2007 (1 January 2007 to 31 December 2007) (US\$ million)
Charter Income	25.9	34.5
Depreciation	(9.3)	(12.3)
Management Fees	(1.0)	(1.4)
Other trust expenses ⁽¹⁾	(0.5)	(0.5)
Finance costs	(5.5)	(6.8)
Profit before taxation	9.6	13.5
Income tax expense ⁽²⁾	—	—
Net profit for the period	9.6	13.5
Add: Non-tax deductible expenses ⁽³⁾	9.3	12.3
Less: Repayment of borrowings	(8.7)	(11.4)
Distributable Amount	10.2	14.4
Issue Price (US\$)	0.45	0.45
Number of Units (million)	337.0	337.0
Distribution Per Unit (US cents)	3.04	4.27
Annualised distribution yield (%)	9.00	9.49

Notes:

- (1) Comprise recurring annual trust expenses, including trustee fee, annual listing fees, registration fees, audit and tax advisory fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses.
- (2) Pursuant to Section 13A of the Income Tax Act, Chapter 134 of Singapore, PST would not be subject to Singapore income tax on its Charter Income (see "Taxation" for details).
- (3) Comprise depreciation and trustee fee, which are non-deductible for tax purposes.

Charter Income contribution by the Vessels

The forecast and projected Charter Income of the Vessels based on the Charter Agreements is as follows:

Vessels	Contribution to Charter Income for the Forecast Period 2006		Contribution to Charter Income for the Projection Year 2007		Charter tenure
	US\$ million	(%)	US\$ million	(%)	(years)
3,081 TEU (Panamax)					
Kota Kado	4.8	18.7	6.5	18.8	9
Kota Kaya	4.8	18.7	6.5	18.8	9
1,454 TEU (Handysize)					
Kota Anggerik	3.0	11.6	4.0	11.6	8
Kota Anggun	3.0	11.6	4.0	11.6	8
Kota Arif	3.0	11.6	4.0	11.6	8
Kota Azam	3.0	11.6	4.0	11.6	8
943 TEU (Handysize)					
Kota Rajin	2.1	8.1	2.8	8.0	10
Kota Rancak	2.2	8.1	2.7	8.0	10
Total	25.9	100.0	34.5	100.0	

Assumptions

The Trustee-Manager has prepared the profit forecast for the Forecast Period 2006 and the profit projection for the Projection Year 2007 based on the Offering Price and the assumptions listed below. The Trustee-Manager considers these assumptions to be appropriate and reasonable as at the date of this Prospectus. However, investors should consider these assumptions as well as the profit forecast and profit projection and make their own assessment of the future performance of PST.

(I) Charter Income

Charter Income comprises bareboat charter income derived from the chartering of the Vessels under the Charter Agreements, which are fixed for a period of between eight to 10 years as follows:

Vessel	Daily charter rate ⁽¹⁾	Charter tenure
	(US\$'000)	(Years)
3,081 TEU (Panamax)		
Kota Kado	17.7	9
Kota Kaya	17.7	9
1,454 TEU (Handysize)		
Kota Anggerik	11.0	8
Kota Anggun	11.0	8
Kota Arif	11.0	8
Kota Azam	11.0	8
943 TEU (Handysize)		
Kota Rajin	7.6	10
Kota Rancak	7.6	10
Total	94.6	

Note:

(1) Under the Charter Agreements (see "Certain Agreements Relating to PST and the Vessels — Charter Agreements").

100.0% of such forecast and the projected Charter Income will be attributable to the Charter Agreements as at the Listing Date.

Under the terms of the Charter Agreements, all operating costs such as repair and maintenance, crew expenses, fuel costs and other operating costs will be borne by the Charterer. (See “Certain Agreements Relating to PST and the Vessels — Charter Agreements”.)

(II) Depreciation

The depreciation policy of the Vessels is based on a straight-line depreciation policy with zero residual value over the useful life of the Vessels. It is assumed that the remaining useful life of the Vessels ranges from 18 years to 25 years.

However, depreciation will not affect the forecast and projected distributions per Unit for the Forecast Period 2006 and the Projection Year 2007 because the amount is non-tax deductible and is added back in arriving at PST’s distributable income.

(III) Management Fees

Pursuant to the Trust Deed, the Trustee-Manager is entitled to Management Fees comprising 4.0% of the Charter Income. The Trustee-Manager may elect to receive the fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine), subject to the Trust Deed.

(See “The Trustee-Manager — Fees and Charges Payable to the Trustee-Manager” for further details.)

The Trustee-Manager has assumed that, for the Forecast Period 2006 and the Projection Year 2007, Management Fees will be paid in cash.

(IV) Other trust expenses

Other trust expenses comprise recurring annual trust expenses, including trustee fee, annual listing fees, registration fees, audit and tax advisory fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous costs. The Trustee-Manager has assumed that other trust expenses increase by 2.0% annually.

Pursuant to the Trust Deed, the Trustee-Manager is entitled to trustee fee comprising 0.02% per annum of the value of the Trust Property to be paid in cash subject to a minimum fee of US\$10,000.00 in each calendar quarter. The Trustee-Manager’s trustee fee for the Forecast Period 2006 and Projection Year 2007 is expected to be US\$0.04 million and US\$0.05 million, respectively.

(See “The Trustee-Manager — Fees and Charges Payable to the Trustee-Manager” for further details.)

(V) Finance costs

PST has secured the Term Loan Facilities from four banks, namely, DBS Bank, DnB, HSH and OCBC as well as the RCF from DBS Bank. Save for the Term Loan Facility extended by DnB in relation to four of the Vessels (which is for a term of 10 years), the other Term Loan Facilities are for a term of 12 years each. The Term Loan Facilities will be drawn down on the date of Completion in an aggregate amount of US\$127.0 million to partly finance the acquisition of the Vessels.

The Trustee-Manager has entered into interest rate swap agreements with DnB and OCBC to fix the floating interest rates on the Term Loan Facilities at a weighted average rate of 5.9745% per annum inclusive of loan interest margin of 0.82% per annum commencing 30 June 2006. The Trustee-Manager has assumed an effective average interest rate of 5.9745% per annum inclusive of all margins for the Forecast Period 2006 and Projection Year 2007.

(See “Strategy — Capital and Risk Management Strategy”.)

(VI) Distribution reinvestment arrangement

The Trust Deed gives the Trustee-Manager, where appropriate, the option of activating an arrangement whereby Unitholders may elect to re-invest all or part of their distribution entitlement in return for an issue of additional Units in PST. It has been assumed that the Trustee-Manager will not activate the distribution reinvestment arrangement before 31 December 2007. This assumption does not, however, preclude the Trustee-Manager from exploring the implementation of such a distribution reinvestment arrangement before 31 December 2007.

(VII) Unit issue costs

The costs associated with the issue of the Units will be paid for by PST. These costs are charged against Unitholders’ funds in the balance sheet and have no impact on the pro forma profit and loss accounts or distributions.

(VIII) Vessels

The Vessels have been acquired at a discount of 7.5% to their appraised value of US\$293.0 million. The Trustee-Manager has assumed that there will not be any capital expenditure by PST for the Forecast Period 2006 and the Projection Year 2007.

Any subsequent impairment of the Vessels will not affect the forecast and projected distributions per Unit for the Forecast Period 2006 and the Projection Year 2007 because impairment losses recognised on the Vessels are not tax deductible and are added back in arriving at PST’s distributable income.

(IX) Accounting standards

The Trustee-Manager has assumed that there will be no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected net income.

Significant accounting policies adopted by the Trustee-Manager in the preparation of the profit forecast and profit projection are set out in Appendix B, “Independent Accountants’ Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date”.

(X) Other Assumptions

The Trustee-Manager has made the following additional assumptions in preparing the profit forecast for the Forecast Period 2006 and the profit projection for the Projection Year 2007:

- that the vessel portfolio remains unchanged throughout the periods;
- that no further capital will be raised during the periods;
- where derivative financial instruments are undertaken by PST, there is no change in fair values of the derivative instruments during the Forecast Period 2006 and the Projection Year 2007;
- that the exchange rate is assumed to be at US\$1.00: S\$1.60;

- that there will be no change in taxation legislation or other applicable legislation;
- that all bareboat charter agreements are enforceable and will be performed in accordance with their terms; and
- that 100.0% of the Distributable Amount will be distributed.

Sensitivity Analysis

The forecast and projected distributions included in this Prospectus are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as outlined in “Risk Factors”.

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the profit forecast and profit projection, a series of tables demonstrating the sensitivity of the distribution per Unit to changes in the principal assumptions are set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Charter Income

Changes in the Charter Income will impact the profit before taxation of PST and, consequently, the distribution yield. The assumptions for the Charter Income have been set out earlier in the section.

The effect of variations in the Charter Income on the distribution yield is set out below:

	Impact on distribution yield (%) pursuant to changes in Charter Income	
	Forecast Period 2006	Projection Year 2007
2.50% above base case	9.55	10.03
Base case	9.00	9.49
2.50% below base case	8.45	8.94

Finance Costs

Changes in finance costs will impact the profit before taxation of PST and, consequently, the distribution yield. The assumptions for finance costs have been set out earlier in the section.

The effect of variations in the finance costs on the distribution yield is set out below.

	Impact on distribution yield (%) pursuant to changes in finance costs	
	Forecast Period 2006	Projection Year 2007
25 basis points below base case	9.20	9.67
Base case	9.00	9.49
25 basis points above base case	8.80	9.30

STRATEGY

The principal investment strategy of the Trustee-Manager is to invest primarily in container vessels which are intended to be mainly chartered to liner operators for their liner trade and/or feeder trade. Such investment strategy may not be changed for a period of three years commencing from the Listing Date (as the Listing Manual prohibits a departure from the Trustee-Manager's stated investment strategy for PST for the said period unless otherwise approved by an Extraordinary Resolution).

The initial portfolio of PST will comprise the eight Vessels which will be bareboat chartered to the Charterer for long periods of between eight and 10 years. However, PST will continue to seek opportunities to acquire container vessels and deploy its vessels on various income-generating charter arrangements.

PST will invest in vessels which are constructed by reputable shipbuilders with a good track record and certified by Classification Societies which are members of IACS, to ensure quality in the design and build of the vessel.

The Trustee-Manager's key financial objective is to provide Unitholders with attractive yield and a competitive rate of return for their investment by ensuring regular distributions to Unitholders as well as achieving long-term growth in distributions per Unit. The Trustee-Manager plans to achieve this financial objective through the following strategies:

- **Acquisition Growth Strategy** — Pursuing growth opportunities via acquiring additional container vessels in line with PST's investment strategy to enhance yields and returns for Unitholders while improving portfolio diversification and enhancing versatility in the deployment of vessels and adaptability in meeting varying charter demands.

The Trustee-Manager believes that PST's acquisition growth strategy will be enhanced by the following: (i) the Right of First Refusal, (ii) the management team's investment track record in container shipping, (iii) the ability of PST to leverage on the Sponsor's network, and (iv) opportunities available in the container shipping industry. (See "Strategy — Acquisition Growth Strategy".)

- **Active Charter and Asset Management Strategy** — Sustaining and enhancing medium to long-term returns on PST's portfolio by active management of charters and assets and leveraging on the Sponsor's network and relationships.

The Trustee-Manager will seek to achieve attractive and sustainable returns taking into consideration factors including charter rates, charterer's track record and creditworthiness, charter tenure and diversification. (See "Strategy — Active Charter and Asset Management".)

- **Capital and Risk Management Strategy** — Paying down loan facilities throughout the loan period and employing an appropriate mix of debt and equity in the financing of the acquisitions of the Vessels and future acquisitions, and utilising interest rate and currency hedging strategies where appropriate to optimise risk adjusted returns to Unitholders. (See "Strategy — Capital and Risk Management Strategy".)

Acquisition Growth Strategy

The Trustee-Manager believes that there are opportunities to acquire additional container vessels that will provide Unitholders with attractive investment yields and returns, as well as income and capital growth potential. PST may acquire vessels from the Sponsor (which has provided the Right of First Refusal) or from third parties, and will target a balanced mix of vessel acquisitions and charters between the Sponsor and third parties. With the acquisition of additional container vessels, PST's portfolio will be further diversified and its versatility in the deployment of its vessels will also be enhanced. Furthermore, the expansion of its portfolio size will create more financing opportunities for PST and may potentially enhance PST's ability to negotiate more favourable financing terms with its financiers.

The Trustee-Manager believes that PST's acquisition strategy will be strengthened by the following factors:

- **Right of First Refusal by Sponsor:** The Sponsor has granted the Right of First Refusal to PST over 11 container vessels with an estimated combined capacity of over 31,000 TEU that are delivered or expected to be delivered between 2006 and 2009 and any other container vessel with a capacity exceeding 900 TEU that the Sponsor may order or contract to acquire on and after 17 February 2006, subject to the terms of the Right of First Refusal Agreement. As at the Latest Practicable Date, 13 container vessels are subject to the Right of First Refusal as the Sponsor has between 17 February 2006 and the Latest Practicable Date contracted to acquire an additional two container vessels. The Right of First Refusal will remain in force for so long as either of the Pre-conditions is satisfied. (See "Certain Agreements Relating to PST and the Vessels — Right of First Refusal Agreement".)

The Trustee-Manager believes that the Right of First Refusal will provide opportunities to PST in enhancing its pipeline of potential acquisitions and its ability to grow and expand its portfolio size and improving its portfolio diversification.

In addition to the Right of First Refusal, the Sponsor will continue to support and strengthen PST's acquisition pipeline by "warehousing" vessels acquired from third party sellers which fit within PST's investment strategy, prior to making these vessels available for potential future acquisition by PST.

- **Management Investment Track Record:** The Executive Officers have extensive experience in evaluating and executing acquisitions and leasing of container vessels.
- **Ability to leverage on the Sponsor's network:** PST's acquisition strategy can benefit from the Sponsor's network of relationships in the container shipping industry. The Sponsor is an established Asian container shipping operator that has over the past three decades established sound business relationships with shipowners, ship managers, charterers, shipyards and shipbroking houses in the global container shipping industry. In addition, the Sponsor also participates in consortium partnerships with other container shipping operators to collaborate on providing joint container shipping services on selected shipping routes. The Trustee-Manager believes that there are opportunities for leveraging on the Sponsor's network of key relationships in sourcing, negotiating and executing vessel acquisitions (with suitable charter-back arrangements).
- **Opportunities in container shipping industry:** The Trustee-Manager believes that given the capital intensive nature of the container shipping industry, there will be opportunities for acquisitions as shipowners may wish to unlock their capital tied up in vessels and re-deploy such capital according to their strategic plans. In this regard, the Trustee-Manager believes that PST's ability to offer shipowners charter-back arrangements for long tenures, whether on bareboat charter or time charter basis, at competitive terms, that may otherwise not be readily available in the container ship charter market, will facilitate PST's ability to acquire vessels from shipowners. Such long-term charter-back arrangements provide shipowners with an alternative to ownership in their long-term planning for capacity.

The Trustee-Manager will evaluate future acquisitions of container vessels against the following criteria and considerations:

- **Impact on distributions and returns:** The Trustee-Manager will seek to acquire container vessels that can provide income and yields which are expected to maintain or enhance returns to Unitholders. The Trustee-Manager will consider acquiring vessels which are secured with long-term charters thereby ensuring stable returns from the acquisitions and minimising the risk of volatility caused by excess supply.
- **Competition, Demand and Supply Dynamics:** The Trustee-Manager will take into consideration the relevant competition, demand and supply dynamics that impact particular sub-segments in the container shipping market when evaluating acquisitions. For example, the Trustee-Manager will generally acquire vessels of versatile capabilities which are in high demand and which can be readily deployed in most trade lanes, thereby ensuring greater potential for deployment.
- **Vessel Quality and Characteristics:** The Trustee-Manager will seek to acquire container vessels that are certified by Classification Societies which are members of IACS, and are constructed by reputable shipbuilders with a good track record and in established shipyards with due consideration given to other relevant factors including their size, tonnage, state of maintenance, operating versatility, cost efficiency and equipment specifications.

Active Charter and Asset Management Strategy

The Trustee-Manager believes that there is scope to sustain and enhance the medium to long-term returns on PST's portfolio by active management of charters and assets. The Trustee-Manager will seek to achieve attractive and sustainable returns with consideration for factors including charter rates, charterer's track record and creditworthiness, tenure and diversification.

Optimise Charter Structures

PST's vessels may be chartered on either one of the following bases:

- bareboat charter basis with the charterer paying to PST a fixed charter hire and bearing all costs and responsibilities of operating the vessels; or
- on a time charter basis with PST bearing all costs related to operating the vessels (except bunker charges which will be borne by the time charterer), and with the responsibilities for vessel operation and ship management out-sourced to third party ship managers or to the Sponsor.

In the event that PST charts out any of its vessels on time charters which require engaging a ship manager to operate the vessels, the Trustee-Manager will compare terms offered by independent third party ship managers and the Sponsor, and is under no obligation to engage the Sponsor. In deciding which party to engage as the ship manager, Directors with an interest in the matter will abstain from participating in the selection process and voting on the selection of the ship manager.

The type of charter arrangement that PST will enter into will depend on, among other things, prevailing market conditions, the length of the charter term and the track record of the charterer in operating and maintaining container vessels. In the case of time charters, PST would bear higher risks (in terms of exposure to ship management costs and the shorter tenures of time charter) but could potentially gain from higher returns.

PST may conduct periodic inspection on its vessels to ensure that the charterers are operating and maintaining them to a sufficient standard in order to maintain the vessels' value and income-generating capabilities.

PST will initially focus primarily on entering into bareboat charters with charterers which meet the relevant criteria, in view of their stable income and reduced commercial and operational risks.

Select Established and Creditworthy Charterers

The Trustee-Manager will seek to deliver stable and sustainable returns to Unitholders by chartering its vessels only to charterers with established track records and with the ability to fulfil their obligations under the charter agreements in a timely manner.

Manage Charter Tenures

The Trustee-Manager aims to reduce the exposure to a concentration of charter expiries in any one year by managing the respective tenures of its vessels' charters.

PST's initial portfolio, comprising the Vessels, will be on long-term bareboat charters to the Charterer under the Charter Agreements. PST's strategy is to leverage on a core portfolio of long-term bareboat charters that can provide Unitholders with steady cash flows, while at the same time, having the flexibility of deploying its vessels (whether these are new vessels acquired by PST or the Vessels upon the expiry of the Charter Agreements) selectively on shorter term charters to take advantage of market opportunities as and when they arise. The Trustee-Manager will take into consideration, among others, prevailing shipping market conditions, the Trustee-Manager's assessment of the outlook on charter rates, PST's overall portfolio size and diversification, so as to be able to provide Unitholders with improved risk-adjusted cash flows.

Leverage on the Sponsor's Network and Relationships

PST's chartering strategy can also benefit from the Sponsor's established network of consortium partnerships with other container shipping operators to collaborate on providing joint container shipping services on selected shipping routes. The Trustee-Manager believes that these partnership networks provide opportunities for PST to charter vessels to the Sponsor's consortium partners which require additional container vessel capacity.

Capital and Risk Management Strategy

Capital Management

The Trustee-Manager aims to optimise PST's capital structure and cost of capital and intends to use a combination of debt and equity to fund future acquisitions and maintenance works for the vessels.

The Trustee-Manager's objectives in relation to capital management are to:

- pay down the Term Loan Facilities in relation to the Vessels over 10 or 12 years;
- secure diversified funding sources from both financial institutions and capital markets as PST grows in size and scale;
- minimise the cost of debt financing; and
- manage the exposure arising from adverse market movements in interest rates and foreign exchange through appropriate hedging strategies.

The Trustee-Manager will consider diversifying its sources of debt financing in the future by way of accessing the public debt capital markets. Access to the public debt markets will improve PST's ability to obtain financing for acquisitions, maintenance of its vessels and the refinancing of existing loans. The public debt markets may also provide PST with the ability to secure longer term funding options in a more cost efficient manner.

PST has secured the Term Loan Facilities from four banks, namely, DBS Bank, OCBC, DnB and HSH respectively as well as the RCF from DBS Bank. Save for the Term Loan Facility extended by DnB in relation to four of the Vessels (which is for a term of 10 years), the other Term Loan Facilities are for a term of 12 years each. The Term Loan Facilities will be drawn down on the date of Completion in an aggregate amount of US\$127.0 million to partly finance the acquisition of the Vessels.

Each of the Term Loan Facilities is secured by the following security package:

- first priority mortgage over each relevant Vessel;
- first priority assignment of insurances for each relevant Vessel, including the Hull & Machinery, P&I, and War Risks insurances. Hull & Machinery and War Risks insurances shall be for amounts not less than the greater of (i) the market value of each relevant Vessel for the time being, and (ii) an amount equal to 120.0% of the outstanding facility amount under the relevant Term Loan Facility; and
- first priority assignment of the Charter Agreement and the Charter Income of each relevant Vessel.

Each Term Loan Facility also provides, *inter alia*, that as long as the facility is not terminated, the Trustee-Manager, acting as trustee-manager of PST, undertakes to either renew the Charter Agreement of each relevant Vessel prior to its expiry or ensure that each relevant Vessel is otherwise gainfully employed after the expiry of each existing relevant Charter Agreement. In the case of a time charter, the technical manager of the relevant Vessel must be acceptable to the lender (such consent not to be unreasonably withheld).

The Term Loan Facilities require the amortisation and repayment of the Term Loan Facilities in monthly instalments commencing 30 June 2006 over 10 or 12 years, as the case may be, after which PST will be substantially free from debt (barring new acquisitions that involve debt financing) and will own the Vessels substantially unencumbered. The repayment of the Term Loan Facilities over time will lower interest costs, which is expected to result in higher distributable income for Unitholders, while lowering PST's level of gearing over time.

The Trustee-Manager has entered into interest rate swap agreements with DnB and OCBC and has fixed the interest rates on the Term Loan Facilities at a weighted average rate of 5.9745% per annum inclusive of the loan interest margin of 0.82% per annum commencing 30 June 2006.

As security for the interest rate swap facility granted by DnB in relation to Kota Rajin, PST has granted in favour of DnB, the following:

- a second priority mortgage over Kota Rajin;
- a second priority assignment of insurances for Kota Rajin, including the insurances for hull & machinery, Protection & Indemnity, and war risks. Insurances for hull & machinery and war risks shall be for amounts not less than the greater of (i) market value of Kota Rajin for the time being and (ii) an amount equal to 120.0% of the outstanding amount under the interest rate swap facility; and
- a second priority assignment of the Charter Agreement and the Charter Income of Kota Rajin.

As security for the interest rate swap facilities granted by DnB and OCBC in relation to the Vessels (other than Kota Rajin), PST has granted in favour of the respective financial institutions, the following:

- first priority mortgage over the relevant Vessel;
- first priority assignment of insurances for the relevant Vessel, including the Hull & Machinery, P&I, and War Risks insurances. Hull & Machinery and War Risks insurances shall be for amounts not less than the greater of (i) the market value of the relevant Vessel for the time being, and (ii) an amount equal to 120.0% of the outstanding facility amount under the relevant Term Loan Facility; and
- first priority assignment of the Charter Agreement and the Charter Income of the relevant vessel.

The table below sets out the facility amount, the expected draw down, the tenure and the monthly principal repayment under the respective Term Loan Facilities Agreements.

	Lender	Facility amount	Expected drawdown	Tenure	Monthly principal repayment
		US\$'000	US\$'000	(years)	US\$'000
3,081 TEU (Panamax)					
Kota Kado	DBS Bank	30,000	24,868	12	172.7
Kota Kaya	OCBC	30,000	24,868	12	172.7
1,454 TEU (Handysize)					
Kota Anggerik	DnB	16,250	13,766	10	114.7
Kota Anggun	DnB	16,250	13,766	10	114.7
Kota Arif	DnB	16,250	13,766	10	114.7
Kota Azam	DnB	16,250	13,766	10	114.7
943 TEU (Handysize)					
Kota Rajin	HSH	15,000	11,100	12	77.1
Kota Rancak	OCBC	15,000	11,100	12	77.1
Total		155,000	127,000		958.4

Each advance made under the RCF will bear interest at the relevant floating LIBOR rate for US dollars plus a margin of 0.77% per annum.

Management of market risks through appropriate derivative instruments

The Trustee-Manager expects that PST may from time to time put in place bank loans and overdraft facilities as well as enter into finance leases and hire purchase contracts for the purpose of raising finance for the operations of PST.

For the purposes of managing interest rate and foreign currency risks arising from the operations and sources of financing which PST may otherwise be exposed to, the Trustee-Manager may from time to time enter into derivative transactions, being principally interest rate swaps, foreign currency forward contracts and cross currency swaps. In this respect, the Board will put in place detailed risk management policies and procedures and will oversee the implementation of these policies and procedures through the Chief Executive Officer and the Finance Managers. Such policies will be approved by the Board and the procedures put in place will be reviewed and approved by the Audit Committee. These policies will include guidelines for the use of appropriate derivative instruments such as:

- the total principal for hedging must not be more than the total loan committed and/or the amount exposed to the risk; and
- the duration of the hedge must not be longer than the tenure of loan committed and/or the amount exposed to the risk.

The Chief Executive Officer and the Finance Managers will ensure that the policies and procedures are adhered to and put in place sound and robust systems to implement them. They will supervise the Trustee-Manager's authorised officers and ensure that these officers are adequately trained to execute the policies and procedures set by the Board. There will be, among other things, segregation of duties among officers contracting and confirming the derivative transactions, processing the payments or receipts on settlement of the derivative transactions and recording of any loss or gain from the derivative transactions in the books.

BUSINESS AND VESSELS

BUSINESS

PST is the first shipping business trust registered by the MAS in Singapore, having been constituted by a trust deed dated 25 April 2006 and is principally regulated by the BTA and the SFA. It is established with the principal objective of providing an opportunity to the public to invest primarily in container vessels which are intended to be chartered to liner operators for their liner trade and/or feeder trade.

Container liner service involves the transportation of containers between designated ports by container vessels on a regular and fixed schedule. Mainline service is generally provided by bigger container vessels at major ports of call between two or more geographical regions. Feeder service is generally provided by smaller container vessels to minor ports of call within a geographical region to transship containers to and from mainline vessels at hub ports.

PST's investments are intended to be for the long term and quality is one of the main criteria in its acquisitions of vessels. PST will also seek quality maritime partners (such as shipbuilder, sellers, classification societies, flag states and charterers) when carrying on its business. (See "Strategy".)

PST will be managed by the Trustee-Manager, which will be providing management services to PST. The Trustee-Manager will be responsible for safeguarding the interests of Unitholders and for PST's investment and financing strategies, asset acquisition and disposal policies and the overall management of PST's business. (See "The Trustee-Manager".)

Key Investment Highlights

The Trustee-Manager believes that an investment in PST offers the following attractions to Unitholders:

Stable and regular income from long-term bareboat charters with the Charterer in respect of the Vessels

The initial portfolio of PST will comprise the Vessels acquired from the Sponsor upon Completion. The Vessels will be under long-term bareboat charters upon Completion pursuant to the Charter Agreements.

Under each of the Charter Agreements, the Charterer has possession and control of the Vessel for a fixed period of time. The Charterer will be liable to pay a fixed amount of charter hire to PST monthly and to bear all operating costs and expenses incurred in the operation of the Vessels during the tenures of the respective charters. (See "Certain Agreements relating to PST and the Vessels — Charter Agreements".)

To ensure a stable flow of income, the tenures of the Charter Agreements range from eight to 10 years (subject to renewal of the respective Charter Agreements on terms to be mutually agreed between the parties thereto upon expiry thereof), spreading out the respective expiries of the Charter Agreements over three years.

Investors are expected to benefit from the Charter Agreements as the Vessels will be employed for a long term in return for a steady flow of income to PST. Such long-term bareboat charters will reduce the exposure of PST to volatility in the spot market for container vessels. In addition, PST will enjoy reduced exposure to volatility in operating costs (such as fuel costs, repair and maintenance costs) as these costs will be borne by the Charterer under the Charter Agreements.

The Charterer is one of the leading Asian container shipping companies/operators

The PIL Group was ranked 19th amongst the top containership operators globally⁸. The Charterer owns and operates a fleet of over a hundred vessels with a total capacity of over 130,000 TEU as at 1 January 2006. The Charterer has also diversified into logistics-related activities such as container manufacturing, supply chain management, consolidation/distribution facilities, warehousing, container depot operations, trucking and ship-agencies.

One of the Charterer's key strengths is in intra-Asian trade, having been one of the pioneer foreign shipping lines that entered the China market as early as the late 1960s. The Charterer has a dedicated network of services covering a comprehensive range of ports in Asia and regular and frequent sailings from China. The Charterer has also won numerous awards for its shipping services including an award in the Intra-Asia Operator category of the Lloyd's List Maritime Asia Awards for two consecutive years in 2004 and 2005. The Charterer has also been ranked fourth in the Singapore International 100 Ranking 2006 which recognises Singapore's top 100 companies ranked by highest overseas revenue. Given the foregoing, the Charterer is well-positioned to take advantage of the boom in the shipping industry and, in particular, the rise in the Asian shipping industry.

Turnover of the PIL Group hit US\$2.0 billion in 2004, and the PIL Group has demonstrated its ability to withstand fluctuating economic conditions by remaining profitable even during the 1997/1998 Asian financial crisis and the downturn in the container shipping market in 2001/2002.

A formal credit rating on the Sponsor was carried out by Standard & Poor's, an established and reputable credit rating agency and the Sponsor was rated BBB. (See Appendix H, "A Brief Guide on Credit Ratings".)

The Trustee-Manager believes that the Charterer's established track record in container shipping, strength in intra-Asian trade, long track record in the Chinese market and strong financial performance enhance the creditworthiness of the Charterer and that the long-term Charter Agreements entered into between PST and the Charterer in respect of the Vessels will add stability to the flow of income into PST.

Exposure to growth in the container shipping segment

The Trustee-Manager intends to follow an investment strategy focused primarily on the container shipping segment. According to Drewry, the average growth rate in container seaborne trade was the highest in the shipping industry between 1994 and 2004, compared to other shipping segments like dry bulk, oil and gas shipping. In addition, container shipping seaborne trade has enjoyed consecutive years of positive growth since 1984. PST is expected to benefit from the exposure to growth in the container shipping segment, and in particular the growth potential of the Asian container shipping market. According to Drewry, container traffic in 2005 was estimated to account for more than 70.0% of international seaborne trade by value, with the rate of container traffic growth sustained by the growth of output and consumption and the trend of globalisation. In 2005, container throughput of the ports in Asia was the highest in the world, accounting for 53.0% of global container throughput, driven in particular by the growth of the PRC.

Container cargo volume worldwide has grown by an average rate of 14.0% and 15.0% per annum in the past five and 10 years respectively. In Asia, the volume of container trade grew by a higher average rate of 17.0% and 21.0% per annum in the past five and 10 years respectively. In addition, there has been positive growth in container volume every year since 1995 both worldwide and in Asia. (See "The Container Shipping Industry".)

⁸ Source: BRS – Alphaliner Top 100 Liner operators as at 1 January 2006.

Quality asset portfolio

PST will invest in vessels which are constructed by reputable shipbuilders with a good track record and certified by Classification Societies which are members of IACS, to ensure quality in the design and build of the vessels.

The initial portfolio of PST will comprise the Vessels acquired from the Sponsor upon Completion, of which four were built and delivered in 2005 and are less than a year old as at March 2006. The other four were built and delivered in 1999 and are approximately seven years old as at March 2006. Container vessels in general are expected to have useful lives of approximately 25 years and the global container fleet has an average age of 10.9 years as at March 2006. (See “The Container Shipping Industry”.) As such, PST will have a relatively young fleet of vessels in its initial portfolio.

The Vessels consist of two Panamax container vessels and six Handysize container vessels with a total slot capacity of 13,864 TEU. Four of the Handysize vessels are geared, which enables them to access ports with restricted shore crane facilities.

Given their smaller size, Panamax and Handysize container vessels are able to call at a large number of ports that are inaccessible to larger vessels. As such, the Vessels are very versatile in deployment and while they will be employed primarily in mid-haul and intra-Asian trades, the Panamax vessels can easily be deployed in complementary loops between Asia and Europe or North America when demand arises.

To ensure that the Vessels meet the requirements of international standards, the Vessels were engineered and constructed under close supervision by Shin Kurushima Dockyard Co., Ltd., an established medium-sized shipbuilding dockyard in Japan. The Trustee-Manager believes that investing in vessels constructed in reputable shipyards will support their value in the secondary market for container ships. Their designs are modern and the Vessels are specially designed for the carriage of container cargoes, including a reasonably large number of reefers. The cargo holds are permanently fitted with cell guides for ease of cargo operation. The workmanship of the Vessels is of a high quality which enhances durability of the Vessels, thus reducing the operating and maintenance costs which would otherwise be required.

The Vessels will be under the Charter Agreements which will be for periods of between eight to 10 years, with the Charterer being liable to pay a fixed amount of charter hire to PST on a monthly basis and for all operating costs and expenses during the tenures of the respective Charter Agreements.

Low comparative supply of vessels similar to the Vessels

According to Drewry, container vessels of under 4,000 TEU accounted for 54.5% of existing capacity as at March 2006, while the future supply of container vessels under 4,000 TEU capacity accounted for only 29.7% of the total container vessel orderbook as at March 2006.

The Trustee-Manager believes that Unitholders will benefit from the low comparative supply of vessels with capacities similar to those of the Vessels (which are vessels with capacities of under 4,000 TEU). The Trustee-Manager believes that this, coupled with the flexibility for deployment enjoyed by the Vessels due to their size and versatility, will provide Unitholders with stable income flow. (See “The Container Shipping Industry”.)

Scheduled pay-down of PST's borrowings expected to result in higher distributable income for Unitholders, while lowering PST's level of gearing over time

PST has secured the Term Loan Facilities from four banks, namely, DBS Bank, OCBC, DnB and HSH respectively as well as the RCF from DBS Bank. Save for the Term Loan Facility extended by DnB in relation to four of the Vessels (which is for a term of 10 years), the other Term Loan Facilities are for a term of 12 years each. The Term Loan Facilities will be drawn down on the date of Completion in an aggregate amount of US\$127.0 million to partly finance the acquisition of the Vessels.

The Term Loan Facilities require the amortisation and repayment of the Term Loan Facilities in monthly instalments commencing 30 June 2006 over 10 or 12 years, as the case may be, after which PST will be substantially free from debt (barring new acquisitions that involve debt financing) and will own the Vessels substantially unencumbered. PST is expected to benefit from the lowering of PST's gearing from the periodic scheduled repayments of outstanding amounts under the Term Loan Facilities and Unitholders are expected to benefit from an increased distributable income as a result.

(See "Strategy — Capital and Risk Management Strategy".)

Opportunities for income and capital growth via acquisitions of container vessels

The Trustee-Manager intends to pursue opportunities to acquire container vessels from both the Sponsor and third parties that can enhance PST's portfolio, diversify the asset base, and improve yields and returns to Unitholders. These acquisition opportunities will be evaluated in accordance with the Trustee-Manager's strategy of investing primarily in container shipping vessels. (See "Strategy — Acquisition Growth Strategy".) To enhance PST's pipeline of potential future acquisitions, the Sponsor has granted to PST the Right of First Refusal. With the shipping industry experiencing a shipbuilding boom and according to Drewry, between the middle of 2004 and March 2006, the container vessel orderbook more than doubled (see "The Container Shipping Industry"), established shipyards currently face capacity constraints in accepting new orders and new shipbuilders and shipyards have emerged in many countries without proven track record in shipbuilding. In this regard, the Trustee-Manager believes that PST has secured acquisition opportunities through the Right of First Refusal. (See "Certain Agreements relating to PST and the Vessels — Right of First Refusal Agreement".)

In addition to the Right of First Refusal, the Sponsor will continue to support and strengthen PST's acquisition pipeline by "warehousing" vessels acquired from third party sellers which fit within PST's investment strategy, prior to making these vessels available for potential future acquisition by PST.

Strong management team with container shipping market expertise

The Trustee-Manager believes that Unitholders will benefit from the experience of its Executive Officers in investing and managing container shipping vessels. The Executive Officers of the Trustee-Manager have extensive experience in the shipping and maritime business and have demonstrated track records in negotiating, structuring and financing investments in ships. (See "The Trustee-Manager — Executive Officers".)

Management Fees structured to incentivise the Trustee-Manager and align interests of the Trustee-Manager with those of Unitholders

The Management Fees payable to the Trustee-Manager have a performance-based element which is designed to align the interests of the Trustee-Manager with those of Unitholders, and to incentivise the Trustee-Manager to grow revenues. Under the Trust Deed, the Trustee-Manager is entitled to receive Management Fees of 4.0% per annum of the Charter Income in the relevant calendar year.

Any increase in the rate or any change in the structure of these fees must be approved by way of an Extraordinary Resolution duly passed by Unitholders. (See "The Trustee-Manager — Fees Payable to the Trustee-Manager".)

Enhanced corporate governance under the regime of the Business Trusts Act

Unitholders are expected to benefit from the stringent corporate governance requirements of the Business Trusts Act governing PST.

Corporate governance of companies and collective investment schemes are generally governed by the Code of Corporate Governance and, in the case of collective investment schemes, by the Code of Collective Investment Schemes. Where the company or collective investment scheme is listed, the rules of the Listing Manual also apply. The Code of Corporate Governance and the Code of Collective Investment Schemes only set out broad principles for guidance while the regime under the Business Trusts Act sets out the statutory requirements for, among other things, board composition of a trustee-manager, audit committee composition of a trust-manager and independence of directors of a trust-manager. (See “Corporate Governance”.)

High distribution payout ratio and quarterly distributions

Investors are expected to benefit from PST’s policy of distributing 100.0% of the Distributable Amount for the period commencing from the Listing Date to 31 December 2007 and to distribute at least 90.0% of the Distributable Amount thereafter. The actual proportion of the Distributable Amount distributed to Unitholders beyond 31 December 2007 may be greater than 90.0% to the extent that the Trustee-Manager believes it to be appropriate, having considered PST’s financing requirements and the stability of distributions.

Furthermore, investors are expected to enjoy regular and frequent distributions from PST that will be paid out quarterly.

THE VESSELS

Portfolio Overview

Container vessels are designed to carry containerised cargoes. The trade routes on which these vessels ply comprise either “point to point” services (where cargo is carried from origin to destination on the same vessel) or by an arrangement of mainline and feeder services using one or more hub ports. In the latter arrangement, the containers are carried by the mainline vessel between the hub ports and the pre-carriage and on-carriage is arranged by feeder vessels. The sizes of vessels in the global fleet vary widely with the largest mainline vessel exceeding 9,000 TEU (referred to as “**Super Post-Panamax**”) and the smallest feeder vessels being below 150 TEU.

The initial portfolio of PST will comprise two Panamax container vessels and six Handysize container vessels acquired from the Sponsor with a total slot capacity of 13,864 TEU. The Vessels will be bareboat chartered to the Charterer upon the Listing for periods of between eight to 10 years (and these Charter Agreements are subject to renewal on terms to be mutually agreed upon expiry thereof). Under these Charter Agreements, the Charterer will be liable to pay PST a fixed charter hire on a monthly basis and for all operating costs and expenses. Container vessels in general are expected to have useful lives of approximately 25 years and the Vessels have an average remaining useful life of 22.4 years.

While the supply of container vessels are also expected to grow, the supply is likely to be concentrated on the Post-Panamax⁹ vessels which primarily operate on the Asia-Europe and trans-Pacific trades/routes. (See “The Container Shipping Industry”.) Deployment of the large Post-Panamax vessels, owing to their massive size and the volume required to fill them, are generally restricted to the east-west routes between Asia and Europe or to the trans-Pacific routes to enable proper utilisation.

⁹ Post-Panamax vessels are container vessels exceeding 32 metres breadth that are too large to transit the Panama Canal, of a size range typically around 5,500 TEUs up to 7,000 TEUs. The maximum size of such vessels is continuously increasing. This class of vessel tends to work on trans-oceanic routes and the largest vessels now rival very large crude carrier tankers in terms of physical dimensions.

Generally, such large container liners will call exclusively at a few and very large hubs, ports and load centers at both ends of the route and the demand for Panamax and Handysize vessels for the pre-carriage and on-carriage will increase as a result.

Given their smaller size, Panamax and Handysize container vessels are able to call at a large number of ports that are inaccessible to the larger vessels. Four of the Handysize vessels are geared as well which enables them to access ports with restricted shore crane facilities. As such, the Vessels are very versatile in deployment and while they will be employed primarily in intra-Asian or African trades, the Panamax vessels can easily be deployed in complementary loops between Asia and Europe or North America if demand arises.

The Vessels are specially designed for carriage of container cargoes, including a reasonably large number of reefers. The cargo holds are permanently fitted with cell guides for ease of cargo operation.

PST's initial portfolio will, on the Listing Date, comprise the following types of vessels:

- **3,081 TEU (Panamax)** — This size is extremely versatile and can easily be referred to as the workhorse of the container shipping industry. The versatility of this class of vessels allows for flexible deployment and utilisation for routes covering intra-Asian trade, mid haul routes to the Indian sub continent, the Arabian Gulf, the Red Sea, all-water¹⁰ US East Coast and the Mediterranean.
- **1,454 TEU (Handysize)** — These geared vessels suitable to call at draft¹¹ restricted ports and ports without shore crane facilities such as African ports.
- **943 TEU (Handysize)** — These compact gearless vessels suitable for ports with extreme draft constraints and river ports such as Kolkatta, Chittagong and Bangkok. These vessels would be deployed to ports with shore crane facilities.

As at the date of this Prospectus, PST has not commenced any operations and as such there is no order book maintained by PST.

Certain information on the Vessels

For each Vessel, its capacity, the year it was built and its flag state are set out in the table below.

Vessel	Capacity	Year Built	Flag State
	(TEU)		
3,081 TEU (Panamax)			
Kota Kado	3,081	2005	Singapore
Kota Kaya	3,081	2005	Singapore
1,454 TEU (Handysize)			
Kota Anggerik	1,454	1999	Singapore
Kota Anggun	1,454	1999	Singapore
Kota Arif	1,454	1999	Singapore
Kota Azam	1,454	1999	Singapore
943 TEU (Handysize)			
Kota Rajin	943	2005	Singapore
Kota Rancak	943	2005	Singapore
Total	13,864		

¹⁰ Transportation of freight by ship only.

¹¹ The draft of a vessel is the vertical distance between the waterline and the underside of the keel of the vessel.

Gross Revenue

The daily charter rate, the charter tenure and the monthly Gross Revenue attributable to each Vessel are set out in the table below.

Vessel	Daily charter rate ⁽¹⁾	Charter tenure	Monthly Gross Revenue	Percentage of aggregate monthly Gross Revenue
	(US\$'000)	(Years)	(US\$ million)	(%)
3,081 TEU (Panamax)				
Kota Kado	17.7	9	0.5	18.7
Kota Kaya	17.7	9	0.5	18.7
1,454 TEU (Handysize)				
Kota Anggerik	11.0	8	0.3	11.6
Kota Anggun	11.0	8	0.3	11.6
Kota Arif	11.0	8	0.3	11.6
Kota Azam	11.0	8	0.3	11.6
943 TEU (Handysize)				
Kota Rajin	7.6	10	0.3	8.0
Kota Rancak	7.6	10	0.3	8.0
Total			2.9	100.0

Note:

(1) Under the Charter Agreements (see "Certain Agreements Relating to PST and the Vessels — Charter Agreements").

Valuation

The Vessels were valued by the Independent Valuer as at 9 February 2006. The Independent Valuer used recent comparable sales (*i.e.* vessels of similar age, type and condition or else has factored in difference in condition in its valuation) which it was aware of through its own direct contacts as well as from open market reports which it had received from others. (See Appendix D, "Independent Valuation Reports".) The valuation of each vessel acquired or to be acquired by PST is not performed after physical inspection or examination of the vessel's classification records, maintained by Classification Societies and the ship managers. The valuation of the Vessels is based on various assumptions (including those of the Vessels being in good and seaworthy condition, the sale being on a willing buyer and willing seller basis, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever), that the Vessels will be bareboat chartered to the Sponsor in accordance with the Charter Agreements and that terms of the Charter Agreements are valid and will remain in full force and effect. In arriving at the valuation, the Independent Valuer also considered the income stream to be generated under the Charter Agreements together with the residual value of the respective Vessels upon the expiry of the Charter Agreements. The valuation is given based on the market value of the Vessels as at 9 February 2006 and there can be no assurance that the valuation will be sustained thereafter. The above valuation methodology is based on customary methods used in the shipping industry which is different from methodology commonly used in valuing other asset classes, for example, real estate property. As the net book values of vessels are customarily not taken into account by valuers when valuing vessels, the valuation of the vessels may be different from their net book values. The Appraised Value of each of the Vessels is set out in the following table:

Vessel	Appraised Value⁽¹⁾	Percentage of aggregate Appraised Value	Charter Income/ Appraised Value⁽²⁾
	(US\$ million)	(%)	(%)
3,081 TEU (Panamax)			
Kota Kado	57.50	19.6	11.2%
Kota Kaya	57.50	19.6	11.2%
1,454 TEU (Handysize)			
Kota Anggerik	31.75	10.8	12.6%
Kota Anggun	31.75	10.8	12.6%
Kota Arif	31.75	10.8	12.6%
Kota Azam	31.75	10.8	12.6%
943 TEU (Handysize)			
Kota Rajin	25.50	8.7	10.9%
Kota Rancak	25.50	8.7	10.9%
Total	293.00	100.0	11.8%

Notes:

(1) See Appendix D, “Independent Valuation Reports”.

(2) Annualised.

Purchase Price of the Vessels

The table below shows the purchase price of the Vessels. (See “Certain Agreements Relating to PST and the Vessels — Memoranda of Agreement for the Vessels”.)

	Purchase Price (US\$) for Vessels based on the Offering Price of US\$0.45
3,081 TEU (Panamax)	
Kota Kado	53,182,594
Kota Kaya	53,182,594
1,454 TEU (Handysize)	
Kota Anggerik	29,366,041
Kota Anggun	29,366,041
Kota Arif	29,366,041
Kota Azam	29,366,041
943 TEU (Handysize)	
Kota Rajin	23,585,324
Kota Rancak	23,585,324
Total	271,000,000
Discount to Appraised Value	7.5%

Liquidity and Capital Resources

Net cash from operations will be PST's primary source of liquidity to fund distributions, servicing of debt, payment of expenses and other recurring capital expenditure, if any.

Taking into account the Term Loan Facilities and the RCF as at the date of this Prospectus, the Directors of the Trustee-Manager are of the opinion that PST's working capital is sufficient for its present requirements.

Marketing and Chartering Activities

In sourcing for potential charters to charter PST's container vessels, PST can utilise the Trustee-Manager's and/or the Sponsor's network, or may engage third party shipbrokers.

In the event that PST charters out any of its vessels on time charters which require engaging a ship manager to operate the vessels, the Trustee-Manager will compare terms offered by independent third party ship managers and the Sponsor. The Trust-Manager will not be obliged to engage the Sponsor to manage such vessels on time charters. In deciding which party to engage as the ship manager, Directors with an interest in the matter will abstain from participating in the selection process and voting on the selection of the ship manager.

Charter Agreements

The Baltic and International Maritime Council ("**BIMCO**") is the world's principal organisation responsible for the development of maritime contracts and other related forms.

The Charter Agreements are based on Barecon 2001 which is the standard bareboat charter party published by BIMCO and revised in 2001 (see "Certain Agreements Relating to PST and the Vessels — Charter Agreements"). PST intends to use internationally accepted standard forms for all its future charters.

Insurance

PST will, through the Charterer, obtain insurance coverage for all the Vessels in respect of Hull & Machinery, War Risks as well as P&I insurances during the respective tenures of the Charter Agreements.

In respect of P&I insurance, the vessels will be insured with for, *inter alia*, liability for loss of life, injury and illness, loss or damage to third party, loss or damage to cargo, liability in respect of wreck removal, oil spills, pollution claims and other terms of cover as per entry with the respective P&I clubs.

For damage arising from collisions or damage to third party vessels, damage to docks and buoys, these fall under the Hull & Machinery insurance.

The scope, extent and quantum of insurance coverage for Hull & Machinery and War Risks and for P&I insurance will be what the Trustee-Manager believes to be adequate to cover potential loss or liability in the event of any loss or damage to the Vessels or disruptions to PST's operations or both and is in line with companies operating in the same industry as PST.

(See also "Business and Vessels — Government Regulations and Policy".)

Legal Proceedings

None of PST and the Trustee-Manager is currently involved in any material litigation nor, to the best of the Trustee-Manager's knowledge, is any material litigation currently contemplated or threatened against PST or the Trustee-Manager.

Certain details on the Vessels

Name of Vessel	Kota Kado
IMO Number	9307396
Official Number	390897
Year and Port of Registry	2005, SRS
Gross Tonnage ("GT")	31070
Net Tonnage ("NT")	15648
Registered Dimensions (Length x Breadth x Depth)(metres)	220.5 x 32.2 x 17.1
Brake horsepower ("BHP")	1 x 21,735 kw
Speed	22 knots
Year of Keel-Laying	2004
Year of Delivery	2005
Classification	Nippon Kaiji Kyokai
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co., Ltd., Japan
Capacity (TEU)	3,081
Cargo Gear	Gearless
Appraised Value (US\$)	57,500,000

Name of Vessel	Kota Kaya
IMO Number	9307401
Official Number	390899
Year and Port of Registry	2005, SRS
Gross Tonnage ("GT")	31070
Net Tonnage ("NT")	15648
Registered Dimensions (Length x Breadth x Depth)(metres)	220.5 x 32.2 x 17.1
Brake horsepower ("BHP")	1 x 21,735 kw
Speed	22 knots
Year of Keel-Laying	2004
Year of Delivery	2005
Classification	Nippon Kaiji Kyokai
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co., Ltd., Japan
Capacity (TEU)	3,081
Cargo Gear	Gearless
Appraised Value (US\$)	57,500,000

Name of Vessel	Kota Anggerik
IMO Number	9175597
Official Number	388405
Year and Port of Registry	2003, SRS (Previous registration: 1999, SRS)
Gross Tonnage (“ GT ”)	17652
Net Tonnage (“ NT ”)	8156
Registered Dimensions (Length x Breadth x Depth)(metres)	170.33 x 28 x 14
Brake horsepower (“ BHP ”)	1 x 11,680 kw
Speed	19.0 knots
Year of Keel-Laying	1998
Year of Delivery	1999
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co., Ltd., Japan
Capacity (TEU)	1,454
Cargo Gear	2 x 40 mt
Appraised Value (US\$)	31,750,000

Name of Vessel	Kota Anggun
IMO Number	9175602
Official Number	388406
Year and Port of Registry	2003, SRS (Previous registration: 1999, SRS)
Gross Tonnage (“ GT ”)	17652
Net Tonnage (“ NT ”)	8156
Registered Dimensions (Length x Breadth x Depth)(metres)	170.33 x 28 x 14
Brake horsepower (“ BHP ”)	1 x 11,680 kw
Speed	19.0 knots
Year of Keel-Laying	1998
Year of Delivery	1999
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co., Ltd., Japan
Capacity (TEU)	1,454
Cargo Gear	2 x 40 mt
Appraised Value (US\$)	31,750,000

Name of Vessel	Kota Arif
IMO Number	9175614
Official Number	388407
Year and Port of Registry	2003, SRS (Previous registration: 1999, SRS)
Gross Tonnage (“ GT ”)	17652
Net Tonnage (“ NT ”)	8156
Registered Dimensions (Length x Breadth x Depth)(metres)	170.33 x 28 x 14
Brake horsepower (“ BHP ”)	1 x 11,680 kw
Speed	19.0 knots
Year of Keel-Laying	1998
Year of Delivery	1999
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co., Ltd., Japan
Capacity (TEU)	1,454
Cargo Gear	2 x 40 mt
Appraised Value (US\$)	31,750,000

Name of Vessel	Kota Azam
IMO Number	9182033
Official Number	388408
Year and Port of Registry	2003, SRS (Previous registration: 1999, SRS)
Gross Tonnage (“ GT ”)	17652
Net Tonnage (“ NT ”)	8156
Registered Dimensions (Length x Breadth x Depth)(metres)	170.33 x 28 x 14
Brake horsepower (“ BHP ”)	1 x 11,680 kw
Speed	19.0 knots
Year of Keel-Laying	1998
Year of Delivery	1999
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co., Ltd., Japan
Capacity (TEU)	1,454
Cargo Gear	2 x 40 mt
Appraised Value (US\$)	31,750,000

Name of Vessel	Kota Rajin
IMO Number	9296286
Official Number	390898
Year and Port of Registry	2005, SRS
Gross Tonnage (“ GT ”)	9678
Net Tonnage (“ NT ”)	4558
Registered Dimensions (Length x Breadth x Depth)(metres)	135.23 x 22.6 x 10.8
Brake horsepower (“ BHP ”)	1 x 6,150 kw
Speed	17.1 knots
Year of Keel-Laying	2004
Year of Delivery	2005
Classification	Nippon Kaiji Kyokai
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co., Ltd., Japan
Capacity (TEU)	943
Cargo Gear	Gearless
Appraised Value (US\$)	25,500,000

Name of Vessel	Kota Rancak
IMO Number	9296298
Official Number	390900
Year and Port of Registry	2005, SRS
Gross Tonnage (“ GT ”)	9678
Net Tonnage (“ NT ”)	4558
Registered Dimensions (Length x Breadth x Depth)(metres)	135.23 x 22.6 x 10.8
Brake horsepower (“ BHP ”)	1 x 6,150 kw
Speed	17.1 knots
Year of Keel-Laying	2004
Year of Delivery	2005
Classification	Nippon Kaiji Kyokai
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co., Ltd., Japan
Capacity (TEU)	943
Cargo Gear	Gearless
Appraised Value (US\$)	25,500,000

COMPETITION

Competition for Chartering Business

The container liner shipping industry is highly fragmented with many shippers, owners and operators of vessels and is characterised by intense competition. The industry is affected by developments in the major world economies that influence trade patterns and is fragmented among many global and regional carriers.

PST will be competing with shipowners such as Danaos Shipping Co. Ltd, Technomar Shipping Inc., Kotoku Kaiun Co. Ltd., Manfred Lauterjung Befrachtung GmbH, Thoresen & Co (Bangkok) Ltd., Jaya Holding Ltd., CIDO Shipping (Japan) Co. Ltd., and Celeste Holding Pte Ltd., Japanese trading houses, such as Mitsui Corporation, Sumitomo, Marubeni, Nichimen, Niso Iwai and other ship investment vehicles such as the KGs in Germany which mainly own vessels but do not operate them. Examples of such KGs are Continental Reederei, E.R. Schiffahrt GmbH & CIE KG, Leonhardt & Blumberg Reederei GmbH & Co KG, Nordcapiat Holding GmbH & Cie, KG, Norddeutsche Reederei H Schuldt GmbH & Co KG, Peter Dohle Schiffahrts KG, MPC Munchmeyer Petersen Steamship GmbH & Co KG and Reederei Claus-Peter Offen.

The Trustee-Manager believes that PST will be able to compete effectively based on the following competitive strengths:

- PST will be able to leverage on the Sponsor's network to offer PST's available vessels for chartering;
- PST's relatively young fleet requires less downtime for maintenance and repair than many of the older vessels currently in the market; and
- PST's fleet will comprise mainly vessels with physical attributes which enable them to be easily deployed for different trade routes and to a wide range of ports (which may be inaccessible to larger vessels) and PST's vessels will be able to meet the high demand for smaller vessels in the charter market.

PST's strategy is to leverage on a core portfolio of long-term bareboat charters that can provide Unitholders with steady cash flows, while at the same time, having the flexibility of deploying its vessels (whether these are new vessels acquired by PST or the Vessels upon the expiry of the Charter Agreements) selectively on shorter term charters to take advantage of market opportunities as and when they arise taking into consideration prevailing market conditions, the Trustee-Manager's assessment of the outlook on charter rates, PST's overall portfolio size and diversification, so as to be able to provide Unitholders with improved risk-adjusted cash flows.

PST's chartering strategy can also benefit from the Sponsor's established network of consortium partnerships with other container shipping operators to collaborate on providing joint container shipping services on selected shipping routes. The Trustee-Manager believes that these partnership networks provide opportunities for PST to charter vessels to the Sponsor's consortium partners when they require additional container vessel capacity.

Competition for Acquisitions

The Trustee-Manager expects that PST will face competition for the acquisition of vessels from shipping companies such as Danaos Shipping Co. Ltd, Technomar Shipping Inc., Kotoku Kaiun Co. Ltd., Manfred Lauterjung Befrachtung GmbH, Thoresen & Co (Bangkok) Ltd., Jaya Holding Ltd., CIDO Shipping (Japan) Co. Ltd., and Celeste Holding Pte Ltd with a focus on container vessels and other ship investment vehicles such as the KGs in Germany which mainly own vessels but do not operate them. PST may also face competition from the Sponsor, its subsidiaries, related corporations and associates given that they also own and operate container vessels. Competition will be keen given that the shipping industry is experiencing a shipbuilding boom and according to Drewry, between the middle of 2004 and March 2006, the container vessel orderbook more than doubled (see "The Container

Shipping Industry”). Established shipyards currently face capacity constraints in accepting new orders and new shipbuilders and shipyards have emerged in many countries without proven track record in shipbuilding. PST will face competition from other shipping companies in its acquisition of container vessels constructed by reputable shipbuilders with a good track record and in established shipyards and certified by Classification Societies which are members of IACS. Given further that in the shipping industry, acquisitions of vessels are generally time-sensitive, any potential acquisitions are likely to be largely dependent on PST’s ability to raise funds. As acquisitions by PST may potentially require Unitholders’ prior approval, this may adversely affect PST’s ability to raise funds quickly for its acquisitions and may result in time delay and uncertainty which may be viewed negatively by potential vendors and they may as a result prefer other potential purchasers to PST.

In addition to the Right of First Refusal, the Sponsor will continue to support and strengthen PST’s acquisition pipeline by “warehousing” vessels acquired from third party sellers which fit within PST’s investment strategy, prior to making these vessels available for potential future acquisition by PST. (See “Certain Agreements Relating to PST and the Vessels — Right of First Refusal Agreement”).

The Sponsor has also undertaken on behalf of itself and its subsidiaries not to compete with PST in the chartering business, subject to specific exceptions. (See “Certain Agreements Relating to PST and the Vessels — Non-Compete Agreement”).

GOVERNMENT REGULATIONS AND POLICY

The ownership, operation and/or management of ships is highly regulated, and is subject to international conventions, national, state, and local laws and regulations in force in the countries in which PST’s vessels may operate or are registered, as well as other applicable codes, guidelines and standards recommended by the IMO, the flag state governments, classification societies and maritime industry organisations. During the tenure of the Charter Agreements, the Charterer will be responsible for ensuring compliance with international conventions, national, state, and local laws and regulations as well as such codes, guidelines and standards for the operation and management of the Vessels currently in force or recommended as at the date of this Prospectus. If such conventions, national, state, and local laws and regulations or such codes, guidelines and standards were to change or new conventions, national, state, and local laws and regulations, or new codes, guidelines and standards were to be introduced after the date of this Prospectus, the Trustee-Manager and the Charterer will, taking into account the remaining term of the Charter Agreements, mutually agree on the measures to be taken and the party responsible for ensuring compliance with such revised or new requirements.

The IMO has adopted various international conventions, rules and regulations (collectively the “**IMO Regulations**”) which are in turn adopted and implemented by member states who have ratified or acceded to the IMO. Singapore, which is the flag state of all the Vessels, is a signatory member, as are most of the countries which the Vessels ply to.

Some of the relevant IMO Regulations which PST’s vessels are subject to are as follows:

- The International Convention for the Safety of Life at Sea (“**SOLAS**”);
- The International Convention for the Prevention of Pollution from Ships (“**MARPOL**”);
- The International Convention on Load Lines (“**LL**”);
- The International Management Code for the Safe Operation of Ships and for Pollution Prevention (“**ISM Code**”);
- The International Ship and Port Facility Security Code (“**ISPS Code**”); and
- The International Convention on Tonnage Measurement of Ships, 1969.

International Conventions

The SOLAS and the LL prescribe a series of regulations which deal with or relate to the safety of a vessel and its crew.

The MARPOL prescribes regulations which deal with or relate to pollution and environmental issues, including accidental or operational oil pollution, pollution caused by chemicals, cargoes or goods transported or sewage.

The IMO has adopted amendments to the MARPOL, which came into effect in May 2005, to address air pollution from ships, in particular to set limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibit deliberate emissions of ozone depleting substances such as chlorofluorocarbons.

ISM Code

The ISM Code provides an international standard for the safe management and operation of ships and for pollution prevention, which PST and its vessels must duly comply with.

The ISM Code requires the ship owner, or any other person who has assumed responsibility for the operation of the ship from the ship owner, such as the manager or the bareboat charterer, to develop, implement and maintain a Safety Management System (“**SMS**”) in relation to the ISM Code. The SMS should include, *inter alia*, the following requirements:

- a safety and environmental protection policy, to be implemented and maintained both ship based as well as shore based;
- instructions and procedures to ensure safe operation of the ships and protection of the environment in compliance with relevant international and flag state legislation;
- procedures for reporting accidents, or to prepare for and respond to emergency situations; and
- procedures for internal audits and reviews.

Each of the Vessels has been issued a Document of Compliance under the authority of the Government of Singapore, certifying that the SMS of the company has been audited and that it complies with the requirements of the ISM Code. Each Document of Compliance is valid until 2009, subject to periodical verification. Before the expiry of the validity period of the Document of Compliance, the company will be subject to an audit by an external party (such as Nippon Kaiji Kyokai or Lloyd’s Register) authorised by the Government of Singapore and subject to the company passing such audit, the renewed Document of Compliance may be issued by such external party on behalf of the Government of Singapore.

In addition, each of the Vessels has been issued a Safety Management Certificate under the authority of Nippon Kaiji Kyokai or Lloyd’s Register (as the case may be), certifying that the SMS of the ship has been audited and that it complies with the requirements of the ISM Code. Each Safety Management Certificate is valid for a prescribed period, subject to periodical verification. A table listing the period of validity of the Safety Management Certificate issued to each Vessel is set out below. Before the expiry of the relevant Safety Management Certificate of each vessel, the vessel would be submitted for audit by an auditor or organisation approved by the Government of Singapore and subject to the vessel passing such audit, the renewed Safety Management Certificate may be issued by the surveyor on behalf of the Government of Singapore.

Vessel

Validity of Safety Management Certificate

Kota Kado

up to 25 October 2010

Kota Kaya

up to 6 December 2010

<u>Vessel</u>	<u>Validity of Safety Management Certificate</u>
Kota Anggerik	up to 9 December 2010
Kota Anggun	up to 27 November 2010
Kota Arif	up to 13 January 2009
Kota Azam	up to 27 November 2008
Kota Rajin	up to 28 November 2010
Kota Rancak	up to 31 July 2006

PST is subject to annual audits, which is usually conducted by a Classification Society, Nippon Kaiji Kyokai or Lloyd's Register (as the case may be), on behalf of the Government of Singapore, to ensure its SMS complies with the requirements of the ISM Code. If PST fails an audit, its Document of Compliance may be withdrawn and it will then be disallowed from managing those types of vessels for which the Document of Compliance has been issued.

Likewise, the Vessels are required to be externally audited once every two and a half years by Nippon Kaiji Kyokai or Lloyd's Register (as the case may be) on behalf of the Government of Singapore, to ensure that the SMS implemented on board the Vessels complies with the requirements of the ISM Code. If a vessel fails an audit, its Safety Management Certificate may be withdrawn and the vessel will be unable to operate pending a reinstatement of the certification.

None of the Vessels, while under the ownership of the Sponsor, has failed an audit or had its Safety Management Certificate revoked or withdrawn.

ISPS Code

In view of growing threats from terrorist activities, amendments were made to the SOLAS dealing specifically with maritime security, most of which are contained in the ISPS Code and imposes various detailed security obligations on vessels and port authorities, which came into effect on 1 July 2004.

Among the various requirements are onboard installation of automatic information system, or AIS, to enhance vessel-to-vessel and vessel-to-shore communications, on-board installation of ship security alert systems, the development of vessel security plans, and compliance with flag state security certification requirements.

As such regulations apply to all the Vessels, the necessary systems have been installed and ship security plans developed to ensure that all vessels owned, operated and managed by PST comply with the various security measures addressed by the SOLAS and the ISPS Code.

All the Vessels have obtained a valid International Ship Security Certificate that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code.

The International Convention on Tonnage Measurement of Ships 1969

The International Convention on Tonnage Measurement of Ships, 1969, adopted by IMO in 1969, establishes a universal tonnage measurement system. Ship tonnage often forms the basis for port and other dues, manning regulations, safety rules and registration fees. The convention provides for gross and net tonnages, both of which are calculated independently.

Inspection by Classification Societies

Classification Societies are independent, self-regulating, externally audited bodies. A new vessel is classified by a technical review of its design plans and related documents to verify compliance with the applicable rules of the Classification Society as well as attendance at its construction in the shipyard by a Classification Society surveyor(s) to verify that the construction is in compliance with the applicable rules of the Classification Society. In view of the operational elements covered by classification of vessels, PST will only invest in vessels certified by major Classification Societies which are members of IACS such as American Bureau of Shipping, Bureau Veritas, China Classification Society, Det Norske Veritas, Germanischer Lloyd, Lloyd's Register and Nippon Kaiji Kyokai.

In this respect, all the Vessels are certified as being "in class" by Nippon Kaiji Kyokai or Lloyd's Register (as the case may be), which is a Classification Society being a member of IACS and recognised by Singapore.

Every seagoing vessel is required to be "classed" by a Classification Society, who will certify that the vessel is "in class" signifying that the vessel has been built and is being maintained in accordance with the rules of the Classification Society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a signatory.

In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the Classification Society will also undertake them on application or by official order, acting on behalf of the authorities concerned.

The Classification Society may also undertake on request such other surveys that are required by regulations and requirements of the flag state. These surveys are subject to agreements made between the vessels' Classification Society and the flag state concerned and/or to the regulations of the flag state.

For maintenance of the class, regular and special surveys of hull and machinery, including the electrical plant, safety equipment, communication equipment and any special equipment classed, are required to be performed according to the following schedule:

- **Annual Surveys.** This is conducted at intervals of 12 months (from the commencement date of the class period) for the hull and machinery (including the electrical plant, safety equipment, communication equipment and any special equipment classed).
- **Intermediate Surveys.** Intermediate surveys, which are extended annual surveys, are normally conducted two and one-half years after each class renewal, and usually carried out on the second or third annual survey.
- **Class Renewal or Special Surveys.** This is conducted at such intervals indicated by the type or classification for the hull of the vessel, and is usually carried out every four to five years. In a special survey, apart from the usual survey of hull and machinery, including the electrical plant, safety equipment, communication equipment and any special equipment classed, the vessel is thoroughly examined to determine the integrity of the structure, in particular the thickness of the steel structure. If there is excessive wear and tear suffered by the vessel, substantial cost may have to be incurred to reinforce the steel structure in order to ensure the vessel passes the survey.

The Classification Society may grant a one-year grace period for the completion of the special survey. In addition, the Classification Society may agree with the ship owner on an arrangement whereby the vessel is subject to a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle (subject to any grace period granted) according to an agreed schedule on a staggered basis.

Vessels are required to be drydocked, usually twice in five years, for survey of the underwater parts and for repairs related to the inspections.

If any defects are found by the classification surveyor during any survey of the ship, he may require an immediate repair to be carried out. If, however, the surveyor considers it safe for the vessel to continue in service without an immediate repair, the surveyor will issue a condition of class, which will require the defect to be rectified by the ship owner within prescribed time limits. Any conditions of class must be repaired at the due time set out by the surveyor(s).

All insurance underwriters, make it a condition for insurance coverage that a vessel be certified as “in class” by a Classification Society. In addition, charterers will impose as a condition of the charter contract, that the vessel under charter must be duly certified by a Classification Society.

Flag state

The flag state, as defined by the United Nations Convention on Law of the Sea, has overall responsibility for the implementation and enforcement of international maritime regulations for all ships granted the right to fly its flag. The “Shipping Industry Guidelines on Flag State Performance” evaluates flag states based on factors such as sufficiency of infrastructure, ratification of international maritime treaties, implementation and enforcement of international maritime regulations, supervision of surveys, casualty investigations and participation at IMO meetings. The flag state of all the Vessels is Singapore. Singapore-flagged vessels generally receive a good assessment¹² in the shipping industry. PST recognises the importance of a credible flag state and will not use flags of convenience or flag states with poor performance indicators.

BUSINESS PROSPECTS

The Trustee-Manager expects that for the current financial year, PST’s business revenue will be derived primarily from the Charter Income generated by the Vessels pursuant to the Charter Agreements. Save as disclosed in this Prospectus and based on the prevailing market condition as at the date of this Prospectus, the Trustee-Manager is not aware of any event which may materially affect PST’s business prospects in the current financial year.

¹² “2004 Update of Shipping Industry Flag State Performance Table” updated by the Round Table of International Shipping Associations (BIMCO, International Association of Dry Cargo Shipowners, the International Chamber of Shipping/ International Shipping Federation and International Association of Independent Tanker Owners). None of the members of the Round Table of International Shipping Associations has provided its consent, for purposes of Section 282I of the Securities and Futures Act, to the inclusion of the information extracted from the relevant report published by it and they are thereby not liable for such information under Sections 282N and 282O of the Securities and Futures Act. While the Trustee-Manager and the Underwriter have taken reasonable actions to ensure that the information from the relevant report published by the Round Table of International Shipping Associations is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Trustee-Manager and the Underwriter nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

THE CONTAINER SHIPPING INDUSTRY

This section is prepared by Drewry Shipping Consultants Limited (“**Drewry**” or the “**Independent Market Research Consultant**”) in respect of the international container shipping industry and for the purpose of inclusion in this Prospectus and for the Listing.

The information and data in this section relating to the international container shipping industry is taken from Drewry’s databases and other sources available in the public domain. Drewry has advised the Trustee-Manager that this section accurately describes the international container shipping industry, subject to the availability and reliability of the data supporting the statistical and graphical information presented. Drewry’s methodologies for collecting information and data, and therefore the information discussed in this section, may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the container shipping industry. The source of all tables and charts is Drewry’s unless otherwise indicated.

Overview

An ever-increasing proportion of cargo shipped around the world today is containerised, in other words, packed and sealed in a container, and transported by one or more of a number of modes, including rail, sea or road. Containers have become an important component of rail, road and maritime transportation by permitting the mechanised handling of cargoes of diverse types and dimensions that are placed into boxes of standard dimensions. There are numerous advantages of containerisation which have contributed to the success of containers in international transportation, including increased flexibility, speed and security and reduced costs. The usage of containers offers a higher fluidity of cargo movements and standardisation of loads than transportation by other means.

Carriers operate regular container shipping services by arranging container vessels to call at a number of fixed ports according to a fixed sequence of port calls. The carriers usually provide such services at regular intervals, thereby forming a cyclical shipping route which provides services to a particular port on a fixed day every week. A trade lane may include a number of cyclical shipping routes, which makes it possible to provide multiple weekly shipping services at major ports on that trade lane. At those major ports where significant volumes of cargoes are transacted, direct port calling services for larger vessels are normally provided by carriers. At other smaller ports and ports that are not close to the main lanes, such services are normally provided by smaller feeder vessels, the same class as PST’s vessels. Under normal circumstances, carriers may select certain hub ports at strategic locations for transshipment of container cargoes between large ocean vessels and small feeder vessels. Most ocean carriers use a combination of owned and long-term and short-term chartered vessels in order to optimise the stability and flexibility of their vessel fleets.

Traditional “port-to-port” container transportation services involve the provision of maritime transportation from one port to another port. However, recent trends have shown that container shipping has developed beyond “port-to-port” transportation, and larger carriers now increasingly provide an integrated intermodal “door-to-door” service, which consists of maritime “port-to-port” services, together with the additional provision of land-based transportation services via truck, rail and/or barge, to transport cargoes from an inland place of supply to an inland place of demand. These “door-to-door” services represent a core part of global supply chains of customers, and include services ranging from planning, implementation and control of transportation, warehousing management, packaging, delivery, to freight agency of the cargoes from the place of supply to the place of demand. This development of “door-to-door” services has created a container shipping value chain, the major links of which are container shipping, container terminals, container leasing, freight forwarding, shipping agency and logistic services. Container shipping therefore occupies an increasingly important position in world trade.

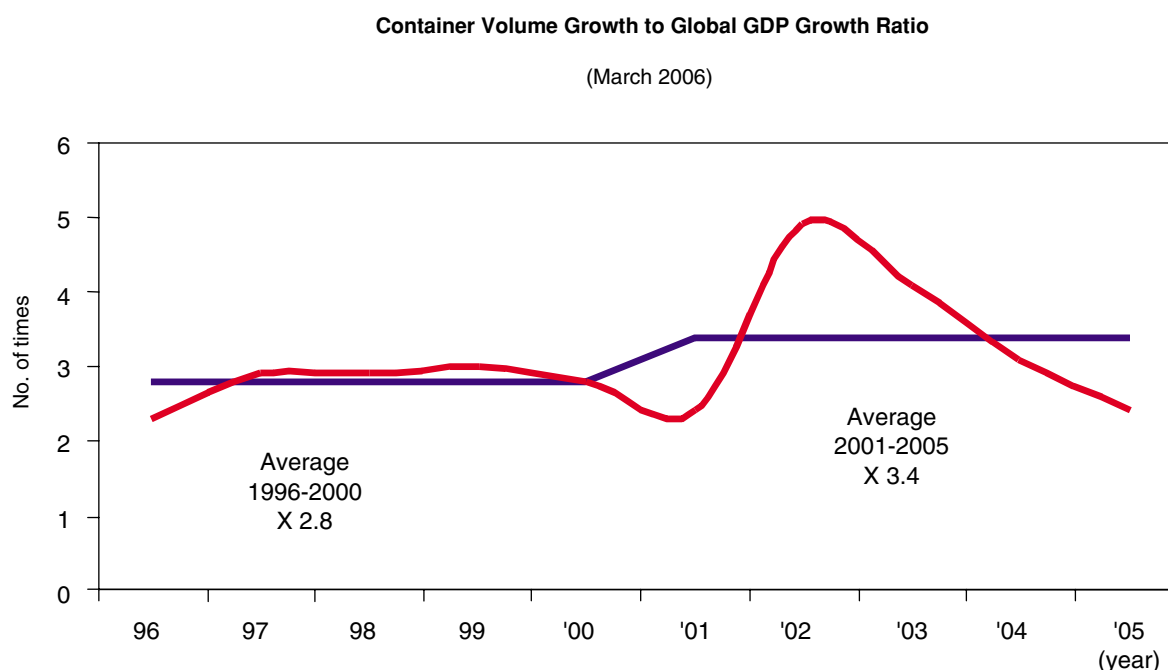
Growth of Container Shipping Industry

Since its introduction in the 1960s, container shipping has continued to grow rapidly and has become the major mode of international transportation for a wide range of industrial and consumer cargoes, including raw materials and finished and semi-finished consumer products.

Container volume growth is driven by three principal forces, namely, the overall economic climate, volume of trade and containerisation of cargoes. From 1996 to 2005, the average annual growth rate of worldwide container throughput has grown close to 11.0%. Growth in container volume has been particularly strong in Asia, in particular in the PRC, with an annual growth rate of approximately 28.5% during the last decade, making the PRC number one in terms of world growth.

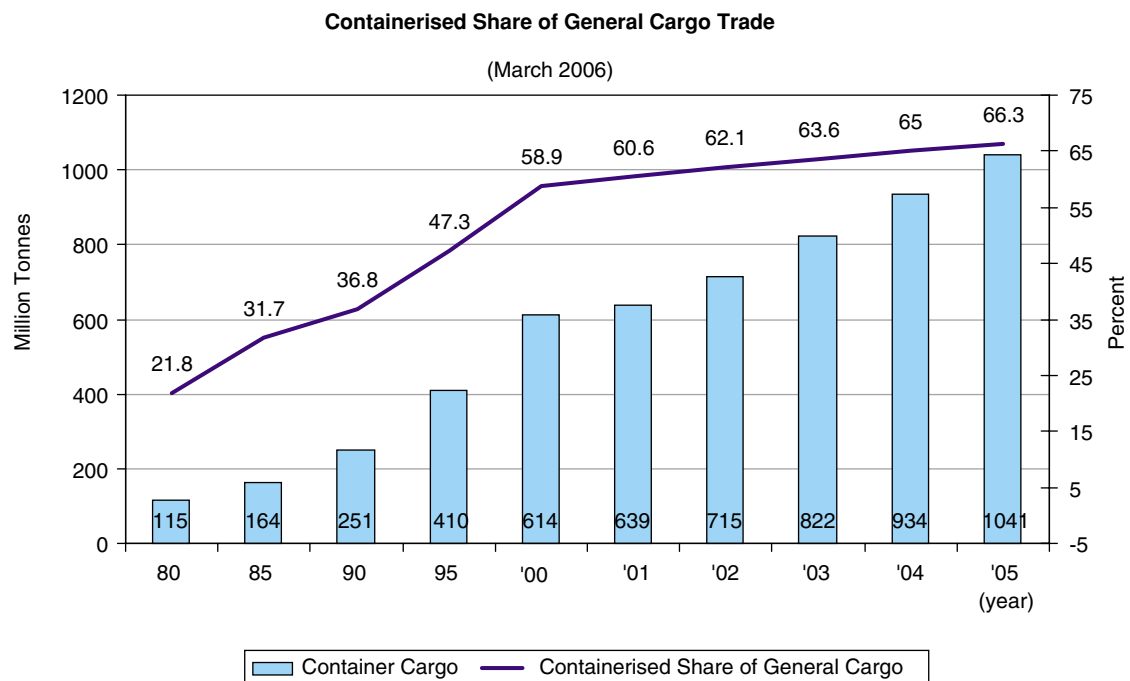
In 2005, container throughput of the ports in Asia was the highest in the world at 212 million TEU, representing an increase of 207.0% from 1995. Asia now accounts for 53.0% of global container throughput. During the period from 1999 to 2005, for every 1.0% gain in global GDP, there was a corresponding approximate increase of 2.8% in global container volumes. The rate of container volume growth relative to GDP growth has been even higher in the PRC. During the same period from 1999 to 2004, the PRC experienced GDP growth on average of 8.3% per year and corresponding container volume growth on average of approximately 29.5% per year; representing container volume growth of approximately 3.6% for every 1.0% gain in GDP.

In 2005, approximately 1,041 million tons of containerised cargo was transported by sea, comprising about 25.0% (in tonnage terms) of all dry seaborne trade. Container traffic is estimated to account for more than 70.0% of international seaborne trade by value. The rate of container traffic growth has been sustained not only by the growth of global output and consumption, but also by the trend of globalisation. The chart below shows growth in global GDP compared with container traffic growth for the period from 1996 to 2005.



Source: Drewry

Based on the chart below, worldwide container volume grew at an average annual rate of 14.0% and 15.0% per annum in the past five and 10 years, respectively.

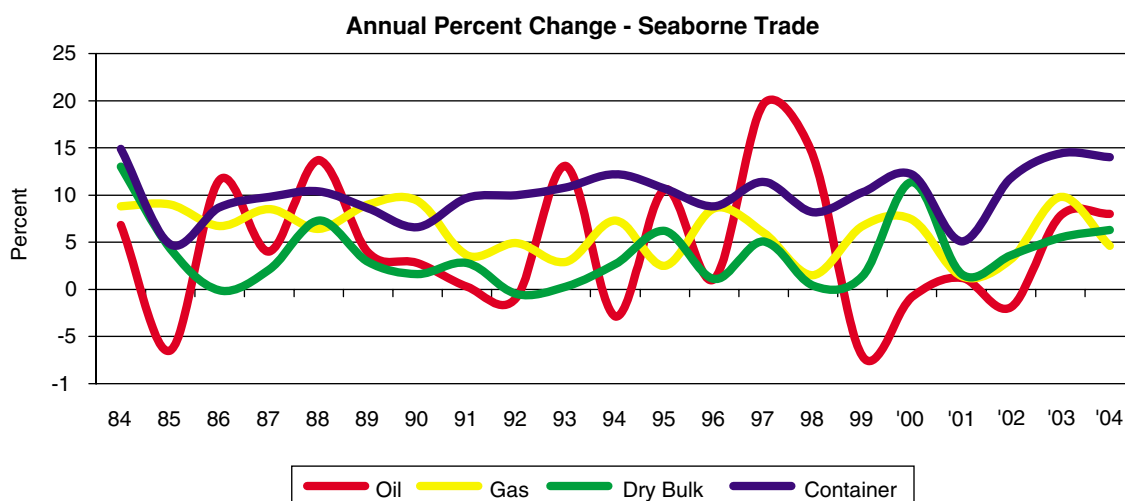


Source: Drewry

World container trade is primarily driven by the growth of output and consumption. As such, it is directly dependent on levels of economic growth. Hence regional and national GDP serve as one of the better indicators of future container volumes. However, there are several additional structural factors that may impact global container trade, such as facilitating changes in the manufacturing and distribution processes that have accompanied globalisation. The ability to transport goods by container has enabled manufacturing to move away from traditionally high cost production areas, such as Japan, Western Europe and North America, to lower cost production areas, such as the PRC, without sacrificing the quality of the distribution process to the primary consumer markets and incurring higher freight costs.

The recent high rate of growth in container shipping has been sustained by the increasing penetration of the general cargo market by container line operators rather than an increase in the size of the overall general cargo market itself. The container shipping industry has thus benefited from a modal shift in cargo transport away from traditional forms of carriage and towards unitisation.

Container shipping has been the fastest growing sector of international shipping, as can be seen from the chart below, and has enjoyed consecutive years of growth since 1984.



Source: Drewry

The container shipping seaborne trade has the highest average growth with lowest volatility vis-à-vis other segments in the shipping industry like dry bulk, oil and gas shipping. In addition, container shipping seaborne trade has enjoyed consecutive years of positive growth since 1984.

The Container Shipping Industry in Asia

Among the service industries in Asia, the international container shipping industry was one of the earliest industries to be opened up by governments to foreign competition. As a result, since the late 1990s, major international container liners companies have entered Asian markets and opened extensive direct routes to the PRC and other destinations in Asia. In particular, since its accession to the World Trade Organisation in 2001, the PRC has adopted new liberalisation policies in maritime services and port construction, and foreign shipping operators are now permitted to operate international transportation services along routes calling at ports in the PRC.

Growth in the container shipping industry in Asia has been driven, in particular, by the PRC's growing importance as an outsourcing centre and manufacturing base, as well as by the growth, generally, in both the domestic and foreign trade of the region as a whole.

Benefiting from lower production costs and a plentiful supply of cheaper labour compared with more developed countries, and an increasingly sophisticated transportation infrastructure. Asian countries have become an attractive place for investors to set up outsourcing centres and manufacturing bases. The increasing trend for investors to use the PRC and other Asian countries as an outsourcing centre and a manufacturing base has led, among other things, to an increased level of foreign direct investment, in particular, in the Asian manufacturing sector. Moreover, the PRC in particular is currently undergoing the economic development stage of shifting output from low-value, low-capital manufactured goods to higher-value, high-capital goods such as machinery, automotive parts and optical electronics, and this is expected to help stimulate both import and export trade flows.

During 2005, the container throughput of ports in the PRC reached 72.5 million TEU, ranking first in the world and accounting for approximately 18.2% of the total throughput of the world's container terminals. With the PRC's growing importance in the international container shipping industry, a new pattern in global container shipping is emerging, with the United States, the PRC and the European Union acting as the three core markets.

The chart below illustrates the significant growth in container throughput in Asia, and Asia's share of global container throughput, during the period from 1995 to 2005. Asian container trade volume grew at an average of 17.0% and 21.0% per annum in the past five and 10 years respectively.



Source: Drewry

In the global container shipping market, the eastbound and westbound trade routes have the largest traffic volumes, among which the three major container routes are the trans-Pacific (Far East/North America), Far East/Europe and the trans-Atlantic (North America/Europe) trade routes.

According to Drewry, these routes collectively accounted for approximately 33.3% of the global container trade volume in 2004. The volume of intra-regional trading in Asia is also significant, as is trading between the Asian, European and North American markets and the Australian, African and Central/South American markets.

The table below sets out the historical growth rates for 2000 to 2005, in container volumes for the three main eastbound and westbound trade routes, including the trans-Pacific (Far East/North America), Far East/Europe and the trans-Atlantic (North America/Europe) trade routes.

Year	Trans-Pacific				Far East		North Europe		Trans-Atlantic			
	East-bound	Annual Growth	West-bound	Annual Growth	West-bound	Annual Growth	East-bound	Annual Growth	East-bound	Annual Growth	West-bound	Annual Growth
	'000 TEU	%	'000 TEU	%	'000 TEU	%	'000 TEU	%	'000 TEU	%	'000 TEU	%
2000	7,47	14.6%	3,791	9.8%	4,077	6.0%	2,678	10.5%	1,487	0.1%	2,180	11.1%
2001	7,400	2.1%	3,655	3.6%	4,075	0.0%	2,822	5.4%	1,466	1.4%	2,119	-2.8%
2002	8,975	21.3%	3,952	8.1%	4,432	8.8%	2,987	5.9%	1,476	0.7%	2,216	4.6%
2003	9,864	9.9%	4,399	11.3%	5,206	17.5%	3,255	9.0%	1,585	7.4%	2,166	-2.2%
2004	11,406	15.6%	4,707	7.0%	6,064	16.5%	3,701	13.7%	1,724	8.8%	2,299	6.1%
2005	12,777	12.0%	5,162	9.7%	6,690	10.3%	3,941	6.5%	1,830	6.1%	2,405	4.6%
Average		12.6%		8.3%		9.9%		8.5%		4.1%		3.6%

Source: Drewry

According to Drewry, the trans-Pacific routes and the Far East/Europe routes are the largest container trade routes in terms of container volumes shipped. The above table illustrates that there are significant imbalances between the eastbound and westbound container trades on the trans-Pacific and the Far East/Europe routes. The eastbound and westbound trade routes imbalances in the Trans-Pacific market suggest more loaded containers (in terms of TEU) are being shipped into North America than are being shipped out. According to Drewry, the PRC continues to be the main cause of this imbalance, as containerised exports from the PRC to the United States rose by over 30.0% in 2004. Similarly, the eastbound and westbound trade routes imbalances in the Far East/Europe market suggest more loaded containers (in terms of TEU) are being shipped into Europe than are being shipped out. According to Drewry, this trade route has benefited from the considerable outsourcing activities that have been taking place in the PRC and the increased movement of machine tools, industrial equipment, semi-assembled goods and raw materials.

In total, the intra-Asian container trade (incorporating the South-East Asia and North-East Asia sectors) is the largest market in the world in terms of pure cargo volume, and is estimated to account for almost 30.0% of global loaded moves. The trade is broadly estimated at just over 29.0 million TEU in 2004 — inclusive of several important domestic coastal and inter-island routes in countries such as China, Japan, Indonesia, the Philippines and Malaysia — excluding the substantial feeder trade which is believed to be at least 15.0 million TEU.

To support this enormous cargo volume, there is a formidable range of shipping services provided by a massive number of lines — over 200 carriers being active in the market in 2002, for instance, ranging from small single-route specialists to the very largest main-line operators. The regional specialists are believed to be the primary force ahead of the deep-sea, global operators.

The intra-Asian trade is, however, exceedingly complex, making both cargo and capacity assessments problematic, not least because many main-line deep-sea vessels are engaged in the trade on a marginal basis loading and discharging intra-Asian cargo at main ports as they transit the region.

Moreover, even amongst the specialist carriers, individual vessels can be carrying a variety of cargo types on each voyage — *e.g.* cabotage (domestic); in house feeder; third party feeder; and local (intra-Asia) import or export cargo.

Container Vessel Supply and Demand

There are a number of factors which affect the global levels of supply and demand for container shipping. Container shipping supply is primarily influenced by the size of the world container vessel fleet. Increases in the size of the world fleet are driven mainly by new-build vessels delivered by shipyards. On the other hand, decreases in the size of the world fleet are caused by scrapping of vessels, blocked vessels due to, for example, port congestion or using vessels for storage purposes. The productivity of the world fleet, in terms of, for example, speed and space utilisation and changes in productivity, also influence the supply of container shipping.

Demand for container shipping is primarily influenced by the world economy and world trade. The economic development of countries or regions such as the United States, the European Union, the PRC and Japan are of particular importance to world trade and, of these, the PRC has shown the highest growth in exports and imports in recent years. Demand for container shipping may also be affected by political and social factors such as wars and strikes, which can lead to disturbances in the container shipping market. The inter-relationship of all these different factors contributes to the supply and demand balance in the global container shipping industry, which generally impacts on the profitability of container shipping companies.

Container Vessel Supply

In March 2006, the world fleet of cellular container vessels consisted of 3,641 vessels totalling almost 8.1 million TEU in capacity. It should be noted, however, that these figures are based on nominal capacity and exclude a sizeable portion of multi-purpose and ro-ro capacity, which have container carrying capability. Cellular vessels in this context are taken to include full container vessels, while multi-purpose refer to ships that combine some container capacity with general cargo capabilities. "Ro-ro's" refer to roll-on-roll-off vessels with container capacity. These latter two categories are excluded from the container fleet definition, as there is no precise way to measure the container carrying capacity of these ships.

The following table presents the world container vessel fleet by size range as at March 2006. Vessels smaller than 4,000 TEU account for 54.5% of existing capacity.

World Container Vessel Fleet by Size Range
(March 2006)

Size Range (TEU)	No. of Vessels	%	Total Capacity (TEU)	%	Average Speed (Knots)	Average Age (Years)
<500	446	12.2%	137,690	1.7%	14.0	19.9
500-999	673	18.5%	483,947	6.0%	16.8	10.7
1,000-1,499	538	14.8%	636,039	7.8%	18.3	12.3
1,500-1,999	441	12.1%	747,870	9.2%	19.7	10.5
2,000-2,499	295	8.1%	673,557	8.3%	20.7	10.0
2,500-2,999	280	7.7%	760,786	9.4%	21.6	10.0
3,000-3,999	290	8.0%	990,109	12.2%	22.5	11.8
4,000-4,999	300	8.2%	1,320,398	16.3%	24.0	6.3
5,000-5,999	202	5.5%	1,100,774	13.6%	25.2	3.4
6,000-6,999	88	2.4%	568,402	7.0%	25.2	3.8
7,000-7,999	41	1.1%	302,008	3.7%	25.0	3.2
8,000+	47	1.3%	395,409	4.9%	25.3	0.4
Total	3,641	100.0%	8,116,989	100.0%	19.6	10.9

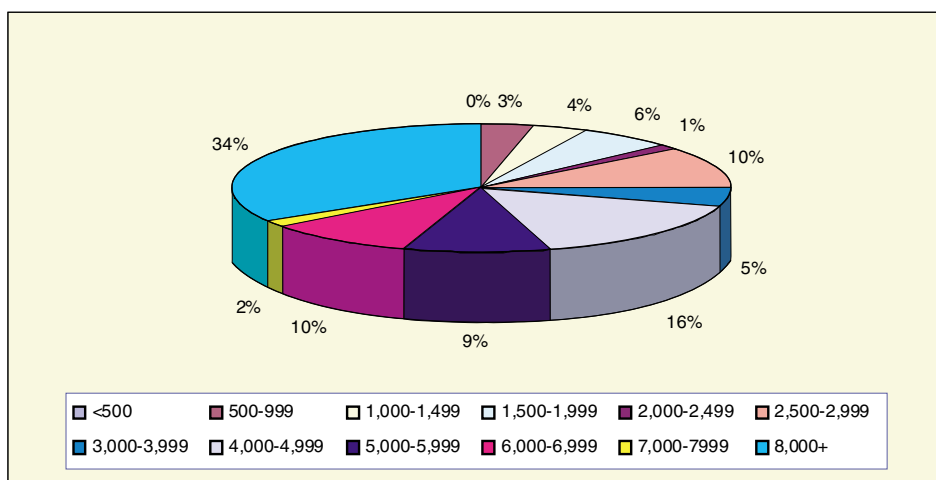
Source: Drewry

In March 2006, the container vessel orderbook was equivalent to 52.5% of the existing cellular fleet. However, the orderbook currently spans four years, which means that the annual growth in supply will be close to 14.0%. Since the middle of 2004, the container vessel orderbook has more than doubled.

Demand for larger vessels with carrying capacities greater than 5,000 TEU has increased, with 2.32 million TEU on order and scheduled for delivery between now and 2010. Over the past couple of years many liner companies have shown a preference for larger ships, with vessels over 8,000 TEU accounting for 33.5% (1.43 million TEU) of the total container vessel orderbook. As such, the contribution of this sector to global fleet capacity is expected to increase over the coming years. Orderbooks in the sub panamax and handy sectors by comparison are much smaller in relation to the size of the existing fleets within these segments.

The following chart presents the composition of the orderbook by vessel size range as at March 2006 and the subsequent table illustrates the container vessel orderbook by vessel size for the scheduled delivery years indicated. The orderbook for container vessels of less than 4,000 TEU capacity accounts for 29.7% of the total orderbook, even though they account for 54.5% of existing capacity.

Container Vessel Orderbook by Size Range - March 2006



Source: Drewry

**Containership Orderbook by Size and Scheduled Delivery Year
('000 TEU at March 2006)**

TEU Range	2006	2007	2008	2009	2010	Total	% of Total	Current Fleet	% of Current Fleet
<500	1	2	1	0	0	3	0.1	138	2.1%
500-999	66	47	23	4	0	140	3.3	484	29.0%
1,000-1,499	76	54	34	0	0	164	3.8	636	25.8%
1,500-1,999	55	92	94	14	0	255	6.0	748	34.1%
2,000-2,499	23	24	5	0	0	52	1.2	674	7.7%
2,500-2,999	149	139	125	21	0	435	10.2	761	57.2%
3,000-3,999	64	95	55	4	0	217	5.1	990	21.9%
4,000-4,999	174	218	264	21	0	678	15.9	1,320	51.3%
5,000-5,999	102	124	165	11	0	403	9.4	1,101	36.6%
6,000-6,999	92	97	215	13	0	417	9.8	568	73.4%
7,000-7,999	36	36	0	0	0	71	1.7	302	23.6%
8,000+	468	377	407	131	48	1,430	33.5	395	361.7%
Total	1,307	1,303	1,389	218	48	4,265	100.0	8,117	52.5%

Source: Drewry

Top Containership Companies

According to Drewry, there are approximately 500 liner companies operating in the international container shipping market. As at 1 November 2005, approximately 64.0% of the operating capacity of the global container shipping market was under the control of the 20 largest container shipping companies. The table below sets out the top ten global container shipping lines, ranked by operating capacity, according to Drewry as at 1 November 2005.

Top Ten Container Vessel Operators

(Includes vessels on charter)

Company	Ranking	Total Fleet TEU	Ships	Orderbook TEU	Ships
World Fleet		9,962,109	7,890	4,252,831	1,128
Maersk Sealand	1	1,008,487	347	478,119	87
Mediterranean Shipping Co SA	2	779,601	275	268,302	37
P&O Nedlloyd Ltd	3	435,492	142	154,870	24
CMA CGM SA	4	404,060	148	340,978	63
Evergreen Marine Corp (Taiwan) Ltd	5	343,628	119	27,719	4
China Shipping Container Lines Co Ltd	6	336,587	116	145,690	18
APL Ltd	7	323,322	104	89,908	26
Cosco Container Lines Ltd	8	316,459	122	209,679	24
Hanjin Shipping Co Ltd	9	310,485	76	69,100	12
NYK Line	10	255,993	77	146,600	25

Source: Drewry (derived from industry sources)

Container Vessel Demand

Global container vessel trade has increased every year since the introduction of unitisation or containerisation of long haul shipping routes in the late 1960s. Since 1980, annual container movements have increased by over seven times, and port handling has risen by nearly nine times. The following table shows the development of world container port throughput (throughput consists of both loaded and empty containers and containers in transshipment) in different regions for the periods indicated.

Container Port Throughput

(In thousand TEU, including empty containers and transshipments)

	1980	1990	1995	2000	2001	2002	2003	2004	2005
Asia	11,392	36,793	68,781	115,916	123,174	141,285	164,338	192,148	211,631
North America	9,531	16,659	22,160	30,824	31,212	34,212	37,463	40,781	44,241
Western Europe	11,750	22,539	32,016	51,701	52,797	57,736	63,326	70,773	76,603
<i>North Europe</i>	8,644	15,983	21,562	31,655	31,983	34,481	37,410	41,969	45,829
<i>South Europe</i>	3,106	6,556	10,454	20,047	20,814	23,255	25,916	28,805	30,773
Mid East	1,943	3,583	6,703	11,092	12,328	13,642	16,194	20,057	22,796
Lat America	2,351	5,046	10,015	17,802	18,793	19,212	21,463	24,690	27,135
<i>Caribbean/ C.America</i>	1,811	3,292	5,319	9,925	10,371	10,464	11,503	12,909	13,993
<i>South America</i>	540	1,754	4,697	7,877	8,422	8,749	9,960	11,781	13,142
Africa	1,454	2,670	4,670	7,150	7,613	8,454	9,670	11,428	12,316
Eastern Europe	373	612	797	1,123	1,530	1,881	2,463	3,191	4,432
World	38,794	87,901	145,142	235,608	247,447	276,422	314,918	363,069	399,153

Asia includes Far East, South East Asia, South Asia and Oceania

Source: Drewry

Annual Growth of Container Port Throughput

	1980	1990	1995	2000	2001	2002	2003	2004	2005*	Annual Growth Rate 1990-2005
Asia	18.8%	10.1%	15.4%	15.2%	6.3%	14.7%	16.7%	16.5%	10.1%	12.3%
North America	10.6%	1.3%	7.6%	8.3%	1.3%	9.6%	9.5%	8.9%	8.5%	6.4%
Western Europe	5.6%	6.4%	8.7%	9.5%	2.1%	9.3%	9.9%	11.6%	8.2%	8.4%
<i>North Europe</i>	3.4%	5.1%	6.3%	8.0%	1.0%	7.7%	8.9%	11.8%	9.2%	7.2%
<i>South Europe</i>	12.3%	9.8%	14.2%	11.8%	3.8%	11.7%	11.4%	11.2%	6.8%	10.9%
Mid East	19.8%	8.1%	10.3%	10.3%	11.1%	10.8%	19.0%	23.4%	13.7%	12.9%
Lat America	22.7%	5.9%	16.6%	9.7%	5.6%	2.3%	11.2%	15.4%	9.9%	11.6%
<i>Caribbean/C.America</i>	15.6%	7.2%	9.8%	8.7%	4.3%	0.7%	10.2%	11.9%	8.4%	10.0%
<i>South America</i>	54.3%	3.5%	25.5%	11.0%	7.2%	4.4%	11.8%	19.6%	11.6%	13.9%
Africa	29.9%	11.1%	18.3%	12.4%	6.5%	11.0%	22.3%	10.6%	7.8%	10.8%
Eastern Europe	3.0%	-20.7%	29.9%	16.5%	36.2%	25.5%	26.4%	31.5%	38.9%	13.0%
World	12.9%	6.8%	10.7%	12.2%	5.1%	11.7%	14.4%	14.8%	14.8%	10.4%

* Provisional data for 2005 as at March 2006.

Asia includes Far East, South East Asia, South Asia and Oceania

Source: Drewry

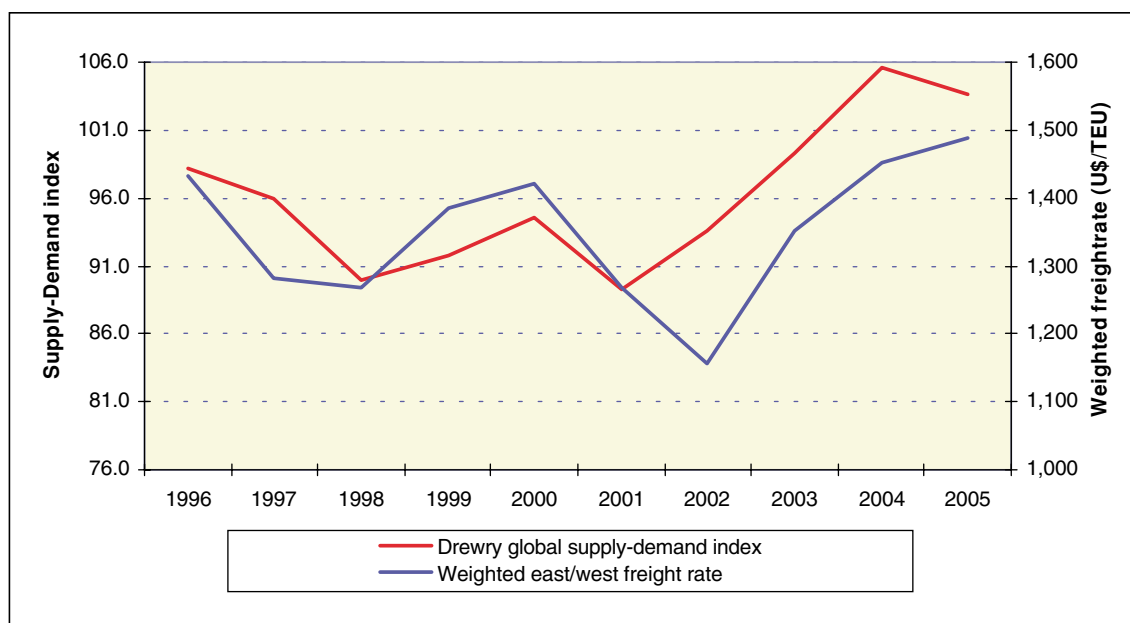
The average growth rate for Asian container vessel port throughput has been among the highest of all the main regions over a consistent period of time.

Freight Rates and Impact of Demand and Supply

The container shipping industry is cyclical. In particular, lead times between the placing for newbuildings and taking delivery of such vessels can span years. Therefore, it is important for container shipping companies to closely monitor the trends in the global economy and global trade, and to deploy a fleet comprising a combination of owned and long-term and short-term chartered vessels, to optimise the stability of the fleet while maintaining maximum flexibility.

Between 1996 and 1998, container shipping capacity grew at a faster rate than demand for container shipping services. Together with the Asian financial crisis in 1998, this imbalance in supply and demand caused a sharp decline in freight rates and profitability. In 1999, higher demand for container shipping services and lower delivery levels led to improved freight rates. In 2000, although freight rates remained relatively stable, the balance between container shipping supply and demand improved, resulting in improved profitability. However, in 2001, the growth in international container trade was adversely affected by the global economic slowdown, particularly in the United States, while at the same time, global container shipping capacity increased significantly, leading to another sharp decline in freight rates and profitability during 2001 and much of 2002. Since then, demand for international container trade, and freight rates, have shown strong growth and, in particular, freight rates increased significantly across the important trans-Pacific eastbound and Far East/Europe westbound routes during 2003 and 2004.

The chart below illustrates the weighted freight rates and the supply/demand index for the container market from 1996 to 2005.



Source: Drewry

Charter Rates

A container liner operator's decision to charter rather than own a vessel is influenced by a number of different factors. Some of these include potential purchase price and available financing arrangements, operational and manning policies and the existence of in-house shipyards. For this reason, the decision to charter rather than own a container vessel varies greatly for each individual container line operator.

The use of chartered tonnage by leading container line operators has grown steadily over the years. While the attitude of container line operators towards ship-owning generally prevents the ownership of vessels, more carriers have turned to independent vessel owners to charter-in large ship requirements, including the vessels with carrying capacities exceeding 4,000 TEU.

Charter rates increased by up to 50.0% for all container vessel sizes in 2004 as compared with the previous year, but in 2005, began to weaken. The shipping market in general has experienced significant growth since 2002, caused in part by the growth in the volume of exports from the PRC. This growth has created greater demand for larger vessels, while the demand for smaller vessels with carrying capacities of less than 1,500 TEU has generally lagged behind the growth for larger vessels. However, due to the scarcity of available charter tonnage, charter rates for smaller vessels have also risen. The following tables present monthly time charter levels and average time charter rates of 12-month charter for the periods indicated. The most recent bottom for time charter rates was in 2002, and rates recovered strongly in 2003 to 2004, although the market softened somewhat in 2005.

Average Time Charter Rates (for charter period of six to 12 months)
(in US dollars per day)

TEU Dwt Type	1,000 13,500		1,500 22,000		2,500 35,000		3,500 40-45,000	
	Geared	%	Geared	%	Geared	%	Gearless	%
1996	10,800	-5.3	12,450	-19.0	21,250	-2.9	26,775	-1.3
1997	9,200	-14.8	9,275	-25.5	16,125	-24.1	23,625	-11.8
1998	7,450	-19.0	7,100	-23.5	12,500	-22.5	20,825	-11.9
1999	6,275	-15.8	7,100	-23.5	12,975	-8.9	23,000	10.4
2000	7,700	22.7	11,625	63.7	18,094	39.5	24,025	4.5
2001	7,425	-3.6	9,475	-18.5	14,700	-18.8	19,325	-19.6
2002	6,075	-18.2	7,200	-24.0	10,325	-29.8	14,425	-25.4
2003	8,050	32.5	11,750	63.2	17,825	72.6	23,675	64.1
2004	13,025	61.8	20,200	71.9	26,500	48.7	31,575	33.4
2005	15,825	21.5	25,275	25.1	29,825	12.5	30,350	-3.9
2005 Q1	17,230(36)	16.0	27,670(30)	10.5	34,220(38)	22.2	33,915(60)	9.4
Q2	16,630(38)	-3.5	30,000(20)	8.4	30,555(55)	-10.7	25,980(96)	-23.4
Q3	15,980(17)	-3.9	25,280(7)	-15.7	30,000(6)	-1.8	31,800(60)	22.4
Q4	13,500(15)	-15.5	18,185(9)	-28.1	24,500(14)	-18.3	29,750(24)	-6.4

Source: Drewry

Time charter rates will include an allowance for the vessel operating costs (manning, insurance etc). Daily operating costs for container vessels will depend on the age and size of the ship, the region where the ship operates, etc. Typically, this will be in the range of US\$3,000 to US\$8,000 per day (PST has indicated that the operating costs of its vessels would tend towards the lower end of the range). Subtracting these costs from the time charter rate will provide a rough indication of likely bareboat charter rates of equivalent tenure and charterer's quality.

Charters for longer charter periods normally tend to command lower charter rates. Hence it should be noted that the charter rates in the table above are for a period of six to 12 months and should not be used as a benchmark for PST's charter rates, which are for a period of eight to 10 years.

Container Vessel Newbuilding Prices

Newbuilding prices have recently increased as a result of several trends in the shipping market in general. Increasing steel prices, a relative dearth in vessel supply and a weakening United States dollar have increased shipbuilders' costs, while there has been an increase in demand for ship capacity across all sectors.

The following table presents newbuilding prices for the periods indicated. Typically, it will take around 18 to 24 months from the start of construction of the vessel to the delivery of the vessel. Container vessel newbuilding prices bottomed in 2002, and then recovered strongly between 2003 and the early part of 2005.

Container Vessel Newbuilding Prices
(in millions of US dollars)

TEU		1,000	1,500	2,500	3,500	5,500	6,500
Dwt		13,500	22,000	35,000	40-45,000	65-70,000	75,000
Type		Geared	Geared	Gearless	Gearless	Gearless	Gearless
1996		22.0	26.0	39.0	47.5	65.5	Na
1997		20.5	25.5	37.5	44.5	62.5	Na
1998		19.0	24.5	35.0	41.5	60.0	70.0
1999		17.0	21.3	31.1	36.4	53.3	64.8
2000		17.6	23.1	33.5	39.0	57.0	67.1
2001		17.6	23.0	34.9	41.0	60.3	69.9
2002		15.6	20.8	29.3	33.8	52.3	63.5
2003		17.0	22.6	32.5	36.9	55.8	66.5
2004		22.0	31.1	43.4	50.3	74.3	86.0
2005		24.5	36.4	49.5	55.9	87.4	101.1
2005	1Q	25.0	38.0	50.0	57.5	85.5	98.0
	2Q	26.0	39.0	51.5	62.5	90.0	112.0
	3Q	24.5	35.5	49.0	60.5	88.0	99.5
	4Q	22.5	33.0	47.5	52.0	86.0	95.0

Source: Drewry

Container Vessel Secondhand Prices

Along with rising newbuilding prices and a strong charter market in 2003 and 2004, prices for secondhand vessels also increased. But with the softening in the freight market in 2005, prices for most sizes of ship have slipped somewhat in recent months. The following table presents secondhand prices for the periods indicated.

Container Vessel Secondhand Prices
(in millions of US dollars)

TEU Dwt Type	Five-year old container vessel						10-year old container vessel					
	500	1,000	1,500	2,500	3,500	4,000	500	1,000	1,500	2,500	3,500	4,000
	8,000	13,500	22,000	35,000	40-45,000	50-55,000	8,000	13,500	22,000	35,000	40-45,000	50-55,000
	Geared	Geared	Geared	Gearless	Gearless	Gearless	Geared	Geared	Geared	Gearless	Gearless	Gearless
1996	17.0	22.0	32.5	41.5	49.8		12.5	16.5	24.0	30.5	33.8	
1997	16.0	20.5	30.0	39.0	46.0	10.0	13.0	21.0	27.5	30.8		
1998	13.0	17.0	25.0	35.0	43.5		8.0	10.5	15.0	22.5	26.3	
1999	6.4	12.9	16.3	22.8	31.5	40.0	4.3	7.8	9.8	15.3	23.3	27.3
2000	5.9	13.6	19.3	27.3	33.4	35.9	4.1	9.4	13.5	21.6	27.3	30.1
2001	6.6	13.8	18.9	27.4	32.5	37.0	5.0	10.0	13.8	22.4	26.5	28.6
2002	6.6	11.9	15.1	24.0	28.1	36.3	5.0	8.9	11.3	18.4	22.6	24.4
2003	6.8	12.5	17.2	26.3	31.8	40.0	5.2	9.7	12.7	19.8	24.7	29.3
2004	10.0	18.7	26.5	38.5	43.3	54.3	7.4	14.8	21.4	28.6	34.0	45.5
2005	14.3	25.8	32.5	49.0	54.8	59.4	10.6	19.8	29.4	38.6	42.0	48.1
2005 Q1	15.5	25.5	32.5	55.0	60.0	65.0	10.0	18.0	28.0	41.0	44.0	52.5
2005 Q2	16.0	28.0	34.0	55.0	60.0	65.0	11.0	21.0	34.0	41.0	44.0	52.5
2005 Q3	13.0	25.0	33.5	45.0	51.0	55.0	10.8	20.5	30.0	38.0	41.0	45.0
2005 Q4	12.8	24.5	30.0	41.0	48.3	52.5	10.5	20.0	25.5	34.5	39.0	42.5

Source: Drewry

THE TRUSTEE-MANAGER

The Trustee-Manager was incorporated in Singapore under the Companies Act on 24 February 2006. It has an issued capital and paid-up capital of US\$200,000.00, its registered office and principal place of business is located at 140 Cecil Street #15-00A, PIL Building, Singapore 069540 and its telephone and facsimile numbers are (65) 6429 3406 and (65) 6225 0916 respectively.

Roles and Responsibilities of the Trustee-Manager

The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders, and managing the business conducted by PST. The Trustee-Manager has general powers of management over the assets of PST and its main responsibility is to manage PST's assets and liabilities for the benefit of Unitholders. The Trustee-Manager will set the strategic direction of PST and decide on the acquisition, divestment or enhancement of assets of PST in accordance with its stated investment strategy. The Trustee-Manager is also responsible for ensuring compliance with the applicable provisions of all relevant legislation, the Listing Manual, the Trust Deed and all relevant contracts.

The Trustee-Manager, in exercising its powers and carrying out its duties as PST's trustee-manager, is required to:

- treat Unitholders who hold Units in the same class fairly and equally and Unitholders who hold Units in different classes in PST fairly;
- ensure that all payments out of the Trust Property are made in accordance with the BTA and the Trust Deed;
- report to the Authority any contravention of the BTA or the SF BT Regulations by any other person that:
 - relates to PST; and
 - has had, has or is likely to have, a materially adverse effect on the interests of all Unitholders, or any class of Unitholders, as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- ensure that the Trust Property is properly accounted for; and
- ensure that the Trust Property is kept distinct from the property held in its own capacity.

The Trustee-Manager will borrow on behalf of PST (upon such terms and conditions as it deems fit, including the charging or mortgaging of all or any part of the Trust Property) whenever the Trustee-Manager considers, among other things, that such borrowings are necessary or desirable in order to enable PST to meet any liabilities or to finance the acquisition of any vessel.

The Board will meet regularly to review PST's business activities and strategies pursuant to its then prevailing investment strategy, any proposals and forecasts on the Charter Income, capital expenditure, charter hire and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions, to explain the performance of PST's vessels. Such regular review is aimed at ensuring adherence to the Trust Deed and any applicable legislation, regulations and guidelines.

The Trustee-Manager also has the following statutory duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as PST's trustee-manager in accordance with the BTA and the Trust Deed;
- act in the best interests of all Unitholders as a whole and give priority to the interests of all Unitholders as a whole over its own interests in the event of a conflict between the interests of all the Unitholders as a whole and its own interests;

- not make improper use of any information acquired by virtue of its position as PST's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Unitholders; and
- hold the Trust Property on trust for all Unitholders as a whole in accordance with the terms of the Trust Deed.

Should the Trustee-Manager contravene any of the provisions setting out the aforesaid duties, it is:

- liable to all Unitholders as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all Unitholders as a whole as a result of the contravention; and
- guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000.

While the Trustee-Manager is required to be dedicated to the conduct of the business of PST, it is not prohibited from delegating its duties and obligations to third parties. In the absence of fraud, wilful default or breach of trust by the Trustee-Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Trustee-Manager, to have recourse to the Trust Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by fraud, wilful default or breach of trust by the Trustee-Manager. The Trustee-Manager may, in managing PST and in carrying out and performing its duties and obligations under the Trust Deed appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided always that the Trustee-Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

Management Fees

The Trustee-Manager is entitled under the Trust Deed to Management Fees of 4.0% per annum of the Charter Income in the relevant calendar year. The Trustee-Manager may elect at any time (such election to be irrevocable) to receive the Management Fees in the form of cash and/or (subject to the Trust Deed) Units, in such proportion and for such period as may be determined by the Trustee-Manager.

Where the Management Fees are payable in the form of Units, such payment shall be made out of the Trust Property within 30 days of the last day of every calendar quarter in arrears. Where the Management Fees are payable in the form of cash, such payment shall be made out of the Trust Property within 30 days of the last day of every calendar month in arrears.

Subject to Unitholders' approval being obtained under the Trust Deed, when paid in the form of Units, the Trustee-Manager shall be entitled to receive such number of Units as may be purchased with the relevant proportion of the Management Fees attributable to the relevant period at an Issue Price to be determined in accordance with applicable laws, regulations and guidelines. Unless otherwise required by applicable laws, regulations and guidelines, it is the intention of the Trustee-Manager that such Issue Price will be determined based on the then prevailing market price of Units in the event that any Management Fees are paid in the form of Units.

In the event that payment is to be made in the form of Units and Unitholders' prior approval is required under the Trust Deed but is not obtained at the Unitholders' meeting to permit such issue of Units to the Trustee-Manager, then the payment to the Trustee-Manager for the Management Fees shall be made in the form of cash.

Subject to the Trustee-Manager's undertaking to the MAS not to deal in the Units during certain specified periods (see "Corporate Governance — Dealings in Units"), the Trustee-Manager may sell any Units issued in payment of the Management Fees and is entitled to keep any gains made on such sale.

The Trustee-Manager currently intends to take the Management Fees entirely in cash and will make an announcement if it subsequently elects otherwise.

Any increase in the rate or any change in the structure of the Trustee-Manager's Management Fees must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The Trustee-Manager is also entitled to:

- acquisition fee, being 1.0% of the acquisition price of vessels acquired directly or indirectly through one or more special purpose vehicles, *pro-rated* if applicable to the proportion of PST's interest; and
- disposal fee, being 0.5% of the sale price of vessels disposed, *pro-rated* if applicable to the proportion of PST's interest.

The acquisition fee will be paid in the form of cash and/or (subject to the Trust Deed) Units (as the Trustee-Manager may elect, such election to be irrevocable and made before the payment of the acquisition fee) to the Trustee-Manager. The acquisition fee is payable as soon as practicable after completion of the acquisition. Subject to Unitholders' approval being obtained under the Trust Deed, when paid in the form of Units, the Trustee-Manager shall be entitled to receive such number of Units as may be purchased with the relevant portion of the acquisition fee at the Issue Price of Units issued to finance or part finance the acquisition in respect of which the acquisition fee is payable or, where Units are not issued to finance or part finance the acquisition, to be determined in accordance with any applicable laws, regulations and guidelines. In the event payment is to be made in the form of Units and Unitholders' approval is not obtained pursuant to the Trust Deed, then such payment of the acquisition fee will be paid in the form of cash.

No acquisition fee is payable for the acquisition of the Vessels. All disposal fees will be paid in cash only.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any vessel/asset of PST shall be paid by the Trustee-Manager to such persons out of the Trust Property of PST.

Any increase in the permitted level of the Trustee-Manager's acquisition fee or disposal fee must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

Trustee fee

Under the Trust Deed, the trustee fee payable to the Trustee-Manager in cash is 0.02% per annum of the value of the Trust Property, subject to a minimum fee of US\$10,000.00 in each calendar quarter. The trustee fee shall be payable on a quarterly basis. Each quarterly payment shall be determined based on the value of the Trust Property as at the last day of the immediately preceding quarter and as reflected in the quarterly accounts of the Trust for that quarter. Any change in the structure of the trustee fee payable to the Trustee-Manager must be passed by an Extraordinary Resolution at a Unitholders' meeting convened and held in accordance with the provisions of the Trust Deed.

Annual Reports

An annual report covering the period as required under the Listing Manual and all relevant laws will be issued by the Trustee-Manager to the Unitholders within 120 days from the end of each accounting period of PST and at least 14 days before the annual general meeting of the Unitholders, containing, among other things:

- (i) details of all material transactions in respect of PST's vessels entered into for the relevant accounting period;
- (ii) a general description/details of each vessel owned by PST;
- (iii) information on employment of PST's vessels;
- (iv) the annual charter income for each of PST's vessels;
- (v) the value for each of PST's vessels as determined pursuant to any valuation exercise undertaken during the relevant financial year;
- (vi) cost and carrying value of each of PST's vessels;
- (vii) the utilisation rates for each of PST's vessels;
- (viii) remaining term of each of the charter party in relation to each of PST's vessels (where the term of the charter party exceeds one year);
- (ix) amount of distributable income held pending distribution to holders of the Units;
- (x) amount of fees paid to the Trustee-Manager (including any Units issued in part payment thereof);
- (xi) details of PST's assets other than vessels;
- (xii) details of PST's exposure to derivatives;
- (xiii) details of PST's other material investments;
- (xiv) the highest and lowest prices at which the Units were traded on the SGX-ST during the relevant accounting period;
- (xv) volume of trade in the Units during the relevant accounting period;
- (xvi) the aggregate value of all transactions entered into by the Trustee-Manager, for and on behalf of PST, with an "interested person" as defined in the Listing Manual;
- (xvii) historical performance of PST, including the charter income obtained and the utilisation rates for each of PST's vessels in relation to the relevant accounting period; and
- (xviii) an analysis of provision for write-down in the value of PST's vessels (to the extent possible).

The Board is also required under section 86 of the BTA to make a written statement, in accordance with a Board resolution and signed by not less than two Directors on behalf of the Board, certifying that:

- fees or charges paid or payable out of the Trust Property to the Trustee-Manager are in accordance with the Trust Deed;
- interested person transactions are not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction; and
- the Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of PST or on the interests of all the Unitholders as a whole.

Such statement must be attached to the profit and loss accounts of PST.

The first report will cover the period from the Listing Date to 31 December 2006.

Retirement or Removal of the Trustee-Manager

Under the BTA, the Trustee-Manager may be removed, as trustee-manager of PST, by the Unitholders by an Extraordinary Resolution or it may resign as trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with such procedures as the MAS may prescribe. Any purported change of the trustee-manager of a registered business trust is ineffective unless it is made in accordance with the BTA.

The Trustee-Manager will remain the trustee-manager of PST until another person is appointed by:

- (a) the Unitholders to be the trustee-manager of PST; or
- (b) by the court under Section 21 (1) of the BTA to be the temporary trustee-manager of PST,

and such appointment shall be effective from the date stated in the resolution of the Unitholders or court order as the effective date of the appointment of the trustee-manager or temporary trustee-manager, as the case may be.

Pursuant to Section 21(1) of the BTA, on an application by the MAS or the Trustee-Manager or a Unitholder, the court may, by order, appoint a company that has consented in writing to serve as a temporary trustee-manager to be the temporary trustee-manager of PST for a period of three months if the court is satisfied that the appointment is in the interest of the Unitholders.

The temporary trustee-manager of PST is required, within such time and in accordance with such requirements as may be prescribed by the MAS, to take such steps to enable the Unitholders to appoint another person as the trustee-manager (not being a temporary trustee-manager) of the PST.

DIRECTORS

The Board is entrusted with the responsibility for the overall management of the Trustee-Manager. The following table sets forth information regarding the Directors:

Name	Age	Address	Position
Mr Benedict Kwek Gim Song	59	30 Mount Elizabeth #06-34 Singapore 228519	Chairman of the Board and Independent Director
Mr David Chin Soon Siong	61	100 Anthony Road, #07-106 Singapore 229952	Independent Director
Mr Lee Soo Hoon	63	10 Jalan Jendela Singapore 739691	Independent Director
Mr Kuan Kim Kin	57	Blk 36 #08-81 Tanglin Halt Road Singapore 141036	Non-Independent Director
Mr Subhangshu Dutt	52	Blk 319 #16-12 Shunfu Road Singapore 570319	Non-Independent Director and Chief Executive Officer

None of the Directors are related to one another, any executive officers of the Trustee-Manager, any employee of the Trustee-Manager upon whose work PST is dependent, any substantial shareholder of the Trustee-Manager or any Substantial Unitholder.

Mr Kuan Kim Kin is an executive director of the Sponsor. The scope of Mr Kuan Kim Kin's responsibilities for the Sponsor includes the formulation of strategic financial policy and overseeing of the finance division of the Sponsor. Mr Subhangshu Dutt was the deputy general manager for the research and strategic planning department of the Sponsor until mid-March 2006. Mr Kuan Kim Kin and

Mr Subhangshu Dutt have been selected by the Sponsor to be Directors in view of their respective areas of expertise. In particular, Mr Subhangshu Dutt has been selected to be the Chief Executive Officer.

Experience and Expertise of the Board of Directors

Information on the business and working experience of the Directors is set out below.

Mr Benedict Kwek Gim Song is the Chairman of the Board and an Independent Director. He started his banking career at Citibank Singapore in 1970. His last position held before he left the bank was as the South Asia region head for Citibank's global private banking division which covered Singapore, Malaysia, Indonesia and Brunei. Mr Kwek left Citibank in 1988 and was appointed president and the chief executive officer of AFC Merchant Bank (Asean Finance Corp Ltd). Following his tenure with AFC Merchant Bank, he was appointed president and chief executive officer of Keppel TatLee Bank in 1991. Until his departure in October 2001, Mr Kwek was responsible for building a bank with assets of S\$25.0 billion, profits of S\$370.0 million and a capital base of S\$3.0 billion. Keppel TatLee Bank was subsequently acquired by OCBC Bank in early 2002.

Mr Kwek is currently a director of Ascendas-MGM Funds Management Limited, the management company for Ascendas Real Estate Investment Trust. He is also a director of NTUC Choice Homes Co-operative Ltd, AMK Properties Pte. Ltd., Korvac Payment Services (S) Pte. Ltd. and Evans & Peck (Singapore) Pte. Ltd. Mr Kwek is a council member of NTUC Club.

Mr Kwek was previously a director of NTUC FairPrice Co-operative Ltd, JTC Corporation, Jurong Port Pte Ltd, SembCorp Engineers and Constructors Pte Ltd, Jurong Engineering Ltd and FHTK Holdings Ltd, and was also the chairman of the respective companies' audit committee.

Mr Kwek graduated from the University of Singapore in 1970 with a Bachelor of Social Sciences (Hons). He also attended the Advanced Management Programme at Columbia University in 1981.

Mr David Chin Soon Siong is an Independent Director. He is also the Director-General (Trade) of the Ministry of Trade and Industry, handling ASEAN relations and leading Singapore's participation in the Senior Economic Officials' Series of Meetings in ASEAN.

Mr Chin holds a Bachelor of Science (First Class, Honours Degree) in Mechanical Engineering from Newcastle-Upon-Tyne Polytechnic, United Kingdom, and is a Registered Professional Engineer in Marine Engineering. Mr Chin attended the Advanced Management Program XI at the Wharton School of the University of Pennsylvania, in the fall of 1992. He is a Fellow of the Society of Naval Architects and Marine Engineers of Singapore and a Fellow of the Institute of Marine Engineers, the United Kingdom.

Mr Chin's working career started with an apprenticeship in the ship repair yard where he progressed through ship repair management and marketing management. He then served as a commercial manager at a ship building yard prior to joining government service with the Trade Development Board (now known as International Enterprise Singapore) in 1985.

At the Trade Development Board, he progressed through the export of services division, international trading division, multilateral trade policy division, shipping and logistics division and trade facilitation and administration division, reaching the position of deputy chief executive officer in 1994. He was appointed the Director-General (Trade) for the ASEAN division in April 2002 and served a concurrent stint for the establishment of the Singapore Business Federation from April 2002 to April 2004. He was appointed as the Director-General (Trade) of the Ministry of Trade and Industry in January 2004.

Mr Chin was previously a board member of the Professional Engineers Board (from 1981 to 1984), Port of Singapore Authority (from 1995 to 1997) and had also served two terms on the board of directors of the Singapore International Arbitration Centre (from 1994 to August 1999 and from August 2003 to

February 2006). He was also the deputy chairman of Singapore Commodity Exchange Limited (from 1992 to 2000), a director of Jurong Port Pte Ltd (from 2000 to 2002), the vice chairman (from 1995 to 2002) of International Merchandise Mart Pte Ltd (now known as LTN Pte. Ltd.) and a director of SilkAir (Singapore) Private Limited (from 1997 to 2003).

Mr Chin was awarded the Public Administration Medal (Silver) on National Day in 1993 and the Public Administration Medal (Gold) on National Day in 2000 by the President of the Republic of Singapore.

Mr Lee Soo Hoon is an Independent Director. He is a qualified Chartered Accountant of the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Certified Public Accountants of Singapore, the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. In addition, he is also a member of the Stanford Club of Singapore, the Singapore Professional Centre and the Singapore Institute of Directors.

Mr Lee is currently serving as the managing director of Phillip Lee Management Consultants Pte Ltd. Prior to the abovementioned, Mr Lee was with the international public accounting firm, Ernst & Young Singapore, for 28 years, of which he was a partner for the last 19 years. Mr Lee has vast experience in areas of audit, investigations, reorganisations, valuations and liquidations.

Mr Lee is currently an independent director of CSE Global Limited, Derek Prince Publications Pte Ltd, G. K. Goh Holdings Limited, IPC Corporation Ltd, Kluang Rubber Co. (Malaya) Berhad, Kuchai Development Berhad, Sungei Bagan Rubber Co (Malaya) Berhad, Transview Holdings Limited and Antioch Publications Pte Ltd. He was a director of Magnatech Limited, G-Wylini Pte Ltd and Pacific International Lines Logistics Pte Ltd.

Mr Kuan Kim Kin is a Director. He joined the Sponsor in 1994 as the general manager of the finance division and has been an executive director of the finance division of the Sponsor since 7 June 2004. He is also a non-executive director of Singamas Container Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited and is a member of its audit committee. Prior to joining the Sponsor, he held a number of senior financial and accounting positions across diverse business groups, including two public listed companies in Malaysia.

Mr Kuan is a fellow member of The Chartered Institute of Management Accountants, United Kingdom and a member of the Malaysian Institute of Accountants.

Mr Subhangshu Dutt is both a Director and the Chief Executive Officer. He is also in charge of the vessel acquisition and management of PST's portfolio. Prior to joining the Trustee-Manager, he was the deputy general manager of the research and strategic planning department of the Sponsor from 1999 to 2006. In that position he was responsible for vessel deployment planning for the PIL Group. The PIL Group operates over 100 vessels.

Mr Dutt has over 35 years of experience in shipping and maritime business. He has worked for 18 years with the Sponsor prior to joining the Trustee-Manager. During these 18 years he has served in the various divisions of the Sponsor, from fleet management, liner operations, terminal management to strategic planning. Prior to joining the Sponsor, he served as a sea going officer and Master with Neptune Orient Lines Limited ("**NOL**"), which is Singapore's national line. He was in command of various ships of NOL from 1980 to 1988. Prior to that, he served as a sea going cadet and officer with Shipping Corporation of India ("**SCI**"). He was with SCI from 1971 to 1978.

Mr Dutt holds a Master's Foreign Going License. He is also a Fellow of the Institute of Chartered Shipbrokers and a Member of the Chartered Institute of Logistics and Transport.

Mr Dutt is the current chairman of the Singapore branch of the Institute of Chartered Shipbrokers. He also sits on the panel for Research and Development of the Maritime Port Authority of Singapore for a two-year term.

A list of the present and past directorships of each Director of the Trustee-Manager over the last five years preceding the Latest Practicable Date is set out in Appendix F, “List of Present and Past Principal Directorships of Directors and Executive Officers”.

Roles and Responsibilities of the Board

The key roles of the Board are to:

- guide the corporate strategy and directions of the Trustee-Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; and
- oversee the proper conduct of the Trustee-Manager.

The Board comprises five Directors. The sole Executive Director is Mr Subhangshu Dutt, who is also the Chief Executive Officer.

The Board will meet to review the key activities and business strategies of the Trustee-Manager. The Board intends to meet regularly, at least once every quarter, to deliberate the strategic policies of PST, including acquisitions and disposals, approval of the annual budget and review of the performance of PST.

Each Director has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of PST. The Directors will contribute in different ways, including using their personal networks to further the interest of PST.

The Board will approve a set of internal controls which sets out approval limits for capital expenditure, investments and divestments and bank borrowings as well as arrangements in relation to cheque signatories. In addition, sub-limits will also be delegated to various management levels to facilitate operational efficiency.

Changes to regulations and accounting standards will be monitored closely by the members of the Audit Committee. To keep pace with regulatory changes, where these changes have an important bearing on the Trustee-Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving the relevant professionals. The management will also provide the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

The majority of the Directors are non-executive and independent of the management. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a separation of the roles of the Chairman and the Chief Executive Officer, provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Trustee-Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective check and balance. The Chairman of the Board, Mr Benedict Kwek Gim Song, is an Independent Director, while the Chief Executive Officer is Mr Subhangshu Dutt, an Executive Director.

There is a separation of the roles and responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations,

enterprise risk and other plans while the Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate. As at the date of this Prospectus, the Company Secretary is Ms Eunice Ng Puay Li who is also a Finance Manager (see “The Trustee-Manager — Executive Officers”), and the Registrar is Lim Associates (Pte) Ltd.

MANAGEMENT REPORTING STRUCTURE



Note:

(1) Ms Chen Jinyu is both the Investor Relations Manager and a Finance Manager.

EXECUTIVE OFFICERS

Roles of the Executive Officers

The Chief Executive Officer will work with the Board to determine the strategy for PST. The Chief Executive Officer will also work with the other members of the Trustee-Manager's management team to ensure that PST is operated in accordance with the Trustee-Manager's stated investment strategy. Additionally, the Chief Executive Officer will be responsible for planning the future strategic development of PST.

He is also responsible for strategic planning, the day-to-day operations of PST and working with the Trustee-Manager's Finance Managers, Investor Relations Manager, Chartering and Business Development Managers and other personnel in meeting the strategic, investment, and operational objectives of PST.

The Finance Managers will work closely with the Chief Executive Officer and other members of the Trustee-Manager's management team to formulate strategic financial plan for PST. The Finance Managers will focus on the financial performance of the vessels of PST and their duties and responsibilities will encompass accounting for the charter revenue and its corresponding operating expenses incurred in the business activities of the PST and the monitoring of charter hire collection by PST. The Finance Managers are also responsible for preparing the financial budget, the statutory accounts and performance reports, co-ordinating with external auditors and managing tax affairs and the borrowings of PST.

The Investor Relations Manager is responsible for communication and liaison with Unitholders. This includes regular statutory reporting such as semi-annual and annual reports to Unitholders and reporting to the SGX-ST under the Listing Manual. The principal objective of Investor Relations Manager will be to provide assistance to Unitholders on matters in relation to their investments in PST and maintain communications with Unitholders and the market. The Investor Relations Manager will, in conjunction with professional public relation firms (if necessary), promote and market PST to existing and prospective investors and the media through regular communications, road shows, events and a designated internet website.

The Trustee Manager will from time to time also be assisted in its conduct of certain aspects of its business such as chartering, human resource services, IT support and general administration by employees of the Sponsor.

Executive Officers of the Trustee-Manager

The following table sets forth some information regarding the Executive Officers:

Name	Age	Address	Position
Mr Subhangshu Dutt	52	Blk 319 #16-12 Shunfu Road Singapore 570319	Chief Executive Officer and Director
Ms Eunice Ng Puay Li	33	Blk 307 #03-220 Jurong East Street 32 Singapore 600307	Finance Manager and Company Secretary
Ms Chen Jinyu	30	18, Lowland Road Singapore 547380	Investor Relations Manager and Finance Manager
Ms Esther Wong Ai Hing	28	Blk 430 #12-364 Clementi Ave 3 Singapore 120430	Assistant Manager — Chartering and Business Development

None of the Executive Officers are related to one another, any Director, any employee of the Trustee-Manager upon whose work PST is dependent, any substantial shareholder of the Trustee-Manager or any Substantial Unitholder. The Non-Executive Directors and the Executive Officers (other than Ms Chen Jinyu) were former employees of the Sponsor.

Experience and Expertise of the Executive Officers

Information on the working experience of the Executive Officers is set out below:

Mr Subhangshu Dutt is both a Director and the Chief Executive Officer. (See “Experience and Expertise of the Board of Directors”.)

Ms Eunice Ng Puay Li is one of the Finance Managers as well as the Company Secretary of the Trustee-Manager.

Ms Ng joined the Sponsor in 2004 as an accounting manager in the finance division. She was responsible for the consolidation of the PIL Group’s accounts and budgets, as well as matters relating to the Sponsor’s tax affairs and cash flows, review of specific subsidiaries’ financial statements and other accounting functions.

Prior to joining the Sponsor, she was an assistant manager in the audit division of Deloitte. Coupled with her audit experience in KPMG since 1999, she has handled a number of public listed companies in diverse industries, such as information technology, manufacturing, trading, utilities and construction. Having begun her career with an offshore bank as a credit analyst in 1996, Ms Ng has nine years of combined experience in accounting, auditing and banking.

Ms Ng is a Chartered Financial Analyst, Certified Internal Auditor and is also a Certified Public Accountant. She holds a Bachelor’s degree in Accountancy from the Nanyang Technological University of Singapore.

Ms Chen Jinyu is the Investor Relations Manager as well as one of the Finance Managers of the Trustee-Manager.

Prior to joining the Trustee-Manager, she was based in China as a manager of financial advisory services with KPMG Huazhen, China from 2003 to 2006 where she provided due diligence assistance for multinationals investing in China, especially in banking and fund management. Ms Chen was involved in assisting a US investment bank in Hong Kong to bid for the US\$2.8 billion non-performing loans auction in December 2003.

After obtaining her university degree, Ms Chen worked for the head office of China Construction Bank where she specialised in credit analysis and internal audit.

Ms Chen graduated from Xiamen University, China with a Bachelor in Economics (International Finance) degree. In addition to earning a Master's degree in Public Policy from the National University of Singapore, Ms Chen is also a Certified Internal Auditor.

Ms Esther Wong Ai Hing is the Assistant Manager of the Chartering and Business Development Division and will assist PST's management in implementing the business plans of PST, she will assist the team to maximise the charter revenue of PST and will maintain close contact with reliable charterers to seek opportunity for employment of PST's vessels.

Ms Wong obtained a higher diploma in Business Administration from Inti College Malaysia and a Bachelor of Arts with Second Class Honours (First Division) in Marketing from the University of Hertfordshire, United Kingdom.

A list of the present and past directorships of each Executive Officer of the Trustee-Manager over the last five years preceding the Latest Practicable Date is set out in Appendix F, "List of Present and Past Principal Directorships of Directors and Executive Officers".

REMUNERATION

The estimated compensation for FY2006 to be paid to the Directors and Executive Officers for services rendered to the Trustee-Manager on an individual basis and in remuneration bands is as follows:

	Remuneration ⁽¹⁾ Below S\$250,000
<u>Directors</u>	
Mr Benedict Kwek Gim Song	✓
Mr David Chin Soon Siong	✓
Mr Lee Soo Hoon	✓
Mr Kuan Kim Kin	✓
Mr Subhangshu Dutt ⁽²⁾	✓
<u>Executive Officers</u>	
Mr Subhangshu Dutt ⁽²⁾	✓
Ms Eunice Ng Puay Li	✓
Ms Chen Jinyu	✓
Ms Esther Wong Ai Hing	✓

Notes:

(1) Includes any benefits in kind.

(2) Mr Subhangshu Dutt is both a Director and the Chief Executive Officer. His combined remuneration does not exceed S\$250,000.

All remuneration and compensation payable to the Directors and the Executive Officers will be paid by the Trustee-Manager and not out of the Trust Property.

The Trustee-Manager has not set aside or accrued any amounts for its employees to provide for pension, retirement or similar benefits.

Save for the annual wage supplement contractually provided to be payable to the Executive Officers (other than Mr Subhangshu Dutt) under their respective employment contracts and the guaranteed bonus contractually provided to be payable for Mr Subhangshu Dutt (as elaborated below), no compensation is payable to any Director or Executive Officer in the form of option in Units or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement under the service contracts. As for Mr Subhangshu Dutt, under his service contract, he is entitled to a minimum of three months guaranteed bonus for a full year of service with the Trustee-Manager.

EMPLOYEES

As at the Latest Practicable Date, the Trustee-Manager has four full-time employees directly employed by the Trustee-Manager. The breakdown of the employees by division, function and geographical location is as follows:

Division/function	Geographical Location	Number
Vessel Acquisition and Management	Singapore	1
Chartering and Business Development	Singapore	1
Finance	Singapore	2 ⁽¹⁾
Investor Relations	Singapore	1 ⁽¹⁾

Note:

(1) Ms Chen Jinyu is both the Investor Relations Manager and a Finance Manager.

The relationship between management and the employees is good and there has not been any incidence of labour dispute or work stoppages which affected operations of the Trustee-Manager to date. The employees of the Trustee-Manager are not unionised as at the date of this Prospectus.

SERVICE AGREEMENTS

Save for Mr Subhangshu Dutt who is also the Chief Executive Officer, none of the Directors of the Trustee-Manager has entered or proposes to enter into service agreements with the Trustee-Manager.

The service agreement for Mr Subhangshu Dutt is for a fixed term of two years subject to termination by Mr Subhangshu Dutt or the Trustee-Manager with two months' notice in writing or by payment of two months' basic salary in lieu of notice. No benefits upon termination of employment are provided for under Mr Subhangshu Dutt's service agreement.

CONSTITUENT DOCUMENTS OF THE TRUSTEE-MANAGER

Certain key provisions of the Memorandum and Articles of Association of the Trustee-Manager are set out below.

The power of a director of the trustee-manager to vote on a proposal, arrangement or contract in which he is interested¹³

The Director has to, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the directors of the Trustee-Manager. Subject to such disclosure, as well as Section 156 of the Companies Act and the BTA, the Director is entitled to vote on transactions in which he is interested and he shall be taken into account in ascertaining whether a quorum is present.

The borrowing powers exercisable by the trustee-manager (acting in its capacity as trustee-manager of the relevant business trust) and how such borrowing powers may be varied

Pursuant to the Memorandum of Association of the Trustee-Manager, the Trustee-Manager has all full rights, powers and privileges to carry on or undertake any business or activity, do any act or enter into any transaction subject to the provisions of the Companies Act, the BTA and any other written law, in this case, the business of acting as trustee-manager of PST.

Section 28(4) of the BTA prohibits the Trustee-Manager from borrowing on behalf of PST unless the power of borrowing is conferred upon it by the Trust Deed. Clause 9.8 of the Trust Deed empowers the Trustee-Manager to borrow moneys on behalf of PST for the purpose of enabling the Trustee-Manager to meet any liabilities under or in connection with the trusts of the Trust Deed or with any investment of PST or for the purpose of financing any acquisition of any authorised investment on behalf of PST or conducting or carrying on or further of any authorised business undertaken by PST in accordance with the Trust Deed upon such terms and conditions as it thinks fit and, in particular, by charging or mortgaging all or any of the investments of PST or by issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Trustee-Manager, as trustee-manager of PST, Provided That the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the borrowing or raising of moneys which (in its opinion) would render its liability to extend beyond it being limited to the Trust Property.

Any variation of the borrowing powers as contained in the Trust Deed would require the approval of the Unitholders by way of an Extraordinary Resolution held at a Unitholders' general meeting convened in accordance with the Trust Deed and such other regulatory approvals as may be required to vary the terms of the Trust Deed.

The retirement or non-retirement of a director of the trustee-manager under an age limit requirement

The Memorandum and Articles of Association of the Trustee-Manager do not specify an age limit beyond which a director of the Trustee-Manager shall retire.

The number of units in the business trust, if any, required for the qualification of a director of the trustee-manager

A Director is not required to hold any Units in PST to qualify as a Director of the Trustee-Manager.

¹³ For resolutions deliberated upon by the Board of the Trustee-Manager acting in its capacity as trustee-manager of PST, in the case where a Director is interested in the appointment of ship managers where PST decides to charter its vessels on a time charter basis, the Director is required by the SGX-ST to abstain from voting.

Retirement of directors

All Directors shall retire on an annual basis and their re-appointment will be subject to the approval of the shareholder(s) of the Trustee-Manager at every annual general meeting of the Trustee-Manager. In default, the retiring Director shall be deemed to have been re-elected save in certain cases as specified in the articles of association of the Trustee-Manager.

FEES PAYABLE TO THE TRUSTEE-MANAGER

The following is a summary of certain fees payable by PST to the Trustee-Manager in connection with the establishment and on-going management and operation of PST:

	Payable by PST	Amount payable
(a)	Trustee-Manager's trustee fee	0.02% per annum of the value of the Trust Property, subject to a minimum fee of US\$10,000 in each calendar quarter.
(b)	Trustee-Manager's Management Fees	4.0% per annum of the Charter Income in the relevant calendar year. The Trustee-Manager may elect to receive the fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine), subject to the Trust Deed.
(c)	Any other substantial fee or charge (<i>i.e.</i> 0.1% or more of PST's asset value)	
	(i) Acquisition fee (payable to the Trustee-Manager)	1.0% of the acquisition price of the vessel acquired directly or indirectly through one or more special purpose vehicles, pro-rated if applicable to the proportion of PST's interest. The Trustee-Manager may elect to receive the fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine), subject to the Trust Deed. No acquisition fee is payable for the acquisition of the Vessels.
	(ii) Disposal fee (payable to the Trustee-Manager)	0.5% of the sale price of the Vessel disposed, pro-rated if applicable to the proportion of PST's interest.

Maritime Financing Incentive ("MFI")

In the 2006 Budget statement, it was announced that a maritime financing incentive ("**MFI**") would be introduced to encourage the development of ship financing activities in Singapore. Under the MFI, which is valid for 10 years, a ship investment vehicle, such as PST, would be entitled to income tax exemption on its qualifying income, which includes income from both operating leases and finance leases. In addition, under the MFI scheme, the Trustee-Manager would be subject to income tax at the concessionary rate of 10.0% on its qualifying income, such as its trustee-manager fees, instead of the normal prevailing income tax rate, which is currently 20.0%.

As PST has currently structured all leases of the Vessels as operating leases, PST is already exempt from income tax under Section 13A of the Income Tax Act, Chapter 134 of Singapore, on its charter income derived from the operating leases. Nonetheless, PST and the Trustee-Manager are in the process of applying to the Maritime Port Authority of Singapore for the MFI as this would give greater flexibility to PST in structuring its leases moving forward, and would also benefit the Trustee-Manager.

If PST and the Trustee-Manager are able to obtain the MFI, PST would enjoy income tax exemption on its current leases and also on its future leases that are structured as finance leases for a period of 10 years. The Trustee-Manager too would enjoy the concessionary tax rate under the MFI on its trustee-manager fees for a period of 10 years. However, even if PST does not obtain the MFI, PST would be no worse off than it currently is as it already enjoys income tax exemption on its current leases under Section 13A of the Income Tax Act, Chapter 134 of Singapore. The Trustee-Manager, without the MFI would be no worse off than it currently is as its income would then be subject to tax at the normal prevailing corporate tax rate.

At the expiry of the MFI, PST and the Trustee-Manager may, depending on circumstances and the then prevailing practice, apply for an extension of the MFI, if allowed. If the MFI is not extended or is revoked or otherwise ceases to apply for whatever reason and PST had entered into finance leases during the period while it enjoyed the MFI, PST would need to review all the leases that it has at the relevant time to ensure that it retains only operating leases of Singapore-flagged vessels in order to enjoy income tax exemption on the charter income under Section 13A of the Income Tax Act, Chapter 134 of Singapore. In practice, some of these finance leases, may be difficult to terminate or unwind. If so, there is a risk that PST will be subject to Singapore income tax at the then prevailing income tax rate on its income arising from these finance leases. Notwithstanding this, the subsequent distributions made by PST out of such after-tax income to the Unitholders would still be exempt from Singapore income tax in the hands of the Unitholders.

The application for the MFI is subject to the approval of the Maritime Port Authority of Singapore.

CORPORATE GOVERNANCE

The new regime under the BTA stipulates requirements and obligations in respect of corporate governance that are more stringent than those for companies and collective investment schemes. Corporate governance of companies and collective investment schemes are generally governed by the Code of Corporate Governance and, in the case of collective investment schemes, the Code on Collective Investment Schemes. Where the company or collective investment scheme is listed, the Code of Corporate Governance and the Code on Collective Investment Schemes only set out broad principles for guidance while the regime under the Business Trusts Regulations 2005 sets out the requirements for, among other things, board composition of a trustee-manager, audit committee composition of a trustee-manager and independence of directors of a trustee-manager.

COMPOSITION OF THE BOARD

The Board of the Trustee-Manager must comprise¹⁴:

- at least a majority of Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of Directors who are independent from any single substantial shareholder of the Trustee-Manager.

INDEPENDENCE OF DIRECTORS¹⁵

Independence from management and business relationships

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of PST), a Director must not have any:

- management relationships with the Trustee-Manager or with any of its subsidiaries; and
- business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations, that could interfere with the exercise of his independent judgment with regard to the interests of all the unitholders of the PST as a whole.

Independence from management relationships

A Director is not considered to be independent from management relationships with the Trustee-Manager if:

- he is employed by the Trustee-Manager or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager;
- any member of his immediate family:
 - is being employed by the Trustee-Manager or by any of its subsidiaries as an executive officer whose compensation is determined by the Board or the subsidiary, as the case may be; or

¹⁴ Section 14(2) of the BTA provides that contravention of the provision on board composition is an offence and renders the Trustee-Manager liable on conviction to a fine not exceeding S\$100,000.

¹⁵ Regulations 3 and 4 of the Business Trusts Regulations 2005.

- has been so employed at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager; or
- he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Trustee-Manager or any of its subsidiaries.

Independence from business relationships

A Director is not considered to be independent from business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations, if:

- he is a substantial shareholder, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of PST) at any time during the current or immediately preceding financial year of the Trustee-Manager; or
- he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as a director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

Independence from substantial shareholder

A Director is considered to be independent from a substantial shareholder of the Trustee-Manager if he is not that substantial shareholder of the Trustee-Manager or is not connected to that substantial shareholder of the Trustee-Manager.

The Director is connected to the substantial shareholder if:

- in the case where the substantial shareholder is an individual, the Director is:
 - a member of the immediate family of the substantial shareholder;
 - a partner of a firm of which the substantial shareholder is also a partner; or
 - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder; or
- in the case where the substantial shareholder is a corporation, the Director is:
 - employed by the substantial shareholder;
 - employed by a subsidiary or an associated company of the substantial shareholder;
 - a director of the substantial shareholder;
 - an executive director of a subsidiary or an associated company of the substantial shareholder;
 - a non-executive director of a subsidiary or an associated company of the substantial shareholder, where the subsidiary or associated company is not the Trustee-Manager;
 - a partner of a firm of which the substantial shareholder is also a partner; or
 - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

The following outlines the main corporate governance practices of the Trustee-Manager.

BOARD OF DIRECTORS OF THE TRUSTEE-MANAGER

The Board is responsible for the overall corporate governance of the Trustee-Manager including establishing goals for management and monitoring the achievement of these goals. The Trustee-Manager is also responsible for the strategic business direction and risk management of PST. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of Directors. The Board has established a framework for the management of the Trustee-Manager and PST, including a system of internal control and a business risk management process. The Board currently consists of five members, three of whom are independent directors for the purposes of the BTA (“**Independent Directors**”). None of the Directors has entered into any service contract directly with PST.

In addition to compliance with requirements under the BTA, the Board composition is determined using the following principles:

- the Chairman of the Board should be a non-executive Director; and
- the Board should comprise Directors with a broad range of commercial experience including expertise in funds management and the shipping industry.

The composition will also be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

DEALINGS IN UNITS

The BTA requires each Director to give notice in writing to the Trustee-Manager of his acquisition of Units or of changes in the number of Units which he holds or in which he has an interest, within two Business Days after the date on which the Director became a Director of the Trustee-Manager or the date of such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest.

The Directors and employees of the Trustee-Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of PST’s annual and semi-annual results and (where applicable) vessel valuations and two weeks before the public announcement of PST’s quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, vessel valuations; and
- at any time while in possession of price sensitive information.

In addition, the Trustee-Manager has given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto within two Business Days after the date on which it acquires or disposes of any Units, as the case may be. The Trustee-Manager has also undertaken that it will not deal in the Units in the period commencing one month before the public announcement of PST’s annual and semi-annual results and (where applicable) vessel valuations and two weeks before the public announcement of PST’s quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, vessel valuations.

AUDIT COMMITTEE

The audit committee of the trustee-manager of a registered business trust is required to be composed of three or more members:

- all of whom are independent of management and business relationships with the trustee-manager; and
- at least a majority of whom, including the chairman of the audit committee, are independent of management and business relationships with the trustee-manager and independent from every substantial shareholder of the trustee-manager¹⁶.

On 25 April 2006, the Board passed a resolution to approve the formation of an audit committee (the “**Audit Committee**”) and the appointment of its members. As at the date of this Prospectus, the members of the Audit Committee are Mr Lee Soo Hoon, Mr Benedict Kwek Gim Song and Mr David Chin Soon Siong who are also Independent Directors. Mr Lee Soo Hoon has been appointed as the Chairman of the Audit Committee. The role of the Audit Committee is to monitor and evaluate the effectiveness of the Trustee-Manager’s internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The Audit Committee’s responsibilities also include:

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the BTA;
- reviewing the financial statements and the internal audit report; and
- monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the provisions of the Listing Manual relating to “Interested Person Transactions” (as defined therein).

INTERESTED PERSON TRANSACTIONS

Past Interested Persons Transactions/Interested Persons Transactions in Connection with the Setting Up of PST

The Trustee-Manager has, as trustee-manager of PST, entered into with the Sponsor the Memoranda of Agreement for the acquisition of the Vessels as well as the Charter Agreements for the charter to the Sponsor of the Vessels from PST. The Memoranda of Agreement and the Charter Agreements are more particularly described in “Certain Agreements Relating to PST and the Vessels”.

¹⁶ Section 14(2) of the BTA provides that contravention of the aforesaid requirements is an offence and renders the trustee-manager liable on conviction to a fine not exceeding S\$100,000.

The aggregate purchase price of the Vessels is as follows:

	Purchase Price (US\$) for Vessels based on the Offering Price of US\$0.45
3,081 TEU (Panamax)	
Kota Kado	53,182,594
Kota Kaya	53,182,594
1,454 TEU (Handysize)	
Kota Anggerik	29,366,041
Kota Anggun	29,366,041
Kota Arif	29,366,041
Kota Azam	29,366,041
943 TEU (Handysize)	
Kota Rajin	23,585,324
Kota Rancak	23,585,324
Total	271,000,000
Discount to Appraised Value	7.5%

(See “Certain Agreements Relating to PST and the Vessels — Memoranda of Agreement for the Vessels”.)

Under the Charter Agreements, the charter rates and tenures for the Vessels are set out below:

Vessel	Daily charter rate⁽¹⁾ (US\$'000)	Charter tenure (Years)
3,081 TEU (Panamax)		
Kota Kado	17.7	9
Kota Kaya	17.7	9
1,454 TEU (Handysize)		
Kota Anggerik	11.0	8
Kota Anggun	11.0	8
Kota Arif	11.0	8
Kota Azam	11.0	8
943 TEU (Handysize)		
Kota Rajin	7.6	10
Kota Rancak	7.6	10

Note:

(1) See “Certain Agreements Relating to PST and the Vessels — Charter Agreements”

Having considered the opinion of the Independent Financial Adviser, the Trustee-Manager believes that the Memoranda of Agreement and the Charter Agreements reflect normal commercial terms and are not prejudicial to the interests of PST and the Unitholders. (See Appendix E, “Independent Financial Adviser’s Report”.)

Present and Ongoing Interested Persons Transactions

Exempted Agreements

The fees and charges payable by PST to the Trustee-Manager under the Trust Deed (the “**Exempted Agreement**”), each of which constitutes an interested person transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect PST. However, the renewal of such agreements will be subject to Rules 905 and 906 of the Listing Manual and any amendments made thereto.

Future Interested Persons Transactions

PST is regulated by the Listing Manual and the Business Trusts Act. The Listing Manual and the Business Trusts Act regulate all interested person transactions. Depending on the materiality of the transaction, PST may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders' prior approval for the transaction (Rule 906 of the Listing Manual). Section 86 of the Business Trusts Act further requires (a) the Board to make a written statement in accordance with the resolution of the Board and signed by not less than two Directors on behalf of the Board certifying that, *inter alia*, the interested person transaction is not detrimental to the interests of all the Unitholders of PST as a whole based on the circumstances at the time of the transaction, and (b) the Chief Executive Officer to, in his personal capacity, make a written statement certifying that he is not aware of any violation of duties of the Trustee-Manager which would have a material adverse effect on the business of PST and the interests of all the Unitholders as a whole. These statements must be annexed to the profit and loss accounts of PST in its annual financial statements.

In addition to these written statements, Section 87 of the BTA also requires the Board to attach to PST's profit and loss accounts, a statement of policies and practices in relation to management and governance of PST containing such information prescribed by Regulation 20 of the Business Trusts Regulations 2005 which includes, *inter alia*, a description of measures put in place by the Trustee-Manager to review interested person transactions in relation to PST.

The Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as the Business Trusts Act and such other guidelines relating to interested person transactions as may be prescribed by the MAS or the SGX-ST to apply to business trusts.

The Trustee-Manager may at any time in the future seek a general annual mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with interested persons, and all transactions conducted under such a general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee-Manager will appoint an independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of PST and the Unitholders.

Both the Business Trusts Act and the Listing Manual requirements would have to be complied with in respect of a proposed interested person transaction which is *prima facie* governed by both sets of rules. Where matters concerning PST relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of PST with an “interested person” under the Listing Manual or and/or the Business Trusts Act of the Trustee-Manager or PST, the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the Business Trusts Act and/or such other applicable guidelines relating to the transaction in question.

In particular, the Trustee-Manager will ensure that all future business dealings between PST and its interested persons will be at arm's length by undertaking, among others, the following procedures:

- (a) in respect of an acquisition of vessels by PST from an interested person, the Trustee-Manager will first obtain valuations from one or more independent third party valuers and the purchase price shall not be more than the highest of the assessed values, if more than one valuation is obtained;
- (b) in respect of a charter of a vessel by PST to an interested person, the Trustee-Manager will first obtain opinions from one or more independent third party international shipbroking houses on the then prevailing charter rates in the market for a charter of a similar term as the one being proposed and the charter rate shall not be lower than the lowest of the assessed values;
- (c) in respect of an acquisition of a vessel by PST from an interested person tied to a charter back arrangement, the Trustee-Manager will first obtain valuations and opinions from one or more independent third party valuers and the purchase price and charter rate shall not be less favourable than the least favourable of the assessed values and charter rates quoted by the independent valuers from PST's perspective; and
- (d) where PST is seeking to engage an interested person as a ship manager, the Trustee-Manager will first obtain quotations from one or more independent third party ship managers on the then prevailing ship management fees in the market for similar services as those to be provided by the interested person and the ship management fee payable to the interested person shall not be more than the higher of the fees quoted by the independent third party ship managers.

In addition to the foregoing, any future business dealings between PST and its interested persons shall comply with all other requirements applicable to such transactions under the Listing Manual, the Business Trusts Act and with the procedures set out under "Review Procedures for Interested Persons Transactions". In any event, interested person transactions entered into by PST in the future (including acquisitions of vessels from the Sponsor or parties related to the Sponsor), depending on the materiality of such transactions, may need to be publicly announced or, as the case may be, publicly announced and approved by Unitholders, and will, in addition to such other requirements under the Listing Manual and/or the Business Trusts Act, be:

- decided by a majority vote of the Directors, including the vote of at least one Independent Director; and
- reviewed and approved by the Trustee-Manager's Audit Committee.

Review Procedures for Interested Persons Transactions

The Trustee-Manager will establish an internal control system to ensure that all future interested person transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of PST and the Unitholders. As a general rule, the Trustee-Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Trustee-Manager, or obtaining one or more valuations from independent professional valuers.

The Trustee-Manager will maintain a register to record all interested person transactions which are entered into by PST and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into. The Trustee-Manager will also incorporate into its internal audit plan a review of all interested person transactions entered into by PST. The Audit Committee shall review the internal audit reports at least quarterly to ascertain that the guidelines and procedures established to monitor and govern interested person transactions have been complied with.

The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit Committee. If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Further, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of PST's net tangible assets (based on the latest audited accounts) will be subject to review by the Audit Committee at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of PST's net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee-Manager with third parties which are unrelated to the Trustee-Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the value of PST's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning PST relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of PST with a related party of the Trustee-Manager (which would include relevant Associates thereof) or PST, the Board is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of PST and the Unitholders, and in accordance with all applicable requirements of the Listing Manual and the Business Trusts Act relating to the transaction in question. If the Trustee-Manager is to sign any contract with a related party of the Trustee-Manager or PST, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the Business Trusts Act relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Save for the transactions described under “- Past Interested Persons Transactions/Interested Persons Transactions in Connection with the Setting Up of PST” and “- Exempted Agreements”, PST will comply with Rule 905 of the Listing Manual by announcing any interested person transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of PST's latest audited net tangible assets.

The aggregate value of all interested person transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in PST's annual report for the relevant financial year.

POTENTIAL CONFLICT OF INTERESTS

The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. There may be potential conflict of interests between PST, the Trustee-Manager and the Sponsor.

The Sponsor, its subsidiaries, related corporations and associates are engaged in liner and feeder trade. The Sponsor will, immediately after the completion of the Offering hold 115,000,000 Units (constituting approximately 34.1% of the total number of Units expected to be in issue then).

Although the Trustee-Manager, is a wholly-owned subsidiary of the Sponsor, the Board composition includes three Independent Directors.

To mitigate the risks of potential competition with PST's business, the Sponsor has also entered into the Non-Compete Agreement with the Trustee-Manager, as trustee-manager of PST, pursuant to which the Sponsor irrevocably undertakes on behalf of itself and its subsidiaries to the Trustee-Manager, as trustee-manager of PST, that for so long as the Sponsor and/or any of its subsidiaries hold in aggregate at least 30.0% of the total voting shares from time to time issued in the Trustee-Manager or otherwise have interest in the voting shares of the Trustee-Manager and exercise control over the Trustee-Manager and the Trustee-Manager remains the trustee-manager of PST, or PIL and/or any of its subsidiaries hold in aggregate at least 30.0% of the total Units from time to time issued, the Sponsor and/or its subsidiaries shall not, without the prior written consent of the Trustee-Manager, acting as trustee-manager of PST (whose consent shall not be unreasonably withheld or delayed), compete with PST and carry on the chartering out of container vessels other than (1) the chartering out of container vessels for the sole purpose of "warehousing" them on behalf of PST until such time when PST is able to acquire the vessels from the Sponsor and/or any of its subsidiaries, or (2) where the charterer is the Sponsor, any of its subsidiaries or any of its consortium partners operating in a joint service. (See "Certain Agreements Relating to PST and the Vessels — Non-Compete Agreement".)

THE SPONSOR

HISTORY AND BUSINESS

The Sponsor, was incorporated in 1967 and has developed from a coastal ship-owner/operator in Singapore to become one of the largest ship owners in Asia and is the second largest Singapore-based container shipping company. The Sponsor was ranked 19th amongst the top containership operators in the world¹⁷. The Sponsor has diversified into logistics-related activities such as supply chain management, consolidation/distribution facilities, warehousing, container depot operations, trucking as well as having interest in ship-agencies worldwide and container manufacturing.

The Sponsor owns and operates a fleet of over a hundred vessels with a total capacity of over 130,000 TEU as at 1 January 2006 and is a charterer of container vessels on a net basis, charter hiring more vessels than it charters out at any point in time. As at the Latest Practicable Date, it has on order 22 container vessels of varying sizes ranging from 600 TEU to 4,250 TEU to be delivered by the end of 2009, of which 12 are subject to the Right of First Refusal along with one other vessel which has been delivered (see “Certain Agreements Relating to PST and the Vessels — Right of First Refusal Agreement”). The Sponsor also owns and operates a fleet of more than 250,000 TEU of marine containers. The Sponsor operates container liner services covering the whole of the Far East to Europe, Canada, the Indian sub-continent, Red Sea/Gulf, East Africa, South/West Africa, Australia, New Zealand and East Coast of South America. The Sponsor has a dedicated network of feeder services covering a comprehensive range of ports in South East Asia, the Bay of Bengal and the Indian sub-continent, and has been operating some of these routes for nearly 40 years. Competition is more intense in the regional and intra-Asia trade.

Being one of the pioneer foreign shipping lines that entered the China market in the late 1960s, the Sponsor presently offers its customers more than 10 container liner sailings a week out of China. Its network in China includes 10 fully licensed branch offices and 12 representative offices. It jointly owns and operates logistics centres in Ningbo, Shanghai, Wuxi and Xiamen.

Through one of its subsidiary companies, Singamas Container Holdings Limited (“**Singamas**”) which is a listed company in Hong Kong, the Sponsor has invested in nine container manufacturing facilities — eight in China and one in Surabaya, Indonesia. Singamas operates a number of container depots over China (such as in Dalian, Tianjin, Qingdao, Shanghai, Ningbo, Xiamen, Fuzhou and Shunde), Hong Kong and Thailand. After more than a decade of development, Singamas has evolved into one of the world’s leading container manufacturers and logistics service providers, and its container factory and depot networks along the coastal ports are the most comprehensive in China.

The Sponsor’s other depots are located in Singapore, Indonesia, Bangladesh and Australia.

Another subsidiary company, Pacific International Lines Logistics Pte Ltd, provides supply chain management solutions to a number of major shippers. These solutions include a range of services from customs clearance, trucking, warehousing and sea transportation.

The Sponsor maintains a quality fleet of vessels through fleet renewal and expansion, and will continuously seek opportunities to invest in new trades and other related business. The Sponsor has committed itself to more investment in information technology and invested S\$20.0 million in an internet based infrastructure to enhance its day-to-day operations and to provide the platform for e-business.

Its vessels provide regular, reliable container services from the Far East to Middle East, Red Sea/Gulf, Africa, India sub-continent, South East Asia, Australasia, Europe and Canada.

¹⁷ Source: BRS – Alphaliner Top 100 Liner operators as at 1 January 2006.

Turnover of the PIL Group hit US\$2.0 billion in 2004, and the PIL Group has demonstrated its ability to withstand fluctuating economic conditions by remaining profitable even during the 1997/1998 Asian financial crisis and the downturn in the container shipping market in 2001/2002. The Sponsor believes that its focus and strength on operating and cost efficiencies are key drivers for the PIL Group's sustained profitability despite competition and margin pressure on its shipping routes, including its regional and intra-Asian trade.

A formal credit rating on the Sponsor was carried out by Standard & Poor's, an established and reputable credit rating agency and the Sponsor was rated BBB. (See Appendix H, "A Brief Guide on Credit Ratings".)

On certain shipping routes, the Sponsor has established joint container shipping services with other liner operators such as Wan Hai Lines Ltd, Kawasaki Kisen Kaisha Ltd, Mitsui O.S.K Lines Ltd, Orient Overseas Container Lines Ltd, Gold Star Line Ltd and APL Co. Pte Ltd.

Awards and Accolades

Year 2006

The Sponsor was ranked fourth in Singapore International 100 Ranking which recognises Singapore's top 100 companies ranked by highest overseas revenue.

Year 2005

The Sponsor was ranked sixth in Singapore International 100 Ranking which recognises Singapore's top 100 companies ranked by highest overseas revenue. In September 2005, it was also awarded "Best Intra-Asia Operator" at the annual Lloyd's List Maritime Asia Awards.

Year 2004

In October 2004, the Sponsor was awarded "Best Intra-Asia Operator" at the annual Lloyd's List Maritime Asia Awards.

Year 2002

The Sponsor received the following at the Australia Lloyds List Prestigious Awards:

- Best Customer Service Award — South East Asia Trade
- South East Asia Trade Schedule Reliability Award on its Asia Australia Alliance AAA (Bight Loop Service)
- Runner up for South East Asia Trade Schedule Reliability Award on its Asia Australia Alliance AAA (Torres Loop Service)

Year 2000

At the Second China Freight Industry Awards organised by the China Shipping Gazette of the State Development Planning Commission of PRC, the Sponsor won the following accolades for Year 2000:

- 'Best Shipping Line: China to Southeast Asia'

Year 1999

At the First China Freight Industry Awards organised by the China Shipping Gazette of the State Development Planning Commission of PRC, the Sponsor won the following awards:

- 'Best Shipping Line: China to Southeast Asia' Award
- Merit Award for shipping service 'China to Middle East'
- Merit Award for shipping service 'China to Australia'
- Merit Award for shipping service 'China to Hong Kong'

Year 1998

The Sponsor received the Best Business Partner Award by Asahi Glass

Right of First Refusal

The Sponsor has granted, on behalf of itself and its subsidiaries, the Right of First Refusal to PST over 11 container vessels with an estimated combined capacity of over 31,000 TEU that are delivered or expected to be delivered between 2006 and 2009 and any other container vessel with a capacity exceeding 900 TEU that the Sponsor may order or contract to acquire on and after 17 February 2006, subject to the terms of the Right of First Refusal Agreement. As at the Latest Practicable Date, 13 container vessels are subject to the Right of First Refusal as the Sponsor has between 17 February 2006 and the Latest Practicable Date contracted to acquire an additional two container vessels. The Right of First Refusal will remain in force for so long as either of the Pre-conditions is satisfied. For more information, please see "Certain Agreements relating to PST and the Vessels — Right of First Refusal Agreement".

In addition to the Right of First Refusal, the Sponsor will continue to support and strengthen PST's acquisition pipeline by "warehousing" vessels acquired from third party sellers which fit within PST's investment strategy, prior to making these vessels available for potential future acquisition by PST.

THE FORMATION AND STRUCTURE OF PST

The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of PST (Registration Number 2006001). The Trust Deed is available for inspection at the registered office of the Trustee-Manager at 140 Cecil Street #15-00A, PIL Building, Singapore 069540.

BACKGROUND

PST was constituted as a business trust on 25 April 2006 by a declaration of trust made by the Trustee-Manager. PST was registered on 7 April 2006.

By subscribing for Units pursuant to or in connection with the Offering, Unitholders are deemed to have approved the issuance of Units pursuant to or in connection with the Offering under Section 36 of the BTA and clause 6.1 of the Trust Deed and the Unitholders are also deemed to have approved the giving of a general mandate, pursuant to Section 36 of the BTA and Clause 6.1 of the Trust Deed, to the Trustee-Manager to issue new Units or grant options over or otherwise dispose of the same at any time to such persons and on such terms and conditions whether for cash or otherwise as the Trustee-Manager shall in its absolute discretion deem fit provided that:

- (i) the aggregate number of Units to be issued pursuant to such authority shall not exceed 50.0% of the total number of Units in issue immediately after the close of the Offering; and**
- (ii) the aggregate number of Units to be issued other than on a *pro rata* basis to the then existing Unitholders shall not exceed 20.0% of the total number of Units in issue immediately after the close of the Offering,**

and subject to the BTA and any other relevant applicable laws, regulations and guidelines, and unless revoked or varied by the Unitholders in general meeting, such authority shall continue in full force until the conclusion of the first annual general meeting of PST or the date by which the first annual general meeting is required by law to be held, whichever is the earlier.

The Trustee-Manager, as trustee-manager of PST, and the Sponsor have entered into Memoranda of Agreement for the sale and purchase of eight Vessels which are conditional upon the successful admission of PST to the Official List of the SGX-ST pursuant to the Listing. The Vessels which will comprise PST's initial portfolio, consist of two Panamax container vessels and six Handysize container vessels with an aggregate capacity of 13,864 TEU. The acquisitions will be financed partly by drawing down an aggregate amount of US\$127.0 million from the Term Loan Facilities and partly from the funds raised in the Offering.

THE TRUST DEED

PST is a registered business trust constituted by the Trust Deed and principally regulated by the SFA and the BTA.

The terms and conditions of the Trust Deed shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require the Trustee-Manager to do.

The provisions of the BTA prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Trustee-Manager and the Unitholders under the Trust Deed.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee-Manager.

Each Unit represents an undivided interest in PST. A Unitholder has no equitable or proprietary interest in the underlying assets of PST and is not entitled to the transfer to it of any asset (or any part thereof) or of any vessel, any interest in any vessel (or any part thereof) of PST. A Unitholder's right is limited to the right to require due administration of PST in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee-Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that it will not commence or pursue any action against the Trustee-Manager seeking an order for specific performance or for injunctive relief in respect of the assets of PST (or any part thereof), including all its Authorised Investments (as defined therein), and waives any rights it may otherwise have to such relief. If the Trustee-Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee-Manager is limited to a right to recover damages or compensation from the Trustee-Manager in a court of competent jurisdiction, and each Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Trustee-Manager, exercise any right in respect of the assets of PST or any part thereof or lodge any caveat or other notice affecting the vessels of PST (or any part thereof), or require that any Authorised Investments forming part of the assets of PST be transferred to such Unitholder.

No certificate shall be issued to Unitholders by the Trustee-Manager in respect of Units issued to Unitholders. For so long as PST is listed, quoted and traded on the SGX-ST, the Trustee-Manager shall, pursuant to a depository services agreement made between the Trustee-Manager and CDP on 25 April 2006 (the “**Depository Services Agreement**”), appoint CDP as the Unit depository for PST, and all Units issued will be represented by entries in the register of Unitholders kept by the Trustee-Manager or the agent appointed by it in the name of, and deposited with, CDP as the registered holder of such Units. The Trustee-Manager or the agent appointed by it shall issue to CDP not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

There are no restrictions under the Trust Deed or Singapore law on a person's right to purchase (or subscribe for) Units and to own Units except in the case of rights issue where the Trustee-Manager has the right under the Trust Deed to elect not to extend an offer of Units under rights issue to Unitholders whose addresses are outside Singapore.

Changes in Unitholders' equity

The Trustee-Manager may at any time and on prior written notice (such notice period shall be determined by the Trustee-Manager in its absolute discretion) to each Unitholder (or, when PST is listed, by the Trustee-Manager delivering such notice in writing to CDP for onward delivery to the Unitholders), determine that each Unit shall be sub-divided into two or more Units or consolidated with one or more other Units and the Unitholders shall be bound accordingly.

The Register shall be altered accordingly to reflect the new number of Units held by each Unitholder as a result of such sub-division or consolidation and the Trustee-Manager shall cause CDP to alter the Depository Register (as defined herein) accordingly in respect of each relevant Unitholder's Securities Account to reflect the new number of Units held by such Unitholder as a result of such sub-division or consolidation.

Rights, preferences and restrictions attaching to each class of Units

The Trust Deed provides that rights attached to the Units issued with special conditions have to be clearly defined in the Trust Deed and, if at any time, different classes of Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Units of that class) may, subject to the provisions of any applicable laws, regulations and guidelines, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Unitholders of that class.

Currently, there is only one class of Units and every Unit carries the same voting rights. Under the BTA, only persons registered in the statutory register maintained by the Trustee-Manager is recognised as registered holder of the Units in issue. For so long as PST is listed, the CDP shall be the registered holder of all the Units in issue and the CDP shall pursuant to the Depository Services Agreement maintain a record in a depository register (the “**Depository Register**”) of the Unitholders having Units credited into their respective Securities Accounts and to record in the Depository Register the following information stated below in relation to each Unitholder, namely:

- (1) the names and addresses of the Unitholders;
- (2) the number of Units held by each Unitholder;
- (3) the date on which every such person entered in respect of the Units standing in his name became a Unitholder and, where he became a Unitholder by virtue of an instrument of transfer, a sufficient reference to enable the name and address of the transferor to be identified; and
- (4) the date on which any transfer is registered and the name and address of the transferee.

Each Unitholder named in the Depository Register shall for such period as the Units are entered against his name in the Depository Register, be deemed to be the owner in respect of the number of Units entered against such Unitholder's name in the Depository Register and the Trustee-Manager shall be entitled to rely on any and all such information in the Depository Register.

The entries in the Depository Register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by each Unitholder and, in the event of any discrepancy between the entries in the Depository Register and the details appearing in any confirmation note or monthly statement issued by CDP, the entries in the Depository Register shall prevail unless the Unitholder proves to the satisfaction of the Trustee-Manager and CDP that the Depository Register is incorrect.

Distributions

Subject to applicable laws, regulations and guidelines, and the Trust Deed, the Trustee-Manager shall make regular distributions of all (or such lower percentage as the Trustee-Manager may determine) Net Tax-Exempt Income to Holders at quarterly or such other intervals as the Trustee-Manager shall decide in its absolute discretion, and the Trustee-Manager may distribute all (or such lower percentage as the Trustee-Manager may determine) Net Taxable Income at such time as the Trustee-Manager may in its absolute discretion deem fit. All distributions are paid *pro rata* among the Unitholders in proportion to the amount paid up on each Unitholder's Units, unless the rights attached to an issue of any Unit provide otherwise. Any moneys payable to Unitholders which remain unclaimed after a period of 12 months shall be accumulated in special account (the “**Unclaimed Moneys Account**”) from which the Trustee-Manager may, from time to time, make payments to Unitholders claiming any such moneys. Subject to the winding-up provisions in the Trust Deed, the Trustee-Manager, may, at its discretion and if practicable, cause such sums which represent moneys remaining in the Unclaimed Moneys Account for five years after the date of payment of such moneys into the Unclaimed Moneys Account and interest, if any, earned thereon, to be paid into the Courts of Singapore after deducting from such sums all fees, costs and expenses incurred in relation to such payment into the Courts of Singapore¹⁸. If the

¹⁸ The Trustees Act, Chapter 337 of Singapore, allows a trustee to discharge its liabilities towards unclaimed moneys by paying such moneys into Singapore courts, although it does not prescribe the period for which the moneys must be unclaimed before they may be paid into the courts. Although the Trustees Act is not applicable to a registered business trust, as a matter of prudence, the Trust Deed has provided that the Trustee-Manager may pay unclaimed moneys into the courts.

said moneys are insufficient to meet all such fees, costs and expenses, the Trustee-Manager shall be entitled to have recourse to the Trust Property.

Voting Rights

A Unitholder is entitled to attend, speak and vote at any general meeting of the Unitholders in person or by proxy and a Unitholder may appoint not more than two proxies to attend and vote at the same general meeting as a Unitholder if his name appears on the Depository Register as at 48 hours before the time of the relevant general meeting as certified by the Depository to PST. Except as otherwise provided in the Trust Deed, not less than two Unitholders must be present in person or by proxy of one-tenth in value of all the Units for the time being in issue to constitute a quorum at any general meeting. Under the Trust Deed, on a show of hands every Unitholder present in person or by proxy shall have one vote, and on a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the general meeting or by five or more Unitholders (including their proxies) having the right to vote at the general meeting or by Unitholder(s) (including their proxies) representing not less than 10.0% of the total voting rights of all the Unitholders having the right to vote at the general meeting.

Variation of rights of respective classes of Units

If at any time different classes of Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Units of that class) may, subject to any applicable laws, regulations and guidelines, whether or not the Trust is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Unitholders of that class. To every such separate meeting of Unitholders of that class the provisions of the Trust Deed relating to general meetings of the Unitholders shall *mutatis mutandis* apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued Units of the class and that any Unitholder of that class present in person or by proxy or by attorney may demand a poll.

The rights conferred upon the Unitholders of the Units of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the Units of that class or by the Trust Deed as are in force at the time of such issue, be deemed to be varied by the creation or issue of further Units ranking equally therewith.

The Trust Deed does not impose more stringent conditions for the variation of rights of respective classes of Units, if any, than those required by the applicable law.

Issue of Units

The Trustee-Manager has the exclusive right to issue Units for the account of PST. For so long as PST is listed on the SGX-ST, the Trustee-Manager may, subject to the provisions of the Listing Manual, the Trust Deed, the BTA and any other relevant laws, regulations and guidelines, issue Units.

If in connection with an issue of a Unit, any requisite payment of the Issue Price for such Unit has not been received by the Trustee-Manager before the seventh Business Day after the Unit was agreed to be issued (or such other later date as the Trustee-Manager may decide), the Trustee-Manager may cancel its agreement to issue such Unit, such Unit will be deemed never to have been issued or agreed to be issued. In such an event, the Trustee-Manager may, at its discretion, charge the investor (and retain the same for its own account) a cancellation fee of such amount as the Trustee-Manager may from time to time determine to represent the administrative costs involved in processing the application for such Unit.

Suspension of Issue of Units

The Trustee-Manager may subject to the Listing Manual suspend the issue of Units during:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- the existence of any state of affairs which, in the opinion of the Trustee-Manager, might seriously prejudice the interests of the Unitholders as a whole or the Trust Property;
- for any period when for any reason the prices of any assets of PST cannot be promptly and accurately ascertained;
- any period when remittance of money which will or may be involved in the realisation of any asset of PST or in the payment for such asset of PST cannot, in the opinion of the Trustee-Manager, be carried out at normal rates of exchange;
- in relation to any general meeting of the Unitholders, the period of 48 hours before such general meeting or any adjournment thereof;
- any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS; or
- when the business operations of the Trustee-Manager in relation to PST are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Trustee-Manager and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the Trustee-Manager.

In the event of any suspension while PST is listed on the SGX-ST, the Trustee-Manager shall ensure that such suspension is made through the SGX-ST.

Rights and Liabilities of Unitholders

The rights of Unitholders include rights to:

- receive income and other distributions attributable to the Units held;
- receive audited accounts and the annual reports of PST; and
- participate in the termination of PST by receiving a share of all net cash proceeds derived from the realisation of the assets of PST less any liabilities, in accordance with their proportionate interests in PST.

No Unitholder has a right to require that any asset of PST be transferred to him.

Further, Unitholders cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

- PST ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred on the Trustee-Manager by the Trust Deed.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the Issue Price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee-Manager or any creditor of PST in the event that the liabilities of PST exceed its assets.

Limitation on right to own Units

Units Issued to Persons Resident Outside Singapore

In relation to any rights issue, the Trustee-Manager may in its absolute discretion elect not to extend an offer of Units under the rights issue to those Unitholders whose addresses are outside Singapore. In such event, the rights or entitlements to the Units of such Unitholders will be offered for subscription by the Trustee-Manager as the nominee and authorised agent of each such relevant Unitholder in such manner and at such price, as the Trustee-Manager may determine. Where necessary, the Trustee-Manager shall have the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale, if successful, will be paid to the relevant Unitholders whose rights or entitlements have been thus sold, provided that where such proceeds payable to the relevant Unitholders are less than US\$10.00, the Trustee-Manager shall be entitled to retain such proceeds as part of the Trust Property.

Amendments of the Trust Deed

After the Trust is Listed

Save where an amendment to the Trust Deed has been approved by the sanction of an Extraordinary Resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed, no amendment may be made to the provisions of the Trust Deed unless the Trustee-Manager certifies in writing that, in its opinion, such amendment:

- does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee-Manager from any responsibility to the Unitholders;
- is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law); or
- is made to correct a manifest error,

and, if required, is made with the prior approval of the relevant authorities.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

Circumstances under which the Trustee-Manager may be indemnified out of the Trust Property

In general, subject to any express provision under the Trust Deed and without prejudice to any right of indemnity at law given to the Trustee-Manager, the Trustee-Manager is entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as PST's trustee-manager to have recourse to the Trust Property or any part thereof, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager where the Trustee-Manager fails to exercise the degree of care and diligence required of a trustee-manager of a registered business trust under the BTA.

Circumstances under which the Trustee-Manager may exclude liability in relation to carrying out of its duties with respect to PST

Subject to the duties and obligations of the Trustee-Manager under the Trust Deed, the Trustee-Manager shall not be liable for any act or omission in relation to PST save where there is, on the part of the Trustee-Manager, fraud, wilful default or breach of trust where the Trustee-Manager fails to exercise the degree of care and diligence required of a trustee-manager of a registered business trust under the BTA.

In the absence of fraud, wilful default or breach of trust by the Trustee-Manager where the Trustee-Manager fails to exercise the degree of care and diligence required of a trustee-manager of a registered business trust under the BTA, the Trustee-Manager shall not incur any liability to the Unitholders by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Trust Deed.

Removal of the Trustee-Manager and appointment of new trustee-manager

The Trust Deed provides that the appointment and removal of the Trustee-Manager shall only be in accordance with applicable laws, regulations and guidelines. (See “The Trustee-Manager — Retirement or Removal of the Trustee-Manager” for details.)

Any change in the fees and charges payable to the Trustee-Manager

An Extraordinary Resolution is required to approve:

- any increase in the rate or any change in the structure of the Trustee-Manager’s Management Fees;
- any increase in the permitted level of the Trustee-Manager’s acquisition fee or disposal fee; and
- any increase in the rate or any change in the structure of the trustee fee payable to the Trustee-Manager.

Winding-up

Notwithstanding the time, circumstances or event specified in the Trust Deed but subject otherwise to the Business Trusts Act, the winding up of PST would still be subject to approval by a majority of the number of the votes of Unitholders in general meeting.

CERTAIN AGREEMENTS RELATING TO PST AND THE VESSELS

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of PST. The agreements are available for inspection at the registered office of the Trustee-Manager at 140 Cecil Street #15-00A, PIL Building, Singapore 069540 for a period of six months from the date of this Prospectus.

MEMORANDA OF AGREEMENT FOR THE VESSELS

The common terms and conditions of the Memoranda of Agreement are summarised below. For details of the Vessels, please refer to “Business and Vessels”.

Condition precedent

The Sponsor and the Trustee-Manager have entered into the Memoranda of Agreement. The sale of the Vessels by the Sponsor is conditional upon the Listing.

Purchase price and payment

The purchase prices for the Vessels are as set out below. The purchase price for each Vessel shall be paid in full free of bank charges to the Sponsor on delivery of that Vessel, but not later than three business days after that Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of the relevant Memorandum of Agreement and the notice of readiness for delivery has been given in accordance with the relevant Memorandum of Agreement. Delivery of the Vessels is to be on the Completion Date.

	Purchase Price (US\$) for Vessels based on the Offering Price of US\$0.45
3,081 TEU (Panamax)	
Kota Kado	53,182,594
Kota Kaya	53,182,594
1,454 TEU (Handysize)	
Kota Anggerik	29,366,041
Kota Anggun	29,366,041
Kota Arif	29,366,041
Kota Azam	29,366,041
943 TEU (Handysize)	
Kota Rajin	23,585,324
Kota Rancak	23,585,324
Total	271,000,000
Discount to Appraised Value	7.5%

Inspections of Vessels

PST has inspected and accepted each Vessel's classification records. PST has also inspected each Vessel and has accepted each Vessel following the said inspection and the sale is outright and definite, subject only to the terms and conditions of the relevant Memorandum of Agreement.

Risk of Vessels and condition of Vessels on delivery

Each Vessel with everything belonging to her shall be at the Sponsor's risk and expense until she is delivered to PST, but subject to the terms and conditions of the relevant Memorandum of Agreement, she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted.

However, each Vessel shall be delivered with her class maintained without condition or recommendation, free of average damage affecting that Vessel's class, and with her classification certificates and national certificates, as well as all other certificates that Vessel had at the time of inspection, valid and unextended without condition or recommendation by class or the relevant authorities at the time of delivery.

As part of the delivery arrangements, on the day of delivery of each Vessel, the Sponsor will deliver to PST a letter of undertaking in respect of that Vessel under which the Sponsor confirms and undertakes to PST that if, during the period from the inspection of that Vessel to the delivery of that Vessel, there is any damage to that Vessel which could have been discovered had PST carried out underwater and superficial inspection of that Vessel just prior to the delivery thereof, such damage shall be made good at the Sponsor's expense to the satisfaction to PST and/or the relevant classification societies.

Vessels to be delivered free from encumbrances

The Sponsor warrants that each Vessel, at the time of delivery, is free from all charters, encumbrances, mortgages and maritime liens or any other debts whatsoever. The Sponsor undertakes to indemnify PST against all consequences of claims made against a Vessel which have been incurred prior to the time of delivery.

Governing law and dispute resolution

Each Memorandum of Agreement is governed by and construed in accordance with the laws of Singapore. All and any dispute arising out of or in connection with a Memorandum of Agreement is to be referred to and finally resolved by arbitration at the Singapore Chamber of Maritime Arbitration ("**SCMA**") in accordance with the arbitration rules of the SCMA ("**SCMA Rules**") for the time being in force at the time of commencement of the arbitration, which rules are deemed incorporated by reference to each Memorandum of Agreement.

CHARTER AGREEMENTS

On 25 April 2006, the Charterer and the Trustee-Manager entered into the Charter Agreements with delivery of the Vessels thereunder to the Charterer on the Listing Date. Each of the Charter Agreements is for a term between eight to 10 years commencing on the delivery date.

The Charter Agreements are each in the form of "Barecon 2001 Standard Bareboat Charter" published by the BIMCO with certain riders added in respect of, *inter alia*, (i) the flag and class of each Vessel; (ii) the improvements, additions and changes; (iii) redelivery; (iv) communications; (v) confidentiality; (vi) sales option to a third party; (vii) extension option; and (viii) reference to expert referee.

The common terms and conditions of the Charter Agreements are summarised below. For the details of the Vessels and the respective charter hire rates of the Vessels, please refer to "Business and Vessels".

Duration of the Charter and Delivery of the Vessels

The specific term of the charter period for each Vessel is stated in each of the Charter Agreements (the “**Charter Period**”). An option is granted by PST to the Charterer to extend the Charter Period on terms to be mutually agreed between PST and the Charterer 180 days prior to the end of the Charter Period.

Vessel	Charter tenure (Years)
3,081 TEU (Panamax)	
Kota Kado	9
Kota Kaya	9
1,454 TEU (Handysize)	
Kota Anggerik	8
Kota Anggun	8
Kota Arif	8
Kota Azam	8
943 TEU (Handysize)	
Kota Rajin	10
Kota Rancak	10

Use of the Vessels

Under each Charter Agreement, the Charterer undertakes not to employ the relevant Vessel under terms that are not in conformity with the terms of that Vessel's insurances without first obtaining the consent to such employment of the insurers.

Each Vessel is to be employed in lawful trades for the carriage of suitable lawful merchandise within the “trading limits” stated under the relevant Charter Agreement, that is, “worldwide trading always within Institute Warranty Limits excluding countries sanctioned by United Nations and excluded by flag state”. “Institute Warranty Limits” are limits which indicate when/where vessels can trade with/without paying an extra insurance premium for navigational risk.

Maintenance and Operation of the Vessels

Maintenance and repairs

During the relevant Charter Period, each Vessel is in full possession, and at the absolute disposal for all purposes, of the Charterer. The responsibility for maintenance and operation of a Vessel and all costs and expenses arising from these activities rests with the Charterer. Failure of the Charterer to rectify a breach of the obligation to maintain and repair a Vessel within a reasonable time entitles PST to withdraw that Vessel from the Charterer's service and terminate the relevant Charter Agreement.

The Charterer is obliged to maintain each Vessel in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice. The Charterer shall, at its own expense, keep that Vessel's class fully up to date with the stated classification society and maintain that Vessel's ship and trading certificates in force at all times.

Operation of the Vessels

The Charterer shall at its own expense and by its own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair each Vessel during the relevant Charter Period and it shall pay all charges and expenses of every kind and nature whatsoever incidental to its use and operation of each Vessel under the relevant Charter Agreement. The Master, officers and crew of each Vessel shall be the servants of the Charterer for all purposes whatsoever, even if for any reason they are appointed by PST, and the Charterer shall comply with the regulations regarding officers and crew in force in the country of each Vessel's flag or any other applicable law.

Hire

The Charterer shall punctually and continuously, during the Charter Period, pay the charter hire due to PST stated in the relevant Charter Agreement which is payable not later than every 30 days in advance, the first lump sum being payable on the date and hour of a Vessel's delivery to the Charterer. The table below shows the daily charter rate payable for each Vessel under the Charter Agreements.

Vessel	Daily charter rate⁽¹⁾
	(US\$'000)
3,081 TEU (Panamax)	
Kota Kado	17.7
Kota Kaya	17.7
1,454 TEU (Handysize)	
Kota Anggerik	11.0
Kota Anggun	11.0
Kota Arif	11.0
Kota Azam	11.0
943 TEU (Handysize)	
Kota Rajin	7.6
Kota Rancak	7.6
Total	94.6

Note:

(1) Under the Charter Agreements (see "Certain Agreements Relating to PST and the Vessels — Charter Agreements").

In deriving the charter rates, reference is made to recent market time charter transactions. As there is none for long periods of eight to 10 years, shorter period fixtures are used. In addition, the charter rates are adjusted to take into account (a) adjustments for the vessel operating costs, (b) age, quality and speed of the Vessel, (c) the length of the Charter Periods, (d) the quality of the Charterer, and (e) the purchase price of the Vessel.

Any delay in payment of the charter hire in excess of four banking days shall entitle PST to interest at the rate which is two per centum above the three months interbank offered rate in London (LIBOR or its successor) for US dollars, as quoted by the British Bankers' Association on the date when the hire fell due.

Insurance and Repairs

During the Charter Period, the Charterer is solely responsible for arranging and paying insurances against hull and machinery, war and protection and indemnity risks (and any risks against which it is compulsory to insure for the operation of each Vessel). Such insurances shall protect the interests of the Charterer and PST and the mortgagee(s), if any, according to their respective interests.

The Charterer is also responsible for effecting repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.

Redelivery

At the expiration of the relevant Charter Period, each Vessel shall be redelivered by the Charterer to PST at a safe and ice-free port or place as stated in the relevant Charter Agreement, in such ready safe berth as PST may direct.

Each Vessel shall be redelivered to PST with, *inter alia*, the following:

- her stated classification maintained free of any recommendations;
- all such spare parts and other equipment (normal wear and tear excepted) as are listed in the inventory (of spare parts and other items) prepared in relation to that Vessel at the time of the original delivery of that Vessel by PST; and
- all relevant class certificates of the stated classification society which shall be clean and valid for at least six months from the date of redelivery.

Indemnity

The Charterer shall indemnify PST against any loss, damage or expense incurred by PST arising out of or in relation to the operation of each Vessel by the Charterer, and against any lien of whatsoever nature arising out of an event occurring during the relevant Charter Period. If a Vessel is arrested or otherwise detained by reason of claims or liens arising out of her operation thereunder by the Charterer, the Charterer shall at its own expense take all reasonable steps to secure that within a reasonable time that Vessel is released, including the provision of bail. Without prejudice to the generality of the foregoing, the Charterer agrees to indemnify PST against all consequences or liabilities arising from the Master, officers or agents signing bills of lading or other documents.

If a Vessel is arrested or otherwise detained by reason of a claim or claims against PST, PST shall at its own expense take all reasonable steps to secure that within a reasonable time that Vessel is released, including the provision of bail. In such circumstances, PST shall indemnify the Charterer against any loss, damage or expense incurred by the Charterer (including hire paid under the Charter Agreement) as a direct consequence of such arrest or detention.

Termination

Default by the Charterer

PST is entitled to withdraw a Vessel from the Charterer's service and terminate the relevant Charter Agreement with immediate effect by written notice to the Charterer if:

- the Charterer fails to pay the charter hire in accordance with the relevant Charter Agreement and fails to rectify such failure within the period specified in the relevant Charter Agreement after receiving a written notice to do so from PST; or
- the Charterer fails to comply with its obligations on, *inter alia*, the use of that Vessel, the maintenance and repairs and insurances relating to that Vessel, and fails to rectify such failure within the period specified by PST in a written notice after receiving the same from PST.

Default by PST

Should PST by any act or omission be in breach of its obligations under the relevant Charter Agreement to the extent that the Charterer is deprived of the use of a Vessel and such breach continues for a period of 14 days after written notice thereof has been given by the Charterer to PST, the Charterer shall be entitled to terminate the relevant Charter Agreement with immediate effect by written notice to PST.

Total loss of the Vessel

A Charter Agreement shall be deemed to be terminated if the relevant Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss, provided that a Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached, it is adjudged by a competent tribunal that a constructive loss of that Vessel has occurred.

Termination by notice

PST and the Charterer are each entitled to terminate a Charter Agreement with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.

Assignment and Sub-charter

The Charterer shall not assign a Charter Agreement or sub-charter a Vessel on a bareboat basis except with the prior consent in writing of PST, which shall not be unreasonably withheld, and subject to such terms and conditions as PST shall approve.

Sale option to a third party

PST has the option to sell a Vessel to a third party before the expiry of the relevant Charter Period provided that:

- the Charterer is to be informed of the intention of sale; and
- the Charterer's consent is obtained.

The Charterer has the right to continue its bareboat charterparty with the new third party buyers-owners with the same terms and conditions of the relevant Charter Agreement (the sale-and-purchase agreement with the new third party buyers-owners shall provide that any sale shall be made subject to the buyer accepting the terms of the relevant Charter Agreement).

Governing law and dispute resolution

Each Charter Agreement is governed by and construed in accordance with the laws of Singapore. All and any dispute arising out of or in connection with a Charter Agreement is to be referred to and finally resolved by arbitration at the SCMA in accordance with the arbitration rules of the SCMA Rules for the time being in force at the time of commencement of the arbitration, which rules are deemed incorporated by reference to each Charter Agreement.

RIGHT OF FIRST REFUSAL AGREEMENT

An agreement was entered into on 25 April 2006 between the Trustee-Manager, as trustee-manager of PST, and the Sponsor (the “**Right of First Refusal Agreement**”) pursuant to which PST was granted the Right of First Refusal over 11 vessels with an estimated combined capacity of over 31,000 TEU, together with any container vessel newbuilding with a capacity exceeding 900 TEU that any PIL Entity may order or contract to acquire from time to time on or after 17 February 2006 (“**ROFR Vessels**”) for so long as

- (i) the Sponsor and/or any of its subsidiaries hold in aggregate at least 30.0% of the total shares from time to time issued in the Trustee-Manager and the Trustee-Manager remains the trustee-manager of PST, or otherwise have interest in the voting shares of the Trustee-Manager and exercise control over the Trustee-Manager, and the Trustee-Manager remains the trustee-manager of PST; or
- (ii) PIL and/or any of its subsidiaries hold in aggregate at least 30.0% of the total units from time to time issued in PST,

on the following terms:

- (a) the Sponsor shall and shall procure its relevant subsidiary to, as the case may be, subject to the applicable laws, regulations and government policies, give written notice to the Trustee-Manager (the “**Written Notice**”) of any proposed offer (a “**Proposed Offer**”) by the Sponsor or that subsidiary (each of the Sponsor and its subsidiaries shall be referred to as a “**PIL Entity**”) (1) to sell, or (2) to sell with a charter back to any PIL Entity, any such ROFR Vessel (details of which are set out below)(save for any sale of any such ROFR Vessel by a PIL Entity to another PIL Entity). For the avoidance of doubt, the grant by any PIL Entity of a charter (including a long-term charter) over any such ROFR Vessel shall not constitute or be deemed to constitute a sale or disposal thereof for the purposes of this paragraph (a);
- (b) subject to the Trustee-Manager giving confidentiality undertakings on customary and usual terms, the Written Notice under paragraph (a), shall be accompanied by copies of the offer documents and all supporting documentation in connection with the relevant Proposed Offer (collectively, the “**Transaction Documents**”) made by or available to the relevant PIL Entity;
- (c) in the event that:
 - (1) the Trustee-Manager does not enter into a binding commitment (in the form of a sale and purchase agreement on terms mutually agreed between the parties, whether conditional or unconditional) for the purchase or purchase with attached charter-back to any PIL entity, as the case may be, of the ROFR Vessel within 30 days (or such longer period as may be mutually agreed) from the date of the Trustee-Manager’s receipt of the Written Notice together with the relevant Transaction Documents notwithstanding that the relevant PIL Entity and the Trustee-Manager have used reasonable endeavours to engage in good faith negotiations to agree on the terms and conditions of the proposed purchase by the Trustee-Manager of the ROFR Vessel; or
 - (2) the Trustee-Manager indicates in writing to the relevant PIL Entity that it shall not be purchasing the ROFR Vessel,whichever is the earlier, the relevant PIL Entity shall be entitled to sell the ROFR Vessel to a third party, without any accountability, liability or obligation whatsoever to the Trustee-Manager; and
- (d) in the event that during the term for which the right of first refusal in respect of a ROFR Vessel is valid and subsisting, the shares in any subsidiary of the Sponsor holding that ROFR vessel are to be transferred to a party not being a PIL Entity such that that subsidiary will thereafter cease to be a subsidiary of the Sponsor, the Sponsor shall procure that that subsidiary shall immediately transfer that ROFR Vessel back to any PIL Entity for the time being.

The table below sets out brief information on the 13 ROFR Vessels as at the Latest Practicable Date:

Hull Number (during construction)	TEU	Expected year of delivery	Dockyard
1. Hull No. 5322	3,060	May 2006	Shin Kurushima Dockyard Co., Ltd., Japan
2. Hull No. 5323	3,060	July 2006	Shin Kurushima Dockyard Co., Ltd., Japan
3. Hull No. 5298	900	Delivered	Shin Kurushima Dockyard Co., Ltd., Japan
4. Hull No. C4250-22	4,250	2008	Dalian New Shipbuilding Heavy Industry Co., Ltd, China
5. Hull No. C4250-23	4,250	2008	Dalian New Shipbuilding Heavy Industry Co., Ltd, China
6. Hull No. C4250-24	4,250	2008	Dalian New Shipbuilding Heavy Industry Co., Ltd, China
7. Hull No. C4250-25	4,250	2009	Dalian New Shipbuilding Heavy Industry Co., Ltd, China
8. Hull No. CS1800-1	1,800	2008	Dalian Shipyard Co., Ltd, China
9. Hull No. CS1800-2	1,800	2008	Dalian Shipyard Co., Ltd, China
10. Hull No. CS1800-3	1,800	2009	Dalian Shipyard Co., Ltd, China
11. Hull No. CS1800-4	1,800	2009	Dalian Shipyard Co., Ltd, China
12. Hull No. CS1800-5	1,800	2008	Dalian Shipping Industry Co., Ltd, China
13. Hull No. CS1800-6	1,800	2009	Dalian Shipping Industry Co., Ltd, China
Total	34,820		

The Right of First Refusal Agreement shall lapse forthwith if neither (i) or (ii) above is satisfied.

NON-COMPETE AGREEMENT

An agreement was entered into on 25 April 2006 between the Trustee-Manager and the Sponsor (the “**Non-Compete Agreement**”) pursuant to which the Sponsor irrevocably undertook on behalf of itself and its subsidiaries to the Trustee-Manager, as trustee-manager of PST, that for so long as:

- (i) the Sponsor and/or any of its subsidiaries hold in aggregate at least 30.0% of the total voting shares from time to time issued in the Trustee-Manager or otherwise have interest in the voting shares of the Trustee-Manager and exercise control over the Trustee-Manager and the Trustee-Manager remains the trustee-manager of PST; or
- (ii) PIL and/or any of its subsidiaries hold in aggregate at least 30.0% of the total units from time to time issued in PST,

the Sponsor and/or its subsidiaries shall not, without the prior written consent of the Trustee-Manager, acting as trustee-manager of PST (whose consent shall not be unreasonably withheld or delayed), compete with PST and carry on the chartering out of container vessels other than (1) the chartering out of container vessels for the sole purpose of “warehousing” them on behalf of PST until such time when PST is able to acquire the vessels from the Sponsor and/or any of its subsidiaries, or (2) where the charterer is the Sponsor, any of its subsidiaries or any of its consortium partners operating in a joint service.

The Non-Compete Agreement shall lapse forthwith if neither (i) or (ii) is satisfied.

For the purposes of the Right of First Refusal Agreement and the Non-Compete Agreement, “**control**” when used in the context of control of a corporation, means the capacity to determine the outcome of decisions on the financial and operating policies of that corporation, having regard to the following considerations:

- (i) the practical influence which can be exerted (rather than the rights which can be enforced); and
- (ii) any practice or pattern of behaviour affecting the financial and operating policies of that corporation (even if it involves a breach of an agreement or a breach of trust),

but shall exclude any capacity to influence decisions on the financial and operating policies of a corporation where such influence is required to be exercised for the benefit of other persons pursuant to an obligation imposed under any written law, rule of law, contract or order of court.

TAXATION

The following summary of certain Singapore income tax consequences of the purchase, ownership and disposition of the Units is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units and does not purport to apply to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisers concerning the application of Singapore income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Units arising under the laws of any other taxing jurisdiction.

The taxation of PST and that of its Unitholders are described below.

Taxation of PST

The income of PST will comprise substantially Charter Income derived from the chartering of the Vessels to ship operators. Such Charter Income referred to as PST's Tax-Exempt Income, would qualify for tax exemption under Section 13A of the Income Tax Act, Chapter 134 of Singapore.

PST may also have some interest income from the placement of its Charter Income that are not immediately distributed in fixed deposits with banks located in Singapore. Such interest income are referred to as PST's Taxable Income.

In addition, PST may have gains or profits arising from the sale of the Vessels sometime in the future.

Tax-Exempt Income

PST's Tax-Exempt Income after adjusting for allowable expenses ("**Net Tax-Exempt Income**") would not be subject Singapore income tax under Section 13A of the Income Tax Act, Chapter 134 of Singapore. PST's Net Tax-Exempt Income may subsequently be distributed to Unitholders free of Singapore withholding tax or tax deduction at source.

Taxable Income

PST's Taxable Income after adjusting for allowable expenses, if any, would be subject to Singapore income tax at the prevailing corporate tax rate, currently at 20.0%. The after-tax amount ("**Net Taxable Income**") may subsequently be distributed to Unitholders free of Singapore withholding tax or tax deduction at source.

Gains or profits from the sales of the Vessels

PST's gains or profits from the sale of the Vessels made up to the Year of Assessment 2009 would not be subject to Singapore income tax. After the Year of Assessment 2009, if PST disposes of the Vessels and derives gains or profits therefrom, the gains or profits would also not be subject to Singapore income tax if the IRAS views the transaction as a capital transaction. Such confirmed gains or profits are referred to as PST's Capital Gains and they may be distributed to Unitholders free of Singapore withholding tax or tax deduction at source.

However, where the gains or profits arising from the sale of the Vessels after the Year of Assessment 2009 are determined by the IRAS to be revenue in nature, the gains or profits are subject to Singapore income tax at the prevailing corporate tax rate. The after-tax revenue gains or profits may be distributed to Unitholders free of Singapore withholding tax or tax deduction at source.

Taxation of PST's Unitholders

Net Tax-Exempt Income and Net Taxable Income

All Unitholders are exempt from Singapore income tax on the distributions made by PST out of its Net Tax-Exempt Income and Net Taxable Income regardless of whether they are corporate Unitholders or individuals. The Unitholders may not claim a corresponding tax credit/refund for the tax paid at PST's level on PST's Taxable Income less allowable expenses.

Gains or profits from the sale of the Vessels

All Unitholders receiving distributions made out of PST's Capital Gains or after-tax revenue gains or profits will be exempt from Singapore income tax on the distributions received, regardless of whether they are corporate Unitholders or individuals. The Unitholders may not claim a corresponding tax credit or refund for the tax paid at PST's level on PST's revenue gains or profits less allowable expenses.

Disposal of Units

Any gains on disposal of the Units are not liable to Singapore income tax provided the Units are not held as trading assets. Unitholders who hold the Units as trading assets are required to declare such gains on disposal of their Units in their respective income tax returns.

Stamp Duty

Stamp duty is not applicable on the transfer of Vessels.

Stamp duty will not be imposed on instruments of transfers relating to the Units. In the event of a change of trustee-manager of PST, stamp duty on any document effecting the appointment of a new trustee-manager and the transfer of trust assets from the incumbent trustee-manager to the new trustee-manager will be charged at a nominal rate not exceeding S\$10.00 as specified under Article 3(g)(ii) of the First Schedule to the Stamp Duties Act, Chapter 312 of Singapore.

PLAN OF DISTRIBUTION

The Trustee-Manager is making an offering of 222,000,000 Units (representing 65.9% of the total number of Units in issue after the Offering) for subscription at the Offering Price under the Placement Tranche and the Public Offer. 11,100,000 Units will be offered under the Public Offer. Units may be re-allocated between the Placement Tranche and the Public Offer in the event of excess applications in one and a deficit of applications in the other.

The Public Offer is open to members of the public in Singapore. Under the Placement Tranche, the Trustee-Manager intends to offer the Units by way of an international placement through the Underwriter to investors, including institutional and other investors in Singapore. Subject to the terms and conditions set forth in the Underwriting Agreement, the Trustee-Manager is expected to effect for the account of PST the issue of, and the Underwriter is expected to subscribe, or procure subscribers for, the 222,000,000 Units.

The Units will be offered at the Offering Price. The Offering Price per Unit in the Placement Tranche and the Public Offer will be identical (based on a fixed exchange rate of US\$1.00 = S\$1.5889). The Underwriter has agreed to subscribe or procure the subscription of 222,000,000 Units at the Offering Price, less the Underwriting and Selling Commission to be borne by PST. To the extent of those Loan Units that are subsequently resold pursuant to the exercise of the Over-allotment Option, PST will bear the Underwriting and Selling Commission in respect of such Units.

The Offering Price of US\$0.45 has been determined, following a book-building process, by agreement between the Underwriter, the Sponsor and the Trustee-Manager. Among the factors that were considered in determining the Offering Price were the level of investor demand for the Units and the prevailing market conditions in the securities markets.

The Trustee-Manager and the Sponsor have agreed in the Underwriting Agreement to indemnify the Underwriter against certain liabilities.

The Underwriting Agreement also provides that the obligations of the Underwriter to subscribe or procure the subscription of the Units in the Offering are subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Underwriter at any time prior to payment being made for the Units, upon the occurrence of certain events including, among other things, any change in national or international monetary, financial, political or economic conditions, currency exchange rates, foreign exchange controls or other events in the nature of force majeure, any moratorium on trading of securities on the SGX-ST, The Stock Exchange of Hong Kong Limited, London Stock Exchange plc or the New York Stock Exchange, Inc, or any moratorium on banking, foreign exchange, settlement or clearing services affecting Singapore, Hong Kong, London or New York, or any material adverse change or development involving a prospective material adverse change in taxation in Singapore, in each case the effect of which is such as would be, in the view of the Underwriter, likely to prejudice materially the success of the Offering and distribution of the Units or dealings in the Units in the secondary market, or if there has been any enactment or adoption of any law or rule by any court of competent jurisdiction or governmental authority, or any court order, which would prevent the subscription, issuance or sale of the Units, or if the MAS has issued a stop order pursuant to section 282E of the SFA.

Subscribers of the Units may be required to pay brokerage (and if so required, such brokerage will be up to 1.0% of the Offering Price) and applicable stamp duties, taxes and other similar charges (if any) in accordance with the laws and practices of the country of subscription, in addition to the Offering Price.

The Underwriter and its affiliates may engage in transactions with, and perform services for, the Trustee-Manager, the Sponsor and PST in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and/or investment banking transactions with the Trustee-Manager, the Sponsor and PST, for which they have received, or may in the future receive, customary compensation.

Over-allotment and Stabilisation

The Sponsor has granted the Over-allotment Option to the Underwriter for the purchase by the Stabilising Manager of up to an aggregate of 13,900,000 Units at the Offering Price. The number of Loan Units subject to the Over-allotment Option will not be more than 6.3% of the number of Units under the Placement Tranche and the Public Offer. The Stabilising Manager may exercise the Over-allotment Option in full or in part, on one or more occasions, within 30 days after the date of commencement of trading in the Units on the SGX-ST, solely to cover over-allotments of Units (if any) in the Offering.

In connection with the Over-allotment Option, the Stabilising Manager and the Sponsor have entered into a unit lending agreement dated 19 May 2006 pursuant to which the Stabilising Manager may borrow up to an aggregate of 13,900,000 Units from the Sponsor for, among other things, the purpose of facilitating settlement of the over-allotment of Units in connection with the Offering. The Stabilising Manager will re-deliver to the Sponsor, such number of Units which are equivalent to the Units (if any) lent by the Sponsor pursuant to such unit lending agreement and which have not been purchased pursuant to the exercise of the Over-allotment Option, no later than the date of expiry of the Over-allotment Option (or such earlier time as may be agreed between the parties). The unit lending agreement includes a right for the Sponsor to recall such number of Units which are equivalent to the Units (if any) lent under such agreement by giving seven days prior written notice to the Underwriter. In the event this right is exercised by the Sponsor, it is possible that the Underwriter may not be able to stabilise the market price of the Units.

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Such transactions may commence on or after the date of commencement of trading in the Units on SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the commencement of trading in the Units on the SGX-ST, (ii) the date when the over-allotment of the Units which are the subject of the Over-allotment Option has been fully covered (through the purchase of the Units on the SGX-ST and/or the exercise of the Over-allotment Option by the Stabilising Manager, on behalf of itself and the Underwriter) or (iii) the date falling 30 days after the date of adequate public disclosure of the final price of the Units. Any profit after expenses derived, or any loss sustained, as a consequence of the Over-allotment Option or stabilising activities shall be for the account of the Underwriter.

None of the Trustee-Manager, the Sponsor and the Stabilising Manager makes any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Units. In addition, none of the Trustee-Manager, the Sponsor and the Stabilising Manager makes any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET in relation to the total number of Units purchased by the Stabilising Manager, not later than 12.00 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of

stabilising action and the number of Units in respect of which the Over-allotment Option has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising action.

Issue Expenses

The estimated amount of the expenses in relation to the Offering of US\$99.9 million includes the Underwriting and Selling Commission, professional and other fees and all other incidental expenses in relation to the Offering, which will be borne by PST. A breakdown of these estimated expenses is as follows:

	As a percentage of the Offering based on the Offering Price	
	(US\$'000) ⁽¹⁾	(%)
Professional and other fees ⁽²⁾	1,421.7	1.4
Underwriting and Selling Commission ⁽³⁾	3,146.9	3.2
SGX Listing Fees	45.9	0.0
Miscellaneous Offering expenses ⁽⁴⁾	2,732.4	2.7
Total estimated expenses of the Offering	7,346.9	7.3

Notes:

- (1) Amounts include GST, where applicable.
- (2) Includes financial advisory fees, solicitors' fees and fees for the Independent Reporting Accountants, the Independent Tax Adviser, the Independent Valuer and other professionals' fees.
- (3) Such commissions represent approximately 3.0% of the total amount of the Offering and approximately 3.0% on a per Unit basis. The commission payable to the Stabilising Manager in connection with the exercise of the Over-allotment Option will be paid by the Sponsor.
- (4) Includes cost of prospectus production, road show expenses and certain other expenses incurred or to be incurred in connection with the Offering.

Lock-up Arrangements

The Sponsor

The Sponsor has agreed with the Underwriter that it will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), directly or indirectly offer, sell or contract to sell or otherwise dispose of:

- (i) its interests in the Lock-up Units during the First Lock-up Period; and
- (ii) its interests in more than 50.0% of the Lock-up Units (adjusted for any bonus issue, consolidation or subdivision) during the Second Lock-up Period,

or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

The restrictions described in the preceding paragraphs do not apply to any securities lending arrangement with the Underwriter or any sale or transfer of its interests in the Loan Units by the Sponsor pursuant to the exercise of the Over-allotment Option. Furthermore, notwithstanding the above restriction, the Sponsor shall be free to transfer its interests in any of the Lock-up Units to any of its wholly-owned subsidiaries provided that the transferor procures that each such wholly-owned subsidiary gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remainder of the Lock-up Periods relating to the Lock-up Units.

The Shareholders of the Sponsor

The shareholders of the Sponsor consists of YCCS, SPIH, Mr YC Chang, the family members of Mr YC Chang and certain other persons.

YCCS

YCCS has agreed with the Underwriter that it will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of:

- (i) any or all of its direct interests in the Sponsor Shares during the First Sponsor Lock-up Period; and
- (ii) more than 50.0% of its direct interests in the Sponsor Shares (adjusted for any bonus issue, consolidation or subdivision) during the Second Sponsor Lock-up Period,

or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions, YCCS will be free to transfer any of its direct interests in the Sponsor Shares to any of Mr YC Chang and his immediate family members provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which such Sponsor Shares are subject.

The Sponsor Special Members

Each of the Sponsor Special Members has agreed with the Underwriter that he will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of:

- (i) any or all of his direct interests in the Sponsor Shares during the First Sponsor Lock-up Period; and
- (ii) more than 50.0% of his direct interests in the Sponsor Shares (adjusted for any bonus issue, consolidation or subdivision) during the Second Sponsor Lock-up Period,

or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions, each Sponsor Special Member will be free to transfer any of his direct interests in the Sponsor Shares among themselves or to any of Mr YC Chang's or the Sponsor Special Member's immediate family members or to any other persons pursuant to the laws of succession and intestacy, provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which such Sponsor Shares are subject.

SPIH

SPIH has agreed with the Underwriter that it will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of:

- (i) any or all of its direct interests in the Sponsor Shares during the First Sponsor Lock-up Period; and
- (ii) more than 50.0% of its direct interests in the Sponsor Shares (adjusted for any bonus issue, consolidation or subdivision) during the Second Sponsor Lock-up Period,

or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions, SPIH will be free to transfer any of its direct interests in the Sponsor Shares to any of Mr YC Chang and his immediate family members provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which such Sponsor Shares are subject.

Shareholders of SPIH

Sponsor Special Members

Each Sponsor Special Member has further agreed with the Underwriter that he will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of any or all of his direct interests, in the SPIH Shares (adjusted for any bonus issue, consolidation or subdivision) and in the PIL HK Shares (adjusted for any bonus issue, consolidation or subdivision), for a period of 12 months commencing on the Listing Date, or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions, each of the Sponsor Special Members will be free to transfer any of his direct interests in the SPIH Shares and the PIL HK Shares among themselves or to any of Mr YC Chang's or the Sponsor Special Member's immediate family members or to any other persons pursuant to the laws of succession and intestacy, provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which such SPIH Shares or, as the case may be, such PIL HK Shares, are subject.

PIL HK

PIL HK has agreed with the Underwriter that it will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), offer, sell or contract to sell or otherwise dispose of any or all of its direct interests in the SPIH Shares (adjusted for any bonus issue, consolidation or subdivision) for a period of 12 months commencing immediately on the Listing Date, or enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions, PIL HK will be free to transfer any of its direct interests in the SPIH Shares to any of Mr YC Chang and his immediate family members provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which such SPIH Shares are subject.

Shareholders of YCCS

The YCCS Special Members

Each of the YCCS Special Members has agreed with the Underwriter that he will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), approve any transfer of YCCS Shares to any person other than YCCS' shareholders as at the Listing Date, for a period of 12 months commencing on the Listing Date, or do anything with a similar economic effect to the foregoing, or do anything which is designed or which may reasonably be expected to result in any of the foregoing, subject to certain exceptions.

Notwithstanding the above restrictions pertaining to the YCCS Shares, each holder of the YCCS Shares shall be free to transfer any of his YCCS Shares to Mr YC Chang's or the holder's immediate family members or to any other persons pursuant to the laws of succession and intestacy, provided that the transferor procures that each such transferee gives a similar undertaking to the reasonable satisfaction of the Underwriter for the remaining period of the moratorium to which the YCCS Shares are subject.

The Trustee-Manager

In all cases where acquisition fees are paid to the Trustee-Manager in respect of an interested person transaction in the form of Units, such Units shall not be sold or transferred to any party within one year from the date of their issuance, save that the Trustee-Manager shall be free to transfer such Units to its related corporations provided that the Trustee-Manager procures that such transferee gives a similar undertaking for the remainder of the moratorium period.

Pursuant to the Underwriting Agreement, the Trustee-Manager has agreed not to issue any Units (other than as contemplated by the Underwriting Agreement) for six months from the Listing Date without the prior written consent of the Underwriter (such consent not to be unreasonably withheld).

Distribution and Selling Restrictions

No action has been or will be taken in any jurisdiction that would permit a public offering of the Units or the possession, circulation or distribution of this Prospectus or any other offering or publicity material relating to PST or the Units in any country or jurisdiction (other than Singapore, where action for the purpose is required). Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material, circular, form of application or advertisement in connection with the Units may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations of any such country or jurisdiction.

Australia

This Prospectus has not been lodged with the Australian Securities and Investments Commission, and is not a disclosure document or product disclosure statement for the purposes of Australian law. The provision of this Prospectus to any person in Australia does not constitute an offer of Units to that person or an invitation to that person to apply for the issue of Units.

Units may only be offered in Australia by the holder of an Australian financial services licence (“**Licensee**”) appointed by the Trustee-Manager under an intermediary authorisation to arrange the issue of Units. A person receiving this Prospectus in Australia should not apply for Units unless this Prospectus is accompanied by an offer from the Licensee to arrange for the issue of the Units.

Units may only be issued in Australia to wholesale clients who are persons to whom an offer of units may be made in Australia without the need for a product disclosure statement under Part 7.9 of the Corporations Act 2001 (Cwlth) (“**Corporations Act**”). This Prospectus is not, and under no circumstances is to be construed as, an advertisement or a public offering of Units in Australia. PST is not registered as a managed investment scheme in Australia, and no securities commission or similar authority in Australia has reviewed or in any way passed upon this document or the merits of investing in the Units. Units may not be resold in Australia within a period of 12 months after the date of issue otherwise than on a basis excluded from disclosure in accordance with sections 1012D or 1012DA of the Corporations Act.

This is not a securities recommendation or investment advice. You should seek your own financial advice.

This Prospectus has been prepared without taking account of any investor's objectives, financial situation or needs, and before acting on it, investors should consider the appropriateness of the information in this Prospectus, having regard to their own objectives, financial situation and needs.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Units to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Units which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Units to the public in that Relevant Member State at any time:

- (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iii) in any other circumstances which do not require the publication by the Trustee-Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Units to the public” in relation to any Units in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Units to be offered so as to enable an investor to decide to purchase or subscribe the Units, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

In addition, this Prospectus must not be distributed to, passed on to, or relied or acted upon, any person in a Member State to the extent that the laws of that Member State prohibit the promotion of the Units to that person. The Underwriter has represented and agreed that it has complied and will comply with any applicable laws of a Member State with respect to anything done by it in relation to the Units in, from or otherwise involving that Member State.

Germany

The offering of the Units does not constitute a public offer in the Federal Republic of Germany. The Units may only be acquired in accordance with the provisions of the German Securities Prospectus Act (*Wertpapier-Prospektgesetz*), as amended, and any other applicable German law. No application has been made under German law to publicly market the Units in Germany. The Units will only be available in Germany to persons who, by profession, trade or business, buy or sell shares for their own or a third party's account. Therefore, the Units and this Prospectus and any other document relating to the Units must not be distributed in Germany by way of a public offer, public advertisement or in any similar manner.

Hong Kong

PST has not been authorised by the Hong Kong Securities and Futures Commission. Accordingly, no person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, this Prospectus or any other advertisement, invitation or document relating to the Units which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Units which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

The Netherlands

The Units may not be offered or sold, directly or indirectly, in the Netherlands, as part of the initial distribution of the Underwriter or as part of any re-offering, and neither this Prospectus nor any other document in respect of the Offering may be distributed or circulated in the Netherlands, other than to individuals or legal entities who or which, in the conduct of a business or profession, deal or invest in investment objects (*beleggingsobjecten*) within the meaning of article 1 of the Regulation in implementation of section 14 of the Investment Institutions Supervision Act (*Uitvoeringsregeling ex artikel 14 Wet toezicht beleggingsinstellingen*).

Norway

This Prospectus has not been approved by or registered with the Oslo Stock Exchange or the Norwegian Register of Business Enterprises under Chapter 5 of the Norwegian Securities Trading Act 1997, and the Units may not be offered or sold, and will not be offered or sold to any persons in Norway in any way that would constitute an offer to the public, other than in circumstances where an exemption from the duty to publish a prospectus under the Norwegian Securities Trading Act 1997 shall be applicable.

Switzerland

The Units will not be distributed and offered, directly or indirectly, to the public in Switzerland and this Prospectus may not be publicly distributed or otherwise made publicly available in Switzerland. This Prospectus does not constitute a public offering prospectus as that term is understood pursuant to art. 652a or art. 1156 of the Swiss Code of Obligations. The Trustee-Manager has not applied and will not apply for a listing of the Units on the SWX Swiss Exchange or any other exchange or regulated securities market in Switzerland, and consequently, the information presented in this Prospectus does not necessarily comply with the information standards set out in the relevant listing rules. The Units being offered pursuant to this Prospectus have not been registered with the Swiss Federal Banking Commission under the Swiss Investment Fund Act. Therefore, investors do not benefit from protection under the Swiss Investment Fund Act or supervision by the Swiss Federal Banking Commission. The Units will be distributed and offered in Switzerland, and this Prospectus will be distributed or otherwise made available in Switzerland on a private placement basis to a limited number of individually selected and approached institutional investors with a professional treasury without any public distribution, offering or marketing in or from Switzerland.

For United Arab Emirates residents only

The Underwriter has represented and agreed that the Units have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and/or sale of securities, including those laws applicable in the Dubai International Financial Centre. The information contained in this Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No.8 of 1984 (as amended)) or otherwise, and is not intended to be an offer or an invitation to subscribe for or purchase any Units.

Further, the information contained in this Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom

The Units are interests in a collective investment scheme which has not been authorised or reviewed by the Financial Services Authority (“FSA”) or any other regulatory authority of the United Kingdom. Accordingly, this Prospectus is not being distributed to, and must not be passed on to, or relied or acted upon by, the public in the United Kingdom.

This Prospectus is for distribution in the United Kingdom only to persons to whom communications relating to unregulated collective investment schemes may lawfully be made, including persons who fall within the relevant categories of investors in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or the Financial Services Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as applicable).

Any investment or investment activity to which this Prospectus relates is only available to such persons or will be engaged in only with such persons and this financial promotion must not be relied or acted upon by persons to whom such promotion cannot lawfully be made. Expressions of interest resulting from this Prospectus will only be responded to if received from persons to whom such promotion can lawfully be made.

The Underwriter has represented and agreed that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Units in, from or otherwise involving the United Kingdom.

United States of America

The Units have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Units are being offered and sold in offshore transactions, outside of the United States, in reliance on Regulation S. In addition, until 40 days after the commencement of the Offering, an offer or sale of Units within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act.

Terms used in this subsection have the meanings given to them by Regulation S.

Subscription for more than 5% of Units

To the Trustee-Manager’s knowledge, as at the Latest Practicable Date, no person intends to subscribe for more than 5.0% of the Units comprised in the Public Offer. If any persons were to make an application for Units amounting to more than 5.0% of the Units comprised in the Offering and are subsequently allotted or allocated such number of Units, the Trustee-Manager will make the necessary announcements at an appropriate time. The final allocation of Units will be in accordance with the unitholding spread and distribution guidelines set out in Rule 210 of the Listing Manual.

CLEARANCE AND SETTLEMENT

Introduction

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Units. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1,000 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within four Market Days after the closing date for applications for the Units.

Clearance and Settlement under the Depository System

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S\$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

Clearing Fees

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.05% of the transaction value, subject to a maximum of S\$200.00 per transaction. The clearing fee, deposit fee and unit withdrawal fee may be subject to GST (currently 5.0%).

Dealings in the Units will be carried out in US dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

Other Fees

As the Units will be listed and traded on SGX-ST and Unitholders have no right to request the Trustee-Manager to redeem their Units, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Units.

EXPERTS

KPMG, the Independent Accountants, were responsible for preparing the Independent Accountants' Report on the Profit Forecast and Profit Projection and the Independent Accountants' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date found in Appendix A and Appendix B of this Prospectus, respectively.

KPMG Tax Services Pte Ltd, the Independent Tax Adviser, was responsible for preparing the Independent Taxation Report found in Appendix C of this Prospectus.

Braemar Seascope Valuations Limited, the Independent Valuer, was responsible for preparing the Independent Valuation Reports found in Appendix D of this Prospectus.

Drewry Shipping Consultants Limited, the Independent Market Research Consultant, was responsible for preparing the section of this Prospectus entitled "The Container Shipping Industry".

PricewaterhouseCoopers Corporate Finance Pte Ltd, the Independent Financial Adviser, was responsible for preparing the Independent Financial Adviser's Report found in Appendix E of this Prospectus.

The Independent Accountants, the Independent Tax Adviser, the Independent Valuer, the Independent Market Research Consultant and the Independent Financial Adviser have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and their respective write-ups and reports and all references thereto in the form and context in which they respectively appear in this Prospectus, and to act in such capacity in relation to this Prospectus.

BRS - Alphaliner has provided information on the Top 100 liner operators as at 1 January 2006 as reflected in this Prospectus.

None of the Independent Accountants, the Independent Tax Adviser, the Independent Valuer, the Independent Market Research Consultant and the Independent Financial Adviser and BRS - Alphaliner:

- is employed on a contingent basis by the Trustee-Manager;
- has a material interest, whether direct or indirect, in the Units; or
- has a material economic interest, whether direct or indirect, in PST, including an interest in the success of the offer, describe the nature and terms of such contingency or interest.

None of Allen & Gledhill, Mallesons Stephen Jaques and Wong Partnership makes, or purports to make, any statement in this Prospectus and none of them is aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

GENERAL AND STATUTORY INFORMATION

1. The profit forecast and profit projection contained in “Profit Forecast and Profit Projection” have been stated by the Directors after due and careful enquiry.

MATERIAL BACKGROUND INFORMATION

2. Save as disclosed below, none of the directors, key executives or controlling shareholders of the Trustee-Manager, or the controlling Unitholder, was or is involved in any of the events:
 - (a) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
 - (b) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) any unsatisfied judgment against him;
 - (d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
 - (e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
 - (f) at any time during the last 10 years, judgment been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

- (j) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,
- in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or
- (k) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Mr Benedict Kwek Gim Song was an independent and non-executive director of Auston International Group Ltd (“**Auston**”), a SESDAQ listed company. In 2004, Auston reported to the SGX-ST and the Commercial Affairs Department, an alleged malfeasance involving its then chief executive officer for alleged overstatement of revenue and profits as well as alteration and forgery of Auston’s contracts with university service providers. The alleged malfeasance is currently still pending investigations by the Commercial Affairs Department. Following the subscription of additional capital by new investors in early 2005, Mr Kwek resigned as a director of the company in August 2005.

Mr Kuan Kim Kin paid a fine of S\$600 on 7 November 2005 in relation to an offence under the Parking Places Act, Chapter 214 of Singapore, which is punishable by a fine not exceeding S\$2,000 or imprisonment for a term not exceeding three months or both.

On 19 February 1999, one of PIL’s vessels, m.v. Kota Indah, while anchored at the inner anchorage of the port of Surabaya in the Republic of Indonesia awaiting berth, dragged her anchor. It was alleged that Kota Indah’s anchor had made contact with underwater power cables connecting Java and Madura. It was also alleged that the dragging motion of the Kota Indah caused some of the underwater cables to rupture resulting in a power blackout which allegedly lasted for several days on the island of Madura. A civil claim was brought against PIL by Perusahaan Perseroan (Persero) PT. Perusahaan Listrik Negara or abbreviated to PT PLN (Persero) (State Power Company) (the “**Plaintiffs**”) for causing damage to the underwater cables thereby disrupting the electric current to Madura Island and inflicting a loss to the Plaintiffs amounting to rupiah 57,614,151,618. The District Court of Justice of Surabaya at first instance dismissed the case in favour of PIL as set out in their Decision No. 279/PDTG/1999/PN SBY dated 14 June 2000. The Plaintiffs appealed to the High Court of Surabaya and on appeal, the judgment was reversed and the Plaintiffs were awarded damages in the amount of US\$5,699,996 and rupiah 15,800,687,905 and costs of rupiah 95,000 (Decision No. 20/PDT/2001/PT.SBY dated 21st August 2001). PIL then petitioned to the Supreme Court but the appeal was rejected in favour of the Plaintiffs (Decision No. 1801 K/PDT/2002 dated 15th July 2004) with costs of rupiah 200,000. PIL has since filed for judicial review of the decision of the Supreme Court No.1801 K / PDT/2002 dated 15 July 2004 and the outcome of the review is currently still pending.

The defendants in the above case, amongst others, include Advance Container Lines (Pte) Ltd and PT Pelayaran Samudera Selatan which are subsidiaries of PIL.

LITIGATION

3. PST is not engaged in any legal or arbitration proceedings as plaintiff or defendant in the past 12 months before the date of lodgment of this Prospectus in respect of any amounts or claims which are material in the context of the Offering and to the best of the Directors' knowledge and belief, having made all due enquiries, there are no proceedings pending or threatened against PST or any facts likely to give rise to any litigation, claims or proceedings which might have a material effect on the financial position or the profitability of PST.

EXCHANGE CONTROLS

4. As at the date of this Prospectus, there is no governmental law, decree or regulatory requirement or any other requirement which may affect the repatriation of capital and the remittance of profits by or to the Trustee-Manager.

MATERIAL CONTRACTS

5. The dates of, parties to, and general nature of, every material contract which the Trustee-Manager has, as trustee-manager of PST, entered into within the two years preceding the date of lodgement of this Prospectus (not being contracts entered into in the ordinary course of business of PST) are as follows:
 - (a) the Trust Deed as described in "The Formation and Structure of PST — The Trust Deed";
 - (b) the Memoranda of Agreement as described in "Certain Agreements Relating to PST and the Vessels — Memoranda of Agreement";
 - (c) the Charter Agreements as described in "Certain Agreements Relating to PST and the Vessels — Charter Agreements";
 - (d) the Right of First Refusal Agreement as described in "Certain Agreements Relating to PST and the Vessels — Right of First Refusal Agreement"; and
 - (e) the Non-Compete Agreement as described in "Certain Agreements Relating to PST and the Vessels — Non-Compete Agreement".

DOCUMENTS FOR INSPECTION

6. For a period of six months from the date of registration by the Authority of this Prospectus, the following documents (or copies thereof as the case may be), may be inspected at the registered office of the Trustee-Manager in Singapore:
 - (a) the Trust Deed;
 - (b) the service contract of Mr Subhangshu Dutt who is both the Chief Executive Officer and Director;
 - (c) the material contracts referred to under "General and Statutory Information — Material Contracts";
 - (d) the reports set out in Appendices A to E; and
 - (e) the letters of consent set in out in "Experts".

MISCELLANEOUS

7. When PST is listed on the SGX-ST, investors may check the SGX-ST's website <http://www.sgx.com> for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*, for the price range within which Units were traded on the SGX-ST on the preceding day.

8. There have been no public takeover offers by third-parties in respect of the Units or by the Trustee-Manager of PST, acting in its capacity as trustee-manager of PST in respect of the shares of a corporation or the units of another business trust which have occurred between the date of establishment of PST and the Latest Practicable Date.
9. No expert is interested, directly or indirectly, in promotion of, or in any vessel or assets which have, within the two years preceding the date of this Prospectus, been acquired or disposed of by or leased to PST or are proposed to be acquired or disposed of by or leased to PST.
10. Save as disclosed elsewhere in this Prospectus, there is no arrangement or understanding with a substantial shareholder of the Trustee-Manager, substantial Unitholder, customer or supplier of the Trustee-Manager, pursuant to which any Director or any Executive Officer was selected as a Director or Executive Officer.
11. There is no known arrangement the operation of which may at a subsequent date, result in a change of control in the Trustee-Manager.
12. The Trustee-Manager will appoint KPMG as the auditor of PST in accordance with the requirements of the BTA.

TREND INFORMATION AND PROFIT FORECAST AND PROFIT ESTIMATE

13. Save as disclosed under the sections entitled “Risk Factors”, “Capitalisation”, “Profit Forecast and Profit Projection”, “Strategy” and “Business and Vessels” of this Prospectus, the financial condition and operations of PST is not likely to be affected by any of the following:
 - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the PST’s liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any insignificant economic changes that materially affected the amount of reported income from operations; and
 - (d) known trends or uncertainties that have had or that PST reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.
14. PST has only recently been registered as a business trust and as such, no previous financial statements have been prepared.

CONSENT OF TRUSTEE-MANAGER AND UNDERWRITER

15. The Trustee-Manager has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and all references thereto in the form and context in which it appears in this Prospectus, and to act in such capacity in relation to this Prospectus.
16. DBS Bank, named as the Financial Adviser, Underwriter and Bookrunner, has given and not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of, and all references to, its name and all references thereto in the form and context in which it appears in this Prospectus, and to act in such capacity in relation to this Prospectus.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of PST's business, the following glossary provides an explanation on some of the technical terms and abbreviations used in this Prospectus. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

all-water	Transportation of freight by ship only
bareboat charter	Contract whereby the shipowner leases its vessel to the charterer for a period of time during which the whole use and all costs and responsibilities of operating and maintaining the vessel passes to the charterer and involves the charterer paying all expenses for the placing its own Master and crew on board of the vessel
BHP	Brake horsepower
BIMCO	Baltic and International Maritime Council
bunkers	Fuel, consisting of heavy fuel oil and diesel oil burned in the vessel's engine and generators
charter	A contract for the commercial leasing of a vessel or space on a vessel
charterer	A person, firm or company hiring a vessel for the carriage of goods or other purposes
charter party	A contract between a shipowner and charterer for the charter of a vessel
Classification Societies	Independent societies which certify that a vessel has been constructed and maintained in accordance with the rules of such society and complied with the applicable acts and regulations of the flag state of such vessel and the relevant international conventions
container	A single, rigid, non-disposable dry cargo, ventilated, insulated, reefer, flat rack, vehicle rack, or open top container; with or without wheels or bogies attached; not less than 20 feet in length; having a closure or permanently-hinged door that allows ready access to the cargo. All types of containers will have construction and fittings, able to withstand, without permanent distortion, all the stresses that may be applied in normal use during continuous transportation. An ISO container is constructed to the specifications of the International Standards Organisation
draft	The vertical distance between the waterline and the underside of the keel of the vessel
feeder trade	The employment of vessels in normally short sea routes to fetch or carry goods and containers to and from ocean going vessels
flag state	The country in which a vessel is registered. A vessel is generally required to fly the sole flag of a registered country
geared	Where a vessel is equipped with its own loading gear or crane
GT or Gross Tonnage	Applies to vessels, not to cargo. It is determined by dividing by 100 the contents, in cubic feet, of the vessel's enclosed spaces. A vessel ton is 100 cubic feet

Handysize or Handysize container vessel	Commonly referred to as a container vessel of a capacity below 2,000 TEU
hull	The body of a vessel exclusive of masts, yards, sails, rigging, machinery and equipment
IACS	International Association of Classification Societies
IMO	International Maritime Organisation
IMO Regulations	The international conventions, rules and regulations adopted by IMO
ISM Code	International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention
ISPS Code	The International Ship and Port Facility Security Code
“in class”	Where a vessel is certified by a Classification Society as being “in class”, it means that the vessel has been built and is being maintained in accordance with the rules of the Classification Society and complies with applicable rules and regulations of the vessel’s country of registry and the international conventions of which that country is a signatory
keel	The main center-line structural member, running fore and aft along the bottom of a ship, sometimes referred to as the backbone
knots	A unit of speed, means velocity in nautical miles per hour whether of a vessel or current. One nautical mile is roughly equivalent to 1.15 statute miles or 1.85 kilometers
kw	Kilowatts
liner trade	The passage of ships between designated ports on a fixed schedule and at published rates
LL	The International Convention on Load Lines
lube oil	Oil used to lubricate the moving parts of the engine
MARPOL	International Convention for the Prevention of Pollution from Ships
Master	The person who commands and is overall in charge of the operation and maintenance of the vessel. To be engaged as a master, one is required to hold the requisite professional qualifications issued by the relevant authorities of the flag state of the vessel
mt	Metric ton
newbuilding	A vessel which is under construction
NT or Net Tonnage	Gross tonnage minus deductions of space occupied by accommodation for crew, by machinery, for navigation, by the engine room and fuel. A vessel's net tonnage expresses the space available for passengers and cargo
on-carriage	The movement of the container on a feeder vessel from the hub port where it is discharged by the mainline vessel to its port of destination

operating costs	The costs of technical operations of vessels including the costs of lubricants, spare parts, repairs and maintenance, crewing costs and insurance costs (but excluding capital costs and voyage costs)
Panamax or Panamax vessel	Commonly referred to as a vessel with a breadth of 32 metres and that can transit the Panama Canal, typically up to 5,000 TEU
Post-Panamax or Post-Panamax vessel	A container vessel exceeding 32 metres breadth that is too large to transit the Panama Canal, typically around 5,500 TEU up to 7,000 TEU
pre-carriage	The movement of the container on a feeder ship from the port of origin to the hub port to connect to a mainline vessel
P&I	Protection and indemnity. This denotes the insurance coverage taken by a vessel's owner or charterer against third party liabilities such as oil pollution, cargo damage, crew injury or loss of life, etc.
P&I Association	A mutual insurance association providing P&I insurance coverage
reefer	The generic name for a temperature controlled container, which is insulated and specially designed to allow temperature controlled air circulation within the container. A refrigeration plant is built into the rear of the container
ship management	The administration, operations and general management of a vessel, including technical operations, repair, maintenance, crewing and insurance
Slot	Space on a container vessel to be occupied by a container
SMS	Safety Management System
SOLAS	International Convention for the Safety of Life at Sea
special surveys	The enhanced inspections of a vessel required by Classification Societies' rules which take place every five years
Super Post-Panamax or Super Post-Panamax vessel	A mainline container vessel of a size typically exceeding 7,000 TEU
TEU	"twenty-foot equivalent unit". This is the container shipping industry's standard for measuring container size, ship capacity and volume. One 20-foot container would be one TEU
time charter	Contract whereby a vessel is let to a charterer for a stipulated period of time. The charterer is free to employ the vessel as it thinks fit within the terms as agreed, but the shipowner continues to be responsible for the operation and maintenance of its own vessel and to bear all costs relating to operating the vessels (except for bunker charges which will be borne by the Charterer)

DEFINITIONS

%	Per centum or percentage
Application Forms	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus
Application List	The list of applicants subscribing for Units which are the subject of the Public Offer
Appraised Value	In relation to a Vessel, the value for that Vessel as at 9 February 2006 as appraised by the Independent Valuer
Associate	Has the meaning ascribed to it in the SF BT Regulations and/or in Listing Manual
associated company	Has the meaning ascribed to it in the Listing Manual
Audit Committee	The audit committee of the Trustee-Manager
Auston	Auston International Group Ltd
Authority or MAS	The Monetary Authority of Singapore
Board	The board of directors of the Trustee-Manager
BTA or Business Trusts Act	Business Trusts Act, Chapter 31A of Singapore
Business Day	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
Capital Gains	Gains or profits arising from the sale of the Vessels which are not subject to Singapore income tax
CDP	The Central Depository (Pte) Limited
Charter Agreements	The bareboat charter agreements dated 25 April 2006 and entered into between the Trustee-Manager, as trustee-manager of PST, and the Charterer in relation to the Vessels
Charter Income	Income derived by PST from the chartering of the Vessels to ship operators
Charter Period	The specific term of the charter period stated in each of the Charter Agreements
Charterer	Pacific International Lines (Private) Limited
Chief Executive Officer	The chief executive officer of the Trustee-Manager
Companies Act	Companies Act, Chapter 50 of Singapore
Completion	Completion of the acquisitions of the Vessels under the Memoranda of Agreement
Completion Date	The date of Completion which shall be the Listing Date

control	When used in the context of control of a corporation, means the capacity to determine the outcome of decisions on the financial and operating policies of that corporation, having regard to the following considerations: (i) the practical influence which can be exerted (rather than the rights which can be enforced); and (ii) any practice or pattern of behaviour affecting the financial and operating policies of that corporation (even if it involves a breach of an agreement or a breach of trust), but shall exclude any capacity to influence decisions on the financial and operating policies of a corporation where such influence is required to be exercised for the benefit of other persons pursuant to an obligation imposed under any written law, rule of law, contract or order of court
Controlling Shareholder	Has the meaning ascribed to it in the SF BT Regulations
Current Unit Value	At any time, the net asset value of the Trust Property divided by the number of Units in issue and deemed to be in issue at that time
DBS Bank	DBS Bank Ltd
Depository Services Agreement	The depository services agreement dated 25 April 2006 and entered into between CDP and the Trustee-Manager relating to the deposit of the Units in CDP
Director	Director of the Trustee-Manager
Distributable Amount	Net Tax-Exempt Income less the scheduled prepayment of principal under the Term Loan Facilities
DnB	DnB NOR Bank ASA, Singapore branch, having an address at 8 Shenton Way, #48-02, Temasek Tower, Singapore 068811
Drewry or Independent Market Research Consultant	Drewry Shipping Consultants Limited
Executive Officers	The executive officers of the Trustee-Manager
Extraordinary Resolution	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
Financial Adviser	DBS Bank
Financial Instrument	The mortgage, deed of covenant or other such financial security instrument as stated in and annexed to the Charter Agreement

Financial Year	Means: (i) for the first financial year, the period from and including the date of establishment of PST to 31 December 2006; (ii) for the last financial year, the period from and including the most recent 1 January before the date PST terminates to and including the date PST terminates; and (iii) in all other circumstances, the 12-month period ending on 31 December in each year
First Lock-up Period	The period commencing from the Listing Date until the date falling three years after the Listing Date
First Sponsor Lock-up Period	The period commencing on the Listing Date until the date falling six months after the Listing Date
Forecast Period 2006	Means the period from 1 April 2006 to 31 December 2006
GDP	Gross Domestic Product
Gross Revenue	In relation to any Financial Year or part thereof, means all income accruing or resulting from the operation of the PST or any business undertaken by PST as authorised under the Trust Deed for that Financial Year or part thereof, including but not limited to the Charter Income, but shall exclude the following: (i) proceeds derived or arising from the sale and/or disposal of the Vessels and/or plant and machinery, or any part thereof; (ii) all proceeds from insurances taken out; (iii) all rental and other refundable security deposits; and (iv) all GST or the value added taxes (whether in force at present or in the future), charged to charterers of the Vessels for the sale or supply of services or goods, which taxes are accountable by the Trustee-Manager to the tax authorities
GST	Goods and services tax
Hong Kong	The Hong Kong Special Administrative Region of the PRC
HSH	HSN Nordbank AG, Singapore branch, having an address at 3 Temasek Avenue, #32-03, Centennial Tower, Singapore 039190
immediate family members	In relation to an individual, means the individual's spouse, son, adopted son, step-son, daughter, adopted daughter, step-daughter, father, step-father, mother, step-mother, brother, step-brother, sister or step-sister
Independent Accountants	KPMG
Independent Directors	Independent directors for the purposes of the BTA
Independent Financial Adviser	PricewaterhouseCoopers Corporate Finance Pte Ltd
Independent Tax Adviser	KPMG Tax Services Pte Ltd

Independent Valuer	Braemar Seascope Valuations Limited, the independent valuer appointed for purposes of valuing the Vessels
interested person	Has the meaning ascribed to it in the BTA and, where applicable, includes an “interested person” (as defined in the Listing Manual)
interested person transaction	Has the meaning ascribed to it in the Listing Manual
IRAS	Inland Revenue Authority of Singapore
Issue Price	Issue price of each Unit
KG	<i>Kommanditgesellschaft</i> . A partnership incorporated in Germany under a legal name. There must be two partners, at least one limited and at least one unlimited
Latest Practicable Date	18 April 2006, being the latest practicable date prior to the lodgment of this Prospectus with the MAS
LIBOR	London Interbank Offered Rate
Listing	Means the admission of PST to the Official List of the SGX-ST pursuant to the Offering
Listing Date	The date of Listing
Listing Manual	The Listing Manual of the SGX-ST
Loan Units	Up to 13,900,000 Units to be borrowed from the Sponsor by the Underwriter to cover the over-allotment of Units (if any) and/or to effect stabilisation activities
Lock-up Units or Sponsor Units	The 115,000,000 Units to be issued to the Sponsor on the Listing Date
Market Day	A day on which the SGX-ST is open for trading in securities
Memoranda of Agreement	Collectively, the eight memoranda of agreement entered into between the Trustee-Manager, as trustee-manager of PST, and the Sponsor on 25 April 2006, as supplemented by eight addenda made between the same parties dated 18 May 2006, for the sale and purchase of each of the Vessels, each a “ Memorandum of Agreement ”
MFI	Maritime Financing Incentive
Mr Peter Chang	Mr Teo Chew Seng also known as Mr Peter Chang
Mr YC Chang	Mr Teo Woon Tiong also known as Mr Chang Yun Chung
Net Taxable Income	Taxable Income less allowable expenses and tax assessed thereon
Net Tax-Exempt Income	Tax-Exempt Income less allowable expenses
Non-Compete Agreement	The non-compete agreement dated 25 April 2006 and entered into between the Trustee-Manager, as trustee-manager of PST, and the Sponsor

Non-Independent Directors	Directors who are not Independent Directors
OCBC	Oversea-Chinese Banking Corporation Limited, having an address at 65 Chulia Street, OCBC Centre, Singapore 049513
Offering	The offering of 222,000,000 Units by the Trustee-Manager for subscription at the Offering Price under the Placement Tranche and the Public Offer
Offering Price	The Offering Price of each Unit under the Offering of US\$0.45
Ordinary Resolution	A resolution proposed and passed as such by a majority being 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
Over-allotment Option	An option granted by the Sponsor to the Underwriter to purchase from the Sponsor up to an aggregate of 13,900,000 Units at the Offering Price, solely to cover the over-allotment of Units (if any)
Participating Banks	DBS Bank (including POSB), OCBC and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited
PIL	Pacific International Lines (Private) Limited
PIL Entity	The Sponsor or any of its subsidiaries
PIL Group	PIL and its subsidiaries
PIL HK	Pacific International Lines (Hong Kong) Limited
Placement Tranche	The international placement of Units to investors, including institutional and other investors in Singapore, pursuant to the Offering
PRC or China	People's Republic of China
Pre-conditions	Collectively (i) PIL and/or any of its subsidiaries hold in aggregate at least 30.0% of the total voting shares from time to time issued in the Trustee-Manager or otherwise have interest in the voting shares of the Trustee-Manager and exercise control over the Trustee-Manager, and the Trustee-Manager remains the trustee-manager of PST, or (ii) PIL and/or any of its subsidiaries hold in aggregate at least 30.0% of the total units from time to time issued in PST
Prescribed Period	For the first Prescribed Period, the period from and including the Listing Date to and including 31 December 2006 and, for any subsequent Prescribed Periods, the period from and including 1 January in one calendar year to and including 31 December in the same calendar year
Projection Year 2007	1 January 2007 to 31 December 2007
Proposed Offer	Any proposed offer by the Sponsor or any PIL Entity to sell any ROFR Vessel

PST	Pacific Shipping Trust
Public Offer	The initial offering to the public in Singapore
RCF	A two-year uncommitted standby revolving credit facility from DBS Bank
Receiving Banker	DBS Bank
Recognised Stock Exchange	Any stock exchange of repute in any part of the world
Registrar	Such person as may from time to time be appointed by the Trustee-Manager to, <i>inter alia</i> , keep and maintain the Register
Regulation S	Regulation S under the Securities Act
Right of First Refusal	The right of first refusal granted to PST by the Sponsor over the ROFR Vessels on behalf of itself and its subsidiaries pursuant to the Right of First Refusal Agreement
Right of First Refusal Agreement	The right of first refusal agreement dated 25 April 2006 and entered into between the Trustee-Manager, as trustee-manager of PST, and the Sponsor
ROFR Vessels	Means the vessels subject to the Right of First Refusal, and each a “ ROFR Vessel ”
S\$ or Singapore dollars and cents	Singapore dollars and cents, the lawful currency of the Republic of Singapore
SCMA	Singapore Chamber of Maritime Arbitration
SCMA Rules	The arbitration rules of the SCMA
Second Lock-up Period	The period commencing from the day immediately following the First Lock-up Period until the date falling five years after the Listing Date
Second Sponsor Lock-up Period	the period commencing on the day immediately following the First Sponsor Lock-up Period until the date falling 12 months after the Listing Date
Securities Account	Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP
Securities Act	United States Securities Act of 1933, as amended
SESDAQ	Stock Exchange of Singapore Dealing and Automated Quotation System
SF BT Regulations	Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005
SFA or Securities and Futures Act	Securities and Futures Act, Chapter 289 of Singapore
SGX-ST	Singapore Exchange Securities Trading Limited
Singamas	Singamas Container Holdings Limited

SPIH	South Pacific International Holdings Limited
SPIH Shares	Issued and paid-up shares in SPIH as at the Listing Date
Sponsor	Pacific International Lines (Private) Limited
Sponsor Lock-up Periods	First Sponsor Lock-up Period and Second Sponsor Lock-up Period
Sponsor Shares	Issued and paid-up shares in the Sponsor as at the Listing Date
Sponsor Special Members	Mr Teo Choo Wee, Mr Teo Siong Seng, Mr Teo Tiou Seng, Mr Peter Chang, Mr Teo Choon Seng, Mr Teo Cho Keng, Mr Teo Teng Seng, Mr Teo Tung Seng and Mr YC Chang, and each a “Sponsor Special Member”
SRS	Singapore Registry of Ships
Stabilising Manager	DBS Bank
Standard Insurances	Hull & Machinery, War Risks and P&I insurances (and insurance taken out in respect of any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security) required under a Charter Agreement
Subsidiaries	Has the meaning ascribed thereto in the Companies Act, Chapter 50 of Singapore
Substantial Unitholder	Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
Taxable Income	Interest income from the placement of PST’s Charter Income that is not immediately distributed to Unitholders in fixed deposits with banks located in Singapore
Tax-Exempt Income	The Charter Income
Term Loan Facilities	Amortising loan facilities of up to US\$155.0 million from four banks, namely DBS Bank, OCBC, DnB and HSH respectively
Term Loan Facility Agreements	The agreements for the Term Loan Facilities
Trust Deed	The trust deed dated 25 April 2006 constituting PST
Trust Property	All the assets of PST, including all its Authorised Investments (as defined in the Trust Deed) for the time being held or deemed to be held upon the terms of the Trust Deed
Trustee-Manager	PST Management Pte. Ltd.
Unaudited Pro Forma Balance Sheet	The unaudited pro forma balance sheet setting out the assets and liabilities of PST as at the Listing Date
Unclaimed Moneys Account	A special account in which any moneys payable to Unitholders which remain unclaimed after a period of 12 months shall be accumulated
Underwriter	DBS Bank

Underwriting Agreement	The underwriting agreement dated 19 May 2006 entered into between the Sponsor, the Trustee-Manager and the Underwriter
Underwriting and Selling Commission	The underwriting and selling commission payable to the Underwriter for its services in connection with the Offering
Unit	An undivided interest in PST as provided for in the Trust Deed
Unitholder(s)	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
US\$ or US dollars or US cents	The lawful currency of the United States
Vessels	Kota Kado, Kota Kaya, Kota Anggerik, Kota Anggun, Kota Arif, Kota Azam, Kota Rajin and Kota Rancak, and each being a “Vessel”
Written Notice	Written notice to the Trustee-Manager by the Sponsor of any Proposed Offer
YCCS	Y. C. Chang & Sons Private Limited
YCCS Special Members	Mr YC Chang, Mr Teo Siong Seng and Mr Peter Chang
YCCS Special Shares	The special shares issued in the share capital of YCCS

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment for the time being amended or re-acted.

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

Any reference to any enactment in this Prospectus shall be deemed also to refer to any statutory modification, codification or re-enactment thereof.

Signed

Mr Benedict Kwek Gim Song
Director

Signed

Mr David Chin Soon Siong
Director

Signed

Mr Lee Soo Hoon
Director

Signed

Mr Kuan Kim Kin
Director

Signed

Mr Subhangshu Dutt
Director

INDEPENDENT ACCOUNTANTS' REPORT ON THE PROFIT FORECAST AND PROFIT PROJECTION

The Board of Directors
PST Management Pte. Ltd.
(in its capacity as Trustee-Manager of Pacific Shipping Trust)
140 Cecil Street #15-00A
PIL Building
Singapore 069540

19 May 2006

Dear Sirs

Letter from the Reporting Accountants on the Profit Forecast for the Period from 1 April 2006 to 31 December 2006 and the Profit Projection for the Year Ending 31 December 2007

This letter has been prepared for inclusion in the prospectus (the “**Prospectus**”) to be issued in connection with the offering of 222,000,000 units in Pacific Shipping Trust (“**PST**”) at the offering price of US\$0.45 per unit (the “**Offering**”).

The directors of PST Management Pte. Ltd. (the “**Directors**”) are responsible for the preparation and presentation of the forecast and projected profit and loss account for the period from 1 April 2006 to 31 December 2006 (the “**Profit Forecast**”) and the year ending 31 December 2007 (the “**Profit Projection**”) as set out on page 47 of the Prospectus, which have been prepared on the basis of the assumptions as set out on pages 48 to 51 of the Prospectus.

We have examined the Profit Forecast of PST for the period from 1 April 2006 to 31 December 2006 and the Profit Projection for the year ending 31 December 2007 as set out on page 47 of the Prospectus in accordance with Singapore Standard on Assurance Engagements applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit Forecast and Profit Projection including the assumptions set out on pages 48 to 51 of the Prospectus on which they are based.

Profit Forecast

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion the Profit Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages B-6 to B-9 of the Prospectus, and is presented in accordance with Singapore Financial Reporting Standards (but not all the required disclosures), which is the framework to be adopted by PST in the preparation of its financial statements.

Profit Projection

The Profit Projection is intended to show a possible outcome based on the stated assumptions. As PST is newly established without any history of activities and because the length of the period covered by the Profit Projection extends beyond the period covered by the Profit Forecast, the assumptions used in the Profit Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for a profit forecast. The Profit Projection does not therefore constitute a profit forecast.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projection. Further, in our opinion the Profit Projection, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies as set out on pages B-6 to B-9 of the Prospectus, and is presented in accordance with Singapore Financial Reporting Standards (but not all the required disclosures), which is the framework to be adopted by PST in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Profit Forecast and Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecast and projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast and Profit Projection.

Attention is drawn, in particular, to the risk factors set out on pages 20 to 33 of the Prospectus which describe the principal risks associated with the Offering, to which the Profit Forecast and Profit Projection relate and the sensitivity analysis of the Directors' Profit Forecast and Profit Projection as set out on page 51 of the Prospectus.

Yours faithfully

KPMG
Certified Public Accountants
(Partner-in-charge: Lo Mun Wai)

Singapore

INDEPENDENT ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

The Board of Directors
PST Management Pte. Ltd.
(in its capacity as Trustee-Manager of Pacific Shipping Trust)
140 Cecil Street #15-00A
PIL Building
Singapore 069540

19 May 2006

Dear Sirs

Unaudited Pro Forma Balance Sheet at the Listing Date

We report on the unaudited pro forma balance sheet of Pacific Shipping Trust ("**PST**") as at the Listing Date (the "**Unaudited Pro Forma Balance Sheet**") set out on pages B-3 to B-14 of the prospectus (the "**Prospectus**") to be issued in connection with the offering of 222,000,000 units in PST, which has been prepared for illustrative purposes only and based on certain assumptions.

The Unaudited Pro Forma Balance Sheet as at the Listing Date has been prepared on the basis of the assumptions set out on page B-4 to provide information on the financial position of PST, had PST purchased the vessels comprising namely Kota Kado, Kota Kaya, Kota Anggerik, Kota Anggun, Kota Arif, Kota Azam, Kota Rajin and Kota Rancak (the "**Vessels**") and entered into long-term bareboat charter agreements with Pacific International Lines (Private) Limited in respect of the Vessels, under the same terms set out in the Prospectus on the day PST is admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "**Listing Date**").

The Unaudited Pro Forma Balance Sheet has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of PST's actual financial position.

The Unaudited Pro Forma Balance Sheet is the responsibility of the directors of PST Management Pte. Ltd. (the "**Directors**"). Our responsibility is to express an opinion on the Unaudited Pro Forma Balance Sheet based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice ("**SSAP**") 24 "*Auditors and Public Offering Documents*", where applicable. Our work, which involved no independent examination of the underlying financial information, consisted primarily of considering the evidence supporting the amounts and disclosures in the Unaudited Pro Forma Balance Sheet and discussing the Unaudited Pro Forma Balance Sheet with the Directors.

In our opinion:

- A. the Unaudited Pro Forma Balance Sheet has been properly prepared in a manner consistent with Singapore Financial Reporting Standards and the accounting policies to be adopted by PST;
- B. the information used in the preparation of the Unaudited Pro Forma Balance Sheet is appropriate for the purpose of preparing such a balance sheet and in accordance with SSAP 24; and
- C. the Unaudited Pro Forma Balance Sheet has been properly prepared on the basis of the assumptions set out on page B-4.

Yours faithfully

KPMG
Certified Public Accountants
(Partner-in-charge: Lo Mun Wai)

Singapore

(A) INTRODUCTION

Pacific Shipping Trust (“**PST**”) was constituted pursuant to a trust deed dated 25 April 2006 (“**Trust Deed**”) and registered as a business trust under the Business Trusts Act, Chapter 31A of Singapore (“**BTA**”). PST will be managed by PST Management Pte. Ltd. (the “**Trustee-Manager**”) which is a wholly-owned subsidiary of Pacific International Lines (Private) Limited (the “**Sponsor**”).

PST was established with the principal objective of providing an opportunity to the public to invest primarily in container vessels which are intended to be chartered to liner operators for their liner trade and/or feeder trade. PST proposes to acquire eight vessels, comprising Kota Kado, Kota Kaya, Kota Anggerik, Kota Anggun, Kota Arif, Kota Azam, Kota Rajin and Kota Rancak (collectively, the “**Vessels**”) from the present owner, the Sponsor. The Vessels will be under long-term bareboat charter agreements to be entered into between PST and the Sponsor on the admission of PST to the Official List of the Singapore Exchange Securities Trading Limited (the “**Listing Date**”).

The Trustee-Manager is making an offering of 222,000,000 units (the “**Offering**”) in PST at an offering price of US\$0.45 per unit (the “**Offering Price**”). The Offering consists of (i) an international placement to investors, including institutional and other investors in Singapore and (ii) an offering to the public in Singapore. Incidental to but not constituting part of the Offering, the Sponsor has entered into a separate subscription agreement to subscribe for 115,000,000 Units (“**Sponsor Units**”) at the Offering Price, subject to an over-allotment option exercisable by the Underwriter to purchase from the Sponsor up to 13,900,000 units (the “**Loan Units**”).

Details on the Trustee-Manager’s fees are set out in section F.

(B) PRO FORMA HISTORICAL FINANCIAL INFORMATION

No pro forma profit and loss account, statement of cash flows and balance sheet have been prepared to show the pro forma historical financial performance of PST as:

- the Vessels were used by the Sponsor and its subsidiaries for their container liner and feeder businesses and were not chartered to third parties. There would not be any historical charter income for these Vessels based on which the pro forma financial information may be prepared;
- four of the Vessels are new vessels which have been in operations for only between three to six months in 2005. Any historical pro forma financial information presented in respect of such periods of operation is unlikely to be meaningful or accurately illustrate PST’s historical financial performance; and
- the business of PST, which owns and charters vessels to ship operators and derives mainly charter income, is different from that of the Sponsor, which owns and operates vessels and derives mainly freight income. The historical financial information of the Sponsor does not form an appropriate basis on which the pro forma financial information of PST is to be prepared.

For the reasons set out above, the Monetary Authority of Singapore (the “**MAS**”) has granted PST a waiver from the requirement to prepare the pro forma profit and loss account, statement of cash flows and balance sheet. In lieu of the pro forma historical financial information, a pro forma balance sheet of PST, setting out its assets and liabilities at the Listing Date, upon completion of the Offering, the acquisition of the Vessels and PST entering into long-term bareboat charter agreements with the Sponsor in respect of the Vessels, has been compiled by the Trustee-Manager as set out below.

(C) BASIS OF PREPARATION OF UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

An unaudited pro forma balance sheet of PST as at the Listing Date (“**Unaudited Pro Forma Balance Sheet**”) is set out in this report. The Unaudited Pro Forma Balance Sheet is prepared for illustrative purposes only and based on certain assumptions and after incorporating adjustments necessary to reflect the financial position of PST as if it had acquired all the Vessels and entered into long-term bareboat charter agreements with the Sponsor in respect of the Vessels, all on the Listing Date, pursuant to the terms set out in the prospectus to be issued in connection with the Offering (the “**Prospectus**”).

The Unaudited Pro Forma Balance Sheet has been prepared on the basis of the accounting policies set out in section E and is to be read in conjunction with section F. In addition, the Unaudited Pro Forma Balance Sheet has been prepared on the basis that the issue price of the units under the Offering, the Sponsor Units and the Loan Units is the Offering Price and assuming that the over-allotment option is exercised. It is also assumed that the exchange rate as at the Listing Date is US\$1.00:S\$1.60.

The objective of the Unaudited Pro Forma Balance Sheet of PST is to show what the financial position might have been at the Listing Date, on the basis as described above. However, the Unaudited Pro Forma Balance Sheet is not necessarily indicative of the financial position that would have been attained by PST on the actual Listing Date. The Unaudited Pro Forma Balance Sheet, because of its nature, may not give a true picture of PST’s financial position.

In addition to the assumptions described above, the Unaudited Pro Forma Balance Sheet has been prepared after incorporating the following key assumptions:

- PST will acquire the Vessels at a purchase price of US\$271,000,000 on the Listing Date;
- PST will issue 337,000,000 units (comprising 222,000,000 units under the Offering and 115,000,000 Sponsor Units) at the Offering Price for cash amounting to approximately US\$151,650,000 and draw down bank borrowings of US\$127,000,000 to fund the acquisition of the Vessels, on the Listing Date;
- PST will incur issue costs relating to the Offering, which are estimated to be US\$7,347,000, on the Listing Date; and
- PST will receive one month’s charter income in advance from the Sponsor of US\$2,877,000 in relation to the long-term bareboat charter agreements entered into with the Sponsor on the Listing Date.
- The fair value of the interest rate swaps entered into by the Trustee-Manager is assumed to be nil at the Listing Date.

(D) UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

The Unaudited Pro Forma Balance Sheet of PST below has been prepared for inclusion in this Prospectus and is presented below. The assumptions used to prepare the Unaudited Pro Forma Balance Sheet are consistent with those described in Basis of Preparation of Unaudited Pro Forma Balance Sheet as at the Listing Date.

	Note	Unaudited Pro Forma as at the Listing Date US\$'000
Non-current asset		
Container vessels, at cost	2	271,000
Current asset		
Cash and cash equivalents ⁽¹⁾		3,180
Total assets		274,180
Non-current liability		
Interest-bearing borrowings	3	115,499
Current liabilities		
Charter income received in advance ⁽²⁾		2,877
Current portion of interest-bearing borrowings	3	11,501
		14,378
Total liabilities		129,877
Net assets attributable to unitholders		144,403
Unitholders' funds		
Units in issue	4	151,650
Unit issue costs	5	(7,347)
Total unitholders' funds		144,303
Number of units in issue ('000)		337,000
Net assets value per unit (US\$)		0.43
Total borrowings/Total assets (%)		46.3

Notes:

- (1) Includes charter income received in advance from the Sponsor of US\$2,877,000 in relation to the long-term bareboat charter agreements entered into between PST and the Sponsor.
- (2) Comprises one month's charter income received in advance from the Sponsor.

(E) NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET

1. Significant Accounting Policies of PST

The significant accounting policies of PST, which have been consistently applied in preparing the Unaudited Pro Forma Balance Sheet set out in this report, are as follows:

(a) Basis of Preparation of Unaudited Pro Forma Balance Sheet

The Unaudited Pro Forma Balance Sheet is prepared in accordance with the bases set out in Section C and Singapore Financial Reporting Standards including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

The Unaudited Pro Forma Balance Sheet, expressed in United States (US) dollars and rounded to the nearest thousand, is prepared on the historical cost basis, except that certain financial liabilities are stated at fair value.

(b) Functional currency

Items included in the financial statements of PST are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to PST (the “functional currency”). The Unaudited Pro Forma Balance Sheet of PST is presented in US dollars, which is the functional currency of PST.

(c) Foreign Currencies

Transactions in foreign currencies are translated at rates ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into US dollars at the foreign exchange rates ruling at that date. Foreign exchange differences arising from translation are recognised in the profit and loss account. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into US dollars at foreign exchange rates ruling at the dates the fair value was determined.

(d) Container Vessels

Container vessels are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis so as to write off the container vessels over their remaining useful lives ranging from 18 to 25 years.

(e) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(g) Impairment

The carrying amounts of PST’s assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets’ recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the profit and loss account.

(E) NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET (cont'd)

1. Significant Accounting Policies of PST (cont'd)

(g) Impairment (cont'd)

Calculation of recoverable amount

The recoverable amount of PST's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (*i.e.* the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, or amortisation, if no impairment loss had been recognised.

(h) Trade and Other Payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost.

(i) Interest-Bearing Borrowings

Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

(j) Derivative Financial Instruments

PST may use derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. PST does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 1(k)).

The fair value of interest rate swaps is the estimated amount that PST would receive or pay to terminate the swap at balance sheet date, taking into account current interest rates and the current creditworthiness of swap counterparties.

(E) NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET (*cont'd*)

1. Significant Accounting Policies of PST (*cont'd*)

(k) Cash Flow Hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in unitholders' funds. The ineffective part of any gain or loss is recognised immediately in the profit and loss account.

(l) Unit Issue Costs

Unit issue costs represent expenses incurred in connection with the initial public offering of PST on Singapore Exchange Securities Trading Limited. All such expenses are deducted directly from unitholders' funds.

(m) Revenue Recognition

(i) Charter income

Charter income receivable under operating leases is recognised in the profit and loss account on a straight-line basis over the period of the respective lease terms.

(ii) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis.

(n) Expenses

(i) Trustee-Manager's fees

The trustee fee and management fees paid/payable to the Trustee-Manager in its capacities as the trustee and manager of PST respectively, are recognised on an accrual basis based on the applicable formula stipulated in Section F.

(ii) Trust expenses

Trust expenses are recognised on an accrual basis based on the applicable formula stipulated in Section F.

(iii) Borrowing costs

Interest expense and similar charges are recognised in the period in which they are incurred.

(o) Taxation

Taxation on the return for the year comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items directly related to unitholders' funds, in which case it is recognised in unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

(E) NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET (*cont'd*)

1. Significant Accounting Policies of PST (*cont'd*)

(o) Taxation (*cont'd*)

Deferred tax is provided in full, using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The bareboat charter income derived by PST from the bareboat charter agreements entered into with the Sponsor would qualify for tax exemption under Section 13A of the Income Tax Act. The distributions made out of the tax exempt income less allowable expense will also be exempt from Singapore income tax in the hands of the unitholders.

PST would be subject to tax on its non-tax exempt income such as interest income at the prevailing corporate tax rate, after adjusting for allowable expenses. The after tax amount may be distributed to unitholders free of Singapore withholding tax or tax deduction at source.

PST would not be subject to Singapore income tax on any gains on disposal of its vessels. Such capital gains may be distributed to unitholders free of Singapore withholding tax or tax deduction at source.

(p) Segment Reporting

A segment is a distinguishable component of the Trust that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

No business segment information has been prepared as PST is only involved in the chartering of vessels. No geographical segment information has been prepared as PST assets and operations are located in Singapore.

2. Container Vessels

Container vessels are pledged as security to financial institutions to secure amortising loan facilities, standby revolving credit facility and interest rate swap facilities (see note 3).

(E) NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET (cont'd)

3. Interest-bearing Borrowings

	Pro Forma as at the Listing Date
	US\$'000
Term loans maturing	
— within 1 year	11,501
— after 1 year but within 5 year	46,004
— after 5 years	69,495
	115,499
	127,000

PST has secured amortising term loan facilities for tenures of 10 and 12 years, amounting to US\$65.0 million and US\$90.0 million, respectively (the “**Term Loan Facilities**”), and a standby revolving credit facility (“**RCF**”) of US\$1.0 million. As at the Listing Date, US\$127.0 million of the Term Loan Facilities has been drawn down while the RCF has not been drawn down.

The Term Loan Facilities require the amortisation and repayment of the term loans in monthly instalments over 10 or 12 years, as the case may be. Each term loan made under the Term Loan Facilities will bear interest at a floating interest rate for the entire term of the loan. The relevant loan will bear interest at the relevant London Interbank Offered Rate (“**LIBOR**”) for US dollars plus a margin of 0.82% per annum.

Each advance made under the RCF will bear interest at the relevant LIBOR rate for US dollars plus a margin of 0.77%.

The assumed effective interest rate of the Term Loan Facilities as at the Listing Date is 5.9745% per annum, inclusive of all margins. The Trustee-Manager has entered into interest rate swap arrangements to fix the floating interest rates on the term loans at a weighted average rate of 5.9745% per annum inclusive of a loan interest margin of 0.82% per annum commencing 30 June 2006.

As security for the Term Loan Facilities, RCF and certain interest rate swap facilities granted, PST has granted in favour of the financial institutions extending the loans, RCF and interest rate swap facilities, the following:

- a first priority mortgage over each relevant Vessel;
- a first priority assignment of insurances for each relevant Vessel, including the insurances for hull & machinery, protection & indemnity, and war risks. Insurances for hull & machinery and war risks shall be for amounts not less than the greater of (i) market value of each relevant Vessel for the time being and (ii) an amount equal to 120.0% of the outstanding facility amount under the relevant Term Loan Facility; and
- a first priority assignment of the bareboat charter agreement and the charter income of each relevant Vessel.

(E) NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET (*cont'd*)

3. Interest-bearing Borrowings (*cont'd*)

As security for another interest rate swap facility granted by a financial institution in relation to Kota Rajin, PST has granted in favour of the financial institution, the following:

- a second priority mortgage over Kota Rajin;
- a second priority assignment of insurances for Kota Rajin, including the insurances for hull & machinery, protection & indemnity, and war risks. Insurances for hull & machinery and war risks shall be for amounts not less than the greater of (i) market value of Kota Rajin for the time being and (ii) an amount equal to 120.0% of the outstanding amount under the interest rate swap facility; and
- a second priority assignment of the bareboat charter agreement and the charter income of Kota Rajin.

4. Units in Issue

	Pro Forma as at the Listing Date US\$'000
Creation of new units arising from ⁽¹⁾ :	
— on establishment	— ⁽²⁾
— the Offering	99,900
— Sponsor's Units	45,495
— Loan Units	6,255
	151,650

Notes:

(1) Assuming the over-allotment option is exercised in full.

(2) Less than US\$1,000.

Each unit in PST represents an undivided interest in PST. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the units held;
- receive audited accounts and annual reports of PST; and
- participate in the termination of PST by receiving a share of all net cash proceeds derived from the realisation of the assets of PST less any liabilities, in accordance with their proportionate interests in PST.

The restrictions of a Unitholder include the following:

- a Unitholder has no right to request the Trustee-Manager to transfer to him any asset of PST; and
- a Unitholder cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:
 - PST ceasing to comply with applicable laws and regulations; or

(E) NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET (*cont'd*)

4. Units in Issue (*cont'd*)

- the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any units in PST. The provisions of the Trust Deed provide that no unitholders will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of PST exceed its assets.

5. Unit Issue Costs

Issue costs (including goods and services tax) comprise the following:

	Pro Forma as at the Listing Date
	(US\$'000)
Professional and other fees ⁽¹⁾	1,422
Underwriting and selling commission ⁽²⁾	3,147
Miscellaneous issue expenses ⁽³⁾	2,778
	7,347

Issue costs have been deducted directly against the proceeds from the issuance of units.

Notes:

- (1) Includes financial advisory fee, solicitors' fees, fees for the reporting accountants, tax consultant and independent valuer and other professional fees in connection with the Offering.
- (2) Based on the Offering Price and assuming that the Over-allotment option is exercised and that underwriting and selling commissions are payable on the units under the Offering and the Loan Units.
- (3) Includes cost of prospectus production and other expenses in connection with the Offering.

6. Financial Instruments

Financial risk management objectives and policies

Exposure to credit, interest rate and liquidity risks arises in the normal course of the PST's business. PST has written policies and guidelines, which set out its overall business strategies and its general risk management philosophy.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer to settle its financial and contractual obligations to PST, as and when they fall due.

The Trustee-Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Trustee-Manager before lease agreements are entered into with customers. Cash and fixed deposits are placed with financial institutions which are regulated.

At the balance sheet date, the Vessels are chartered to a single customer, the Sponsor. Other than the above, there are no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet.

(E) NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET (cont'd)

6. Financial Instruments (cont'd)

Interest rate risk

PST's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Trustee-Manager's strategy is to actively manage the risk of potential interest rate volatility through the use of interest rate swap contracts and/or fixed rate borrowings.

Liquidity risk

The Trustee-Manager monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance PST's operations.

Fair values

The Trustee-Manager believes that the carrying amounts of the financial assets and liabilities approximate their fair values at the balance sheet date.

7. Commitments

PST leases out its container vessels. Non-cancellable operating lease rentals are receivable as follows:

	Pro Forma as at the Listing Date
	US\$'000
Receivable	
— within 1 year	34,529
— after 1 year but within 5 years	138,116
— after 5 years	127,604
	300,249

PST leases out all its container vessels to the Sponsor under bareboat charter agreements for periods ranging from 8 to 10 years, with an option for the Sponsor to extend the respective charter periods on terms to be mutually agreed between PST and the Sponsor. The terms of the bareboat charter agreements provide that the charter rates are fixed for the entire charter period.

(F) TRUSTEE-MANAGER'S FEES

Under the Trust Deed, the Trustee-Manager is entitled to receive the following remuneration:

(a) Management Fees

Under the Trust Deed, the Manager is entitled to receive a management fee of 4.0% per annum of the value of the Charter Income (being the income derived from the charter of vessels by PST as stipulated in the Trust Deed) in the relevant calendar year.

Any change in the structure of the management fee must be approved by an Extraordinary Resolution of a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The management fee payable to the Trustee Manager is payable in the form of cash and/or units (as the Trustee-Manager may elect). Where the management fee is paid in cash, the amount is paid monthly, in arrears. Where the management fee is paid in the form of units, the amount is paid quarterly, in arrears.

(b) Trustee Fee

Under the Trust Deed, the Trustee-Manager is entitled to receive a trustee fee of 0.02% per annum of the value of the Trust Property (being all the assets of PST, as stipulated in the Trust Deed) (subject to a minimum fee of US\$10,000 in each calendar quarter). The trustee fee is payable out of the Trust Property of PST in cash on a quarterly basis. Each quarterly payment shall be determined based on the value of the Trust Property as at the last day of the immediately preceding quarter and as reflected in the quarterly financial statements of the Trust for that quarter. The Trustee-Manager is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Any change in the structure of the trustee fee must be approved by an Extraordinary Resolution of a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed.

(c) Other Fees

Under the Trust Deed, the Trustee-Manager is also entitled to the following:

- An acquisition fee amounting to 1.0% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the acquisition price of vessels acquired directly or indirectly by PST, pro-rated if applicable, to the proportion of PST's interest. The acquisition fee is payable in the form of cash and/or units (as the Trustee-Manager may elect, such election to be irrevocable and made before the payment of the acquisition fee).
- No acquisition fee is payable on the acquisition of the Vessels.
- A disposal fee amounting to 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the sale price of vessels disposed, pro-rated if applicable, to the proportion of PST's interest. The disposal fee is payable in cash.

Any increase in the acquisition fee or disposal fee above the permitted limit or any change in the structure of such fees shall be approved by an Extraordinary Resolution of a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed.

INDEPENDENT TAXATION REPORT

The Board of Directors
PST Management Pte. Ltd.
(as Trustee-Manager of Pacific Shipping Trust)
140 Cecil Street #15-00A
PIL Building
Singapore 069540

19 May 2006

Dear Sirs

THE SINGAPORE TAXATION REPORT

This letter has been prepared at the request of the Trustee-Manager for inclusion in the prospectus (the “**Prospectus**”) to be issued in relation to the initial public offering of units (“**Units**”) in Pacific Shipping Trust (“**PST**”) on Singapore Exchange Securities Trading Limited.

The purpose of this letter is to provide prospective purchasers of the Units with an overview of the Singapore income tax consequences of the acquisition, ownership and disposal of the Units. This letter addresses principally purchasers who hold the Units as investment assets. Purchasers who acquire the Units for dealing purposes should consult their own tax advisors concerning the tax consequences of their particular situations.

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units. Prospective purchasers of the Units should consult their own tax advisors to take into account the tax law applicable to their particular situations. In particular, prospective purchasers who are not Singapore tax residents are advised to consult their own tax advisors to take into account the tax laws of their respective countries of tax residence and the existence of any tax treaty which their country of tax residence may have with Singapore.

This letter is based on Singapore income tax laws and relevant interpretations thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions defined in the Prospectus have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include the other gender.

THE GENERAL PRINCIPLES OF TAXATION OF A TRUST REGISTERED UNDER THE BUSINESS TRUSTS ACT 2004

A trust registered under the Business Trusts Act 2004 is treated like a company under the one-tier system for income tax purposes. This tax treatment is effective from the first year such a trust commences operation as a registered business trust. Accordingly, like a company under the one-tier system, a registered business trust is subject to Singapore income tax in accordance with the provisions of the Income Tax Act, Chapter 134 of Singapore (“**ITA**”), where all references to a company in the ITA also include references to a registered business trust.

The income of a trust derived from or accrued in Singapore is chargeable to Singapore income tax. In addition, income earned outside Singapore and received or deemed received in Singapore is also chargeable to Singapore income tax unless otherwise exempted. There is no capital gains tax. However, gains from the sale of investments (including vessels) are chargeable to tax if such gains are derived from a trade or business of dealing in investments (including vessels).

Singapore income tax is imposed on the chargeable income of the registered business trust after deduction of the allowable expenses incurred and the tax depreciation claimed on assets used in the generation of the income, and is assessed to tax in the name of the trustee-manager at the prevailing corporate tax rate, currently at 20.0%.

The distributions made by the registered business trust to its beneficiaries (the “**Unitholders**”) out of such income after accounting for allowable expenses and the tax payable by the trustee-manager are made in the proportion of the Unitholders’ respective share of the income. Such distributions, like dividend distributions made by companies under the one-tier system, are exempt from Singapore income tax in the hands of the Unitholders, regardless of their nationality, corporate identity or tax residence status. Also, no credit will be allowed to the Unitholders for the tax paid by the trustee-manager of the registered business trust.

TAXATION OF PST

General

PST, a trust registered under the Business Trusts Act 2004, is a shipping enterprise whose principal activities are those relating to the chartering of its Singapore flagged vessels to ship operators on a time and/or bareboat charter basis. As a shipping enterprise, PST may take advantage of the income tax treatment under Section 13A of the ITA.

Under Section 13A of the ITA, certain income derived by a shipping enterprise from the international operation of its Singapore flagged ships is exempt from Singapore income tax. The income which qualifies for tax exemption is that from the carriage (other than within the limits of the port of Singapore) of passengers, mails, livestock or goods:

- by sea-going Singapore ships, or from the towing or salvage operations carried out (other than within the limits of the port of Singapore) by sea-going Singapore ships, and includes the income from the charter of such ships, or
- shipped in Singapore by foreign ships, excluding such carriage arising solely from transshipment from Singapore.

Singapore flagged ships refer to ships flying Singapore flags, *i.e.* ships in respect of which a permanent certificate of registry has been issued under any written law in Singapore relating to merchant shipping.

Charter income

PST will be deriving time and/or bareboat charter income from the chartering of its Singapore-flagged ships (the “**Vessels**”) to ship operators. Such charter income will qualify for tax exemption under Section 13A of the ITA (the “**Tax-Exempt Income**”).

PST’s Tax-Exempt Income after adjusting for allowable expenses (the “**Net Tax-Exempt Income**”), may be distributed to its Unitholders. The distribution of PST’s Net Tax-Exempt Income is free of Singapore withholding tax or tax deduction at source.

Interest income

PST will also be deriving some interest income from the placement of its charter income that is not immediately distributed to Unitholders in fixed deposits with banks located in Singapore. Such interest income (the “**Taxable Income**”) will be subject to Singapore income tax at the prevailing corporate tax rate, currently at 20.0%, after adjusting for allowable expenses, if any.

The after-tax amount (the “**Net Taxable Income**”) may subsequently be distributed to its Unitholders free of Singapore withholding tax or tax deduction at source.

Gains or profits from the sale of the Vessels

PST’s gains or profits from the sale of the Vessels made up to the Year of Assessment 2009 will not be subject to Singapore income tax. After the Year of Assessment 2009, any gains or profits arising from the sale of the Vessels will also not be subject to Singapore income tax if they are considered capital in nature by the Inland Revenue Authority of Singapore (“**IRAS**”). Such confirmed capital gains or profits, referred to as PST’s Capital Gains, may subsequently be distributed to Unitholders free of Singapore withholding tax or tax deduction at source.

However, where the gains or profits arising from the sale of the Vessels after the Year of Assessment 2009 are determined by the IRAS to be revenue in nature, the gains or profits are subject to Singapore income tax. Tax on such revenue gains or profits will be assessed on the Trustee-Manager and the Trustee-Manager will have to pay the tax so assessed. The after-tax revenue gains or profits may subsequently be distributed to the Unitholders free of Singapore withholding tax or tax deduction at source.

Whether the gains or profits realised from the disposal of the Vessels are capital gains or revenue gains will have to be determined based on the circumstances of the transaction and the overall business traits of PST.

TAXATION OF UNITHOLDERS

Net Tax-Exempt Income and Net Taxable Income

All Unitholders receiving distributions made out of PST’s Net Tax-Exempt Income and Net Taxable Income will be exempt from Singapore income tax on the distributions received, regardless of whether they are corporate Unitholders or individuals. In this connection, no tax credit/refund is available to the Unitholders for the tax paid by the Trustee-Manager at PST’s level on PST’s Taxable Income less allowable expenses.

Gains or profits from the sale of the Vessels

All Unitholders receiving distributions made out of PST’s Capital Gains or after-tax revenue gains or profits will be exempt from Singapore income tax on the distributions received, regardless of whether they are corporate Unitholders or individuals. The Unitholders may not claim a corresponding tax credit/refund for the tax paid at PST’s level on PST’s revenue gains or profits less allowable expenses.

Gains on Disposal of Units

Unitholders who are in the trade or business of dealing in investments will be chargeable to tax on the profits realised from the disposal of the Units, and are required to declare such profits in their income tax returns. Whether or not a Unitholder is in the trade or business of dealing in investments will be determined based on the Unitholder's circumstances. Unitholders who are not in the trade or business of dealing in investments may also be chargeable to tax on the gains realised from the disposal of Units if such gains are treated as trading gains having regard to the circumstances of the transaction. Unitholders are encouraged to seek advice from their tax advisors to determine the tax implications regarding the acquisition, ownership and disposition of their investments in Units.

Yours faithfully,

Leonard Ong
Director, Tax
For and on behalf of
KPMG Tax Services Pte. Ltd.

INDEPENDENT VALUATION REPORTS



3rd April 2006

PST Management Pte. Ltd.
(as trustee-manager of Pacific Shipping Trust)
140 Cecil Street
#15-00A PIL Building
Singapore 069540
(the "Trustee-Manager")

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
(the "Underwriter")

and

HSB Nordbank AG Singapore Branch
3 Temasek Avenue
#32-03 Centennial Tower
Singapore 039190
(the "Lender")

Dear Sirs

PACIFIC SHIPPING TRUST (THE "TRUST") –

**VALUATION CERTIFICATE FOR THE VALUATION OF 'KOTA RAJIN' FOR THE PURPOSE
OF THE PROSPECTUS TO BE ISSUED IN CONNECTION WITH THE INITIAL PUBLIC
OFFERING OF UNITS IN THE TRUST**

1. INTRODUCTION

We have been instructed by the Trustee-Manager to undertake the valuation of 'Kota Rajin' whose details are listed in **Appendix I** attached herewith for the purpose of submission to the Singapore Securities Exchange Trading Limited (the "SGX-ST") in conjunction with the initial public offering of units of the Trust ("IPO").

35 COSWAY STREET
LONDON
NW1 5BT

BRAEMAR SEASCOPE VALUATIONS LIMITED

General Enquiries: 020 7535 2850

TEL: 020 7535 2850
FAX: 020 7535 2801

Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3438765



2. SALIENT TERMS OF THE VALUATION

2.1 Purpose of valuation

The valuation has been undertaken for the sole purpose of the prospectus (the "Prospectus") to be issued by the trustee-manager in connection with the IPO.

2.2 Material Date of Valuation

The valuation was undertaken on 9th February 2006. The valuation given in this report is accurate as at the date of the valuation based on the assumptions contained herein and should not be taken to apply at any other date. In addition, no assurance can be given that the valuation will be sustained in the future.

2.3 No inspection

We have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records and we have assumed for purposes of this valuation that the vessel is in a good and seaworthy condition.

2.4 Description of Vessels

The description (including the certifications and classifications) of the subject vessel is included in **Appendix 1** as provided by Pacific International Lines (Private) Limited which we have assumed to be correct and we have not undertaken any independent verification.

2.5 Basis of Valuation

The valuation figure provided is given based on the market value of the vessel as at 9th February 2006 on a willing buyer and willing seller basis, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever. The valuation is further given on the basis that the vessel is bareboat chartered by Pacific International Lines (Private) Limited for a period of 10 years at the net rate of US\$ 7,600 daily pursuant to a charter agreement made between the Trust and Pacific International Lines (Private) Limited (the "Charter Agreement"). For purposes of this valuation, we have also assumed that terms of the Charter Agreement are valid and will remain in full force and effect for the term provided therein.

2.6 Method of Valuation

We have used recent comparable sales (i.e. vessels of similar age/type and condition or else factor in difference in condition here) which we are aware of through our own direct contacts as well as from open market reports which we have received from others.

In arriving at the valuation, we have considered the income stream to be generated under the Charter Agreement together with the residual value of the vessel upon the expiry of the Charter Agreement.

Having noted these we have then analysed in detail the differences between the vessel and those vessels reported as sold and calculated the differences into monetary value in each case, whether plus or minus, in order to reach our final valuation figure for this vessel.



2.7 Opinion of Value

We are of the opinion that the value of the vessel as at the date of the valuation is USD 25,500,000.

3 CERTIFICATION AND AUTHENTICATION

The valuation has been prepared for inclusion in the Prospectus and we believe that it is reasonably accurate subject to the assumptions contained in this report. However all statements made above are statements of opinion and are not to be taken as representations of fact.

We hereby submit our declaration of independence as a valuer in **Appendix 2** attached herewith.

4 CONSENT

In connection with the inclusion of this valuation in the Prospectus, we will give our written consent in such form and content as required under the Securities and Futures Act (Chapter 289) of Singapore.

For and on behalf of
Braemar Seascope Valuations Limited

Director

Director



Vessel	RIN	Vessel Name	KOTA RAJIN	
Call Sign	5688H6	Ex Name	NA	
IMO No./L.R. NO	9296286	Official Number	399898	
Flag	SINGAPORE	Owner	PACIFIC INTERNATIONAL LINES PTE LTD	
Port Registry	SGSW	SINGAPORE		
Year Built	2005	Vessel Type	Gearless cellular container vessel	
Class	NKK	Beam	22.6 M	
Gross Tonnage	9578	Net Tonnage	4558	
LOA	145.9 M	LBP	135.23 M	
Cargo Dead Weight	8549 MT			
Draft Summer	8.12 M	Deadweight Summer	13212 MT	
LT Ship	4226 MT	Tons Per Cm	26.55 MT	
Tel No	764361552 / 764361553	Telex No	456362510	Fax No 764361554
Reefer 220		Reefer 440	160 Points	
Hatch Cover	Postpan	Num Hatches		
Speed	17.1 Knots	Depth Moulded	10.8 M	
Cap O/D Max	691 TEUs	Cap U/D Max	282 TEUs	
Max Tons	943	Effective Tons @14MT	650	
Water Ballast	5503 M3	Bow Thruster	Y	
Cans FO		Cans DO		
P & I Club		P&I Renewal Date		
Derrick	no	Cranes		
ISM Certified	Y	Remarks		



Appendix 2

In respect of the valuations of 'Kota Arif', 'Kota Anggun', 'Kota Angerrik', 'Kota Azam', 'Kota Rancak', 'Kota Rajin', 'Kota Kaya', 'Kota Kado', we hereby confirm that we are acting as an independent Valuer.

Yours sincerely,

Jonathan Southan
Director

35 COSWAY STREET
LONDON
NW1 5BT

BRAEMAR

SEASCOPE VALUATIONS LIMITED

General Enquiries: 020 7535 2850

Reg. in England with Reg. office at 35 Conwy Street, London NW1 5BT and Reg. No. 3439765

TEL: 020 7535 2850
FAX: 020 7535 2801



3rd April 2006

PST Management Pte. Ltd.
(as trustee-manager of Pacific Shipping Trust)
140 Cecil Street
#15-00A PIL Building
Singapore 069540
(the "Trustee-Manager")

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
(the "Underwriter")

and

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
#10-00 OCBC Centre
Singapore 049513
(the "Lender")

Dear Sirs

PACIFIC SHIPPING TRUST (THE "TRUST") –

**VALUATION CERTIFICATE FOR THE VALUATION OF 'KOTA RANCAK' FOR THE
PURPOSE OF THE PROSPECTUS TO BE ISSUED IN CONNECTION WITH THE INITIAL
PUBLIC OFFERING OF UNITS IN THE TRUST**

1. INTRODUCTION

We have been instructed by the Trustee-Manager to undertake the valuation of 'Kota Rancak' whose details are listed in **Appendix I** attached herewith for the purpose of submission to the Singapore Securities Exchange Trading Limited (the "SGX-ST") in conjunction with the initial public offering of units of the Trust ("IPO").

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SEASCOPE VALUATIONS LIMITED

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FAX: 020 7535 2651

Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3438765



2. SALIENT TERMS OF THE VALUATION

2.1 Purpose of valuation

The valuation has been undertaken for the sole purpose of the prospectus (the "Prospectus") to be issued by the trustee-manager in connection with the IPO.

2.2 Material Date of Valuation

The valuation was undertaken on 9th February 2006. The valuation given in this report is accurate as at the date of the valuation based on the assumptions contained herein and should not be taken to apply at any other date. In addition, no assurance can be given that the valuation will be sustained in the future.

2.3 No inspection

We have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records and we have assumed for purposes of this valuation that the vessel is in a good and seaworthy condition.

2.4 Description of Vessels

The description (including the certifications and classifications) of the subject vessel is included in **Appendix 1** as provided by Pacific International Lines (Private) Limited which we have assumed to be correct and we have not undertaken any independent verification.

2.5 Basis of Valuation

The valuation figure provided is given based on the market value of the vessel as at 9th February 2006 on a willing buyer and willing seller basis, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever. The valuation is further given on the basis that the vessel is bareboat chartered by Pacific International Lines (Private) Limited for a period of 10 years at the net rate of US\$ 7,600 daily pursuant to a charter agreement made between the Trust and Pacific International Lines (Private) Limited (the "Charter Agreement"). For purposes of this valuation, we have also assumed that terms of the Charter Agreement are valid and will remain in full force and effect for the term provided therein.

2.6 Method of Valuation

We have used recent comparable sales (i.e. vessels of similar age/type and condition or else factor in difference in condition here) which we are aware of through our own direct contacts as well as from open market reports which we have received from others.

In arriving at the valuation, we have considered the income stream to be generated under the Charter Agreement together with the residual value of the vessel upon the expiry of the Charter Agreement.

Having noted these we have then analysed in detail the differences between the vessel and those vessels reported as sold and calculated the differences into monetary value in each case, whether plus or minus, in order to reach our final valuation figure for this vessel.



2.7 Opinion of Value

We are of the opinion that the value of the vessel as at the date of the valuation is USD 25,500,000.

3 CERTIFICATION AND AUTHENTICATION

The valuation has been prepared for inclusion in the Prospectus and we believe that it is reasonably accurate subject to the assumptions contained in this report. However all statements made above are statements of opinion and are not to be taken as representations of fact.

We hereby submit our declaration of independence as a valuer in **Appendix 2** attached herewith.

4 CONSENT

In connection with the inclusion of this valuation in the Prospectus, we will give our written consent in such form and content as required under the Securities and Futures Act (Chapter 289) of Singapore.

For and on behalf of
Braemar Seascopes Valuations Limited



Director

Director



Vessel	RCK	Vessel Name	KOTA RANCAK
Call Sign	SOBH8	Ex Name	N.A.
IMO No./LR. NO	9296298	Official Number	390900
Flag	SINGAPORE	Owner	PACIFIC INTERNATIONAL LINES PTE LTD
Port Registry	SGSM	SINGAPORE	
Year Built	2005	Vessel Type	Gasless cellular container vessel
Class	NKK	Beam	22.6 M
Gross Tonnage	9678	Net Tonnage	4558
LOA	145.9 M	LBP	135.23 M
Cargo Dead Weight	8540 MT		
Draft Summer	8.89 M	Deadweight Summer	10280 MT
LT Ship	4178 MT	Tons Per Cm	26.55 MT
Tel No	764502292 / 764502296	Telex No	456391610
		Fax No	764502293
Reefer 220	0 Points	Reefer 440	100 Points
Hatch Cover	Pontoon	Num Hatches	
Speed	17.1 Knots	Depth Moulded	10.8 M
Cap O/D Max	661 TEUs	Cap U/D Max	282 TEUs
Max Tonn	943	Effective Tonn @14MT	650
Water Ballast	5503 M3	Boat Trailer	Y
Com FO		Com DO	
P & I Club		P&I Renewal Date	
Derrick	NIL	Crew	NIL
ISM Certified	Y	Remarks	



Appendix 2

In respect of the valuations of 'Kota Arif', 'Kota Anggun', 'Kota Angerrik', 'Kota Azam', 'Kota Rancak', 'Kota Rajin', 'Kota Kaya', 'Kota Kado', we hereby confirm that we are acting as an independent Valuer.

Yours sincerely,

Jonathan Southan
Director

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NW1 5BT

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General Enquiries: 020 7535 2650

TEL: 020 7535 2650
FAX: 020 7535 2601

Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3439765



3rd April 2006

PST Management Pte. Ltd.
(as trustee-manager of Pacific Shipping Trust)
140 Cecil Street
#15-00A PIL Building
Singapore 069540
(the "Trustee-Manager")

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
(the "Underwriter")

and

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
#10-00 OCBC Centre
Singapore 049513
(the "Lender")

Dear Sirs

PACIFIC SHIPPING TRUST (THE "TRUST") –

**VALUATION CERTIFICATE FOR THE VALUATION OF 'KOTA KAYA' FOR THE PURPOSE
OF THE PROSPECTUS TO BE ISSUED IN CONNECTION WITH THE INITIAL PUBLIC
OFFERING OF UNITS IN THE TRUST**

1. INTRODUCTION

We have been instructed by the Trustee-Manager to undertake the valuation of 'Kota Kaya' whose details are listed in **Appendix I** attached herewith for the purpose of submission to the Singapore Securities Exchange Trading Limited (the "SGX-ST") in conjunction with the initial public offering of units of the Trust ("IPO").

35 COSWAY STREET
LONDON
NW1 5BT

BRAEMAR

SEASCOPE VALUATIONS LIMITED

General Enquiries: 020 7535 2850

TEL: 020 7535 2850
FAX: 020 7535 2801

Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3439085



2. SALIENT TERMS OF THE VALUATION

2.1 Purpose of valuation

The valuation has been undertaken for the sole purpose of the prospectus (the "Prospectus") to be issued by the trustee-manager in connection with the IPO.

2.2 Material Date of Valuation

The valuation was undertaken on 9th February 2006. The valuation given in this report is accurate as at the date of the valuation based on the assumptions contained herein and should not be taken to apply at any other date. In addition, no assurance can be given that the valuation will be sustained in the future.

2.3 No inspection

We have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records and we have assumed for purposes of this valuation that the vessel is in a good and seaworthy condition.

2.4 Description of Vessels

The description (including the certifications and classifications) of the subject vessel is included in **Appendix 1** as provided by Pacific International Lines (Private) Limited which we have assumed to be correct and we have not undertaken any independent verification.

2.5 Basis of Valuation

The valuation figure provided is given based on the market value of the vessel as at 9th February 2006 on a willing buyer and willing seller basis, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever. The valuation is further given on the basis that the vessel is bareboat chartered by Pacific International Lines (Private) Limited for a period of 9 years at the net rate of US\$ 17,700 daily pursuant to a charter agreement made between the Trust and Pacific International Lines (Private) Limited (the "Charter Agreement"). For purposes of this valuation, we have also assumed that terms of the Charter Agreement are valid and will remain in full force and effect for the term provided therein.

2.6 Method of Valuation

We have used recent comparable sales (i.e. vessels of similar age/type and condition or else factor in difference in condition here) which we are aware of through our own direct contacts as well as from open market reports which we have received from others.

In arriving at the valuation, we have considered the income stream to be generated under the Charter Agreement together with the residual value of the vessel upon the expiry of the Charter Agreement.

Having noted these we have then analysed in detail the differences between the vessel and those vessels reported as sold and calculated the differences into monetary value in each case, whether plus or minus, in order to reach our final valuation figure for this vessel.



2.7 Opinion of Value

We are of the opinion that the value of the vessel as at the date of the valuation is USD 57,500,000.

3 CERTIFICATION AND AUTHENTICATION

The valuation has been prepared for inclusion in the Prospectus and we believe that it is reasonably accurate subject to the assumptions contained in this report. However all statements made above are statements of opinion and are not to be taken as representations of fact.

We hereby submit our declaration of independence as a valuer in **Appendix 2** attached herewith.

4 CONSENT

In connection with the inclusion of this valuation in the Prospectus, we will give our written consent in such form and content as required under the Securities and Futures Act (Chapter 289) of Singapore.

For and on behalf of
Braemar Seascope Valuations Limited



Director



Director



Vessel	KAY	Vessel Name	KOTA KAYA
Call Sign	SBHD	Ex Name	N.A.
IMO No./L.R. NO	9307401	Official Number	350899
Flag	SINGAPORE	Owner	PACIFIC INTERNATIONAL LINES PTE LTD
Port Registry	SGSR	SINGAPORE	
Year Built	2005	Vessel Type	Gasless cellular container vessel
Class	NKK	Beam	32.2 M
Gross Tonnage	31070	Nett Tonnage	15648
LOA	232.5 M	LBP	220.5 M
Cargo Dead Weight	38511 MT		
Draft Summer	11.720 M	Deadweight Summer	35932 MT
LT Ship	12902 MT	Tons Per Cm	58.50 MT
Tel No	764361581 / 764361582	Telex No	456369310
		Fax No	764361583 / 660524798
Rudder 220	0 Points	Rudder 440	310 Points
Hatch Cover	Portoon	Num Hatches	
Speed	22 Knots	Depth Moulded	17.1 M
Cap O/D Max	2119 TEUs	Cap U/D Max	962 TEUs
Max Tons	3081	Effective Tons @14MT	2040
Water Ballast	10567 M3	Bow Thruster	Y
Cores FO		Cores DO	
P & I Club	The Standard Steamship Owners' P&I Association	P&I Renewal Date	01-FEB-06
Derrick	NIL	Crane	NIL
ISM Certified	Y	Remarks	



Appendix 2

In respect of the valuations of 'Kota Arif', 'Kota Anggun', 'Kota Angerrik', 'Kota Azam', 'Kota Rancak', 'Kota Rajin', 'Kota Kaya', 'Kota Kado', we hereby confirm that we are acting as an independent Valuer.

Yours sincerely,

Jonathan Southan
Director

35 COSWAY STREET
LONDON
NW1 5BT

BRAEMAR SEASCOPE VALUATIONS LIMITED

General Enquiries: 020 7535 2650

TEL: 020 7535 2669
FAX: 020 7535 2601
Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3439785



3rd April 2006

PST Management Pte. Ltd.
(as trustee-manager of Pacific Shipping Trust)
140 Cecil Street
#15-00A PIL Building
Singapore 069540
(the "Trustee-Manager")

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
(the "Underwriter")

and

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
(the "Lender")

Dear Sirs

PACIFIC SHIPPING TRUST (THE "TRUST") –

**VALUATION CERTIFICATE FOR THE VALUATION OF 'KOTA KADO' FOR THE PURPOSE
OF THE PROSPECTUS TO BE ISSUED IN CONNECTION WITH THE INITIAL PUBLIC
OFFERING OF UNITS IN THE TRUST**

1. INTRODUCTION

We have been instructed by the Trustee-Manager to undertake the valuation of 'Kota Kado' whose details are listed in **Appendix I** attached herewith for the purpose of submission to the Singapore Securities Exchange Trading Limited (the "SGX-ST") in conjunction with the initial public offering of units of the Trust ("IPO").

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BRAEMAR

SEASCOPE VALUATIONS LIMITED

General Enquiries: 020 7535 2650

TEL: 020 7535 2650
FAX: 020 7535 2651

Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3438768



2. SALIENT TERMS OF THE VALUATION

2.1 Purpose of valuation

The valuation has been undertaken for the sole purpose of the prospectus (the "Prospectus") to be issued by the trustee-manager in connection with the IPO.

2.2 Material Date of Valuation

The valuation was undertaken on 9th February 2006. The valuation given in this report is accurate as at the date of the valuation based on the assumptions contained herein and should not be taken to apply at any other date. In addition, no assurance can be given that the valuation will be sustained in the future.

2.3 No inspection

We have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records and we have assumed for purposes of this valuation that the vessel is in a good and seaworthy condition.

2.4 Description of Vessels

The description (including the certifications and classifications) of the subject vessel is included in **Appendix 1** as provided by Pacific International Lines (Private) Limited which we have assumed to be correct and we have not undertaken any independent verification.

2.5 Basis of Valuation

The valuation figure provided is given based on the market value of the vessel as at 9th February 2006 on a willing buyer and willing seller basis, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever. The valuation is further given on the basis that the vessel is bareboat chartered by Pacific International Lines (Private) Limited for a period of 9 years at the net rate of US\$ 17,700 daily pursuant to a charter agreement made between the Trust and Pacific International Lines (Private) Limited (the "Charter Agreement"). For purposes of this valuation, we have also assumed that terms of the Charter Agreement are valid and will remain in full force and effect for the term provided therein.

2.6 Method of Valuation

We have used recent comparable sales (i.e. vessels of similar age/type and condition or else factor in difference in condition here) which we are aware of through our own direct contacts as well as from open market reports which we have received from others.

In arriving at the valuation, we have considered the income stream to be generated under the Charter Agreement together with the residual value of the vessel upon the expiry of the Charter Agreement.

Having noted these we have then analysed in detail the differences between the vessel and those vessels reported as sold and calculated the differences into monetary value in each case, whether plus or minus, in order to reach our final valuation figure for this vessel.



2.7 Opinion of Value

We are of the opinion that the value of the vessel as at the date of the valuation is USD 57,500,000.

3 CERTIFICATION AND AUTHENTICATION

The valuation has been prepared for inclusion in the Prospectus and we believe that it is reasonably accurate subject to the assumptions contained in this report. However all statements made above are statements of opinion and are not to be taken as representations of fact.

We hereby submit our declaration of independence as a valuer in **Appendix 2** attached herewith.

4 CONSENT

In connection with the inclusion of this valuation in the Prospectus, we will give our written consent in such form and content as required under the Securities and Futures Act (Chapter 289) of Singapore.

For and on behalf of
Braemar Seascopes Valuations Limited



Director



Director



Vessel	KAD	Vessel Name	KOTA KADO
Call Sign	SOBH5	Ex Name	N/A.
IMO No./L.R. NO	9307399	Official Number	390897
Flag	SINGAPORE	Owner	PACIFIC INTERNATIONAL LINES PTE LTD
Port Registry	SGSM SINGAPORE		
Year Built	2005	Vessel Type	Gearless cellular container vessel
Class	NKK	Beam	32.2 M
Gross Tonnage	31070	Net Tonnage	15688
LOA	232.5 M	LBP	220.5 M
Cargo Dead Weight			
Draft Summer	11.728 M	Deadweight Summer	39996 MT
LT Ship	12028 MT	Tons Per Cm	
Tel No	764361538 / 764361539	Telox No	456334210
		Fax No	764381540
Reefer 220	0 Points	Reefer 440	310 Points
Hatch Cover	Porton	Num Hatches	
Speed	22 Knots	Depth Moulded	17.1 M
Cap O/D Max	2119 TEUs	Cap U/D Max	962 TEUs
Max Tons	3081	Effective Tons @14MT	2040
Water Ballast	10567 M3	Bow Truster	Y
Cans FO		Cans DO	
P & I Club	The Britannia Steam Ship Insurance Assoc Ltd	P&I Renewal Date	01-FEB-06
Derrick	Nil	Cable	Nil
ISM Certified	Y	Remarks	



Appendix 2

In respect of the valuations of 'Kota Arif', 'Kota Anggun', 'Kota Angerrick', 'Kota Azam', 'Kota Rancak', 'Kota Rajin', 'Kota Kaya', 'Kota Kado', we hereby confirm that we are acting as an independent Valuer.

Yours sincerely,

Jonathan Southan
Director

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LONDON
NW1 5BT

BRAEMAR SEASCOPE VALUATIONS LIMITED

General Enquiries: 020 7535 2650

TEL: 020 7535 2650
FAX: 020 7535 2601

Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3438765



3rd April 2006

PST Management Pte. Ltd.
(as trustee-manager of Pacific Shipping Trust)
140 Cecil Street
#15-00A PIL Building
Singapore 069540
(the "Trustee-Manager")

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
(the "Underwriter")

and

DnB NOR Bank ASA, Singapore Branch
8 Shenton Way
#48-02 Temasek Tower
Singapore 068811
(the "Lender")

Dear Sirs

PACIFIC SHIPPING TRUST (THE "TRUST") –

**VALUATION CERTIFICATE FOR THE VALUATION OF 'KOTA AZAM' FOR THE PURPOSE
OF THE PROSPECTUS TO BE ISSUED IN CONNECTION WITH THE INITIAL PUBLIC
OFFERING OF UNITS IN THE TRUST**

1. INTRODUCTION

We have been instructed by the Trustee-Manager to undertake the valuation of 'Kota Azam' whose details are listed in **Appendix I** attached herewith for the purpose of submission to the Singapore Securities Exchange Trading Limited (the "SGX-ST") in conjunction with the initial public offering of units of the Trust ("IPO").

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Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3439765



2. SALIENT TERMS OF THE VALUATION

2.1 Purpose of valuation

The valuation has been undertaken for the sole purpose of the prospectus (the "Prospectus") to be issued by the trustee-manager in connection with the IPO.

2.2 Material Date of Valuation

The valuation was undertaken on 9th February 2006. The valuation given in this report is accurate as at the date of the valuation based on the assumptions contained herein and should not be taken to apply at any other date. In addition, no assurance can be given that the valuation will be sustained in the future.

2.3 No inspection

We have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records and we have assumed for purposes of this valuation that the vessel is in a good and seaworthy condition.

2.4 Description of Vessels

The description (including the certifications and classifications) of the subject vessel is included in **Appendix 1** as provided by Pacific International Lines (Private) Limited which we have assumed to be correct and we have not undertaken any independent verification.

2.5 Basis of Valuation

The valuation figure provided is given based on the market value of the vessel as at 9th February 2006 on a willing buyer and willing seller basis, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever. The valuation is further given on the basis that the vessel is bareboat chartered by Pacific International Lines (Private) Limited for a period of 8 years at the net rate of US\$ 11,000 daily pursuant to a charter agreement made between the Trust and Pacific International Lines (Private) Limited (the "Charter Agreement"). For purposes of this valuation, we have also assumed that terms of the Charter Agreement are valid and will remain in full force and effect for the term provided therein.

2.6 Method of Valuation

We have used recent comparable sales (i.e. vessels of similar age/type and condition or else factor in difference in condition here) which we are aware of through our own direct contacts as well as from open market reports which we have received from others.

In arriving at the valuation, we have considered the income stream to be generated under the Charter Agreement together with the residual value of the vessel upon the expiry of the Charter Agreement.

Having noted these we have then analysed in detail the differences between the vessel and those vessels reported as sold and calculated the differences into monetary value in each case, whether plus or minus, in order to reach our final valuation figure for this vessel.



2.7 Opinion of Value

We are of the opinion that the value of the vessel as at the date of the valuation is USD 31,750,000.

3 CERTIFICATION AND AUTHENTICATION

The valuation has been prepared for inclusion in the Prospectus and we believe that it is reasonably accurate subject to the assumptions contained in this report. However all statements made above are statements of opinion and are not to be taken as representations of fact.

We hereby submit our declaration of independence as a valuer in **Appendix 2** attached herewith.

4 CONSENT

In connection with the inclusion of this valuation in the Prospectus, we will give our written consent in such form and content as required under the Securities and Futures Act (Chapter 289) of Singapore.

For and on behalf of
Braemar Seascopes Valuations Limited



Director



Director



Vessel	AZM	Vessel Name	KOTA AZAM
Call Sign	58BL	Ex Name	MANDARIN CONTAINER
IMO No./L.R. NO	9182033	Official Number	389408
Flag	SINGAPORE	Owner	PACIFIC INTERNATIONAL LINES PTE LTD
Port Registry	SGSM	SINGAPORE	
Year Built	1999	Vessel Type	Geared cellular container vessel
Class	LR	Beam	28 M
Gross Tonnage	17652	Nett. Tonnage	8156
LOA	182.83 M	LBP	170.33 M
Cargo Dead Weight	16800 MT		
Draft Summer	9.53 M	Deadweight Summer	23825 MT
LT Ship	3317 MT	Tons Per Cm	39.65 MT
Tel No	356388050 / 356388051	Telux No	456388040
		Fax No	356388040
Reefers 220	0 Points	Reefers 440	100 Points
Hatch Cover	Postoon	Num Hatches	
Speed	18.9 Knots	Depth Moulded	14 M
Cap O/D Max	990 TEUs	Cap U/D Max	548 TEUs
Max Tons	1454	Effective Tons @14MT	1160
Water Ballast	6620 M3	Bow Thruster	Y
Cons FO	46.5 MT	Cons DO	
P & I Club	North of England	P&I Renewal Date	01-FEB-06
Derrick	NB	Crane	2 x 40 mt
ISM Certified	Y	Remarks	



Appendix 2

In respect of the valuations of 'Kota Arif', 'Kota Anggun', 'Kota Angerrik', 'Kota Azam', 'Kota Rancak', 'Kota Rajin', 'Kota Kaya', 'Kota Kado', we hereby confirm that we are acting as an independent Valuer.

Yours sincerely,

Jonathan Southan
Director

35 COSWAY STREET
LONDON
NW1 5BT

BRAEMAR

SEASCOPE VALUATIONS LIMITED

General Enquiries: 020 7535 2650

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Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3438795



3rd April 2006

PST Management Pte. Ltd.
(as trustee-manager of Pacific Shipping Trust)
140 Cecil Street
#15-00A PIL Building
Singapore 069540
(the "Trustee-Manager")

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
(the "Underwriter")

and

DnB NOR Bank ASA, Singapore Branch
8 Shenton Way
#48-02 Temasek Tower
Singapore 068811
(the "Lender")

Dear Sirs

PACIFIC SHIPPING TRUST (THE "TRUST") –

**VALUATION CERTIFICATE FOR THE VALUATION OF 'KOTA ANGGUN' FOR THE
PURPOSE OF THE PROSPECTUS TO BE ISSUED IN CONNECTION WITH THE INITIAL
PUBLIC OFFERING OF UNITS IN THE TRUST**

1. INTRODUCTION

We have been instructed by the Trustee-Manager to undertake the valuation of 'Kota Anggun' whose details are listed in **Appendix I** attached herewith for the purpose of submission to the Singapore Securities Exchange Trading Limited (the "SGX-ST") in conjunction with the initial public offering of units of the Trust ("IPO").

35 COSWAY STREET
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NW1 5BT

BRAEMAR

SEASCOPE VALUATIONS LIMITED

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FAX: 020 7535 2601

Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3439785



2. SALIENT TERMS OF THE VALUATION

2.1 Purpose of valuation

The valuation has been undertaken for the sole purpose of the prospectus (the "Prospectus") to be issued by the trustee-manager in connection with the IPO.

2.2 Material Date of Valuation

The valuation was undertaken on 9th February 2006. The valuation given in this report is accurate as at the date of the valuation based on the assumptions contained herein and should not be taken to apply at any other date. In addition, no assurance can be given that the valuation will be sustained in the future.

2.3 No inspection

We have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records and we have assumed for purposes of this valuation that the vessel is in a good and seaworthy condition.

2.4 Description of Vessels

The description (including the certifications and classifications) of the subject vessel is included in **Appendix 1** as provided by Pacific International Lines (Private) Limited which we have assumed to be correct and we have not undertaken any independent verification.

2.5 Basis of Valuation

The valuation figure provided is given based on the market value of the vessel as at 9th February 2006 on a willing buyer and willing seller basis, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever. The valuation is further given on the basis that the vessel is bareboat chartered by Pacific International Lines (Private) Limited for a period of 8 years at the net rate of US\$ 11,000 daily pursuant to a charter agreement made between the Trust and Pacific International Lines (Private) Limited (the "Charter Agreement"). For purposes of this valuation, we have also assumed that terms of the Charter Agreement are valid and will remain in full force and effect for the term provided therein.

2.6 Method of Valuation

We have used recent comparable sales (i.e. vessels of similar age/type and condition or else factor in difference in condition here) which we are aware of through our own direct contacts as well as from open market reports which we have received from others.

In arriving at the valuation, we have considered the income stream to be generated under the Charter Agreement together with the residual value of the vessel upon the expiry of the Charter Agreement.

Having noted these we have then analysed in detail the differences between the vessel and those vessels reported as sold and calculated the differences into monetary value in each case, whether plus or minus, in order to reach our final valuation figure for this vessel.



2.7 Opinion of Value

We are of the opinion that the value of the vessel as at the date of the valuation is USD 31,750,000.

3 CERTIFICATION AND AUTHENTICATION

The valuation has been prepared for inclusion in the Prospectus and we believe that it is reasonably accurate subject to the assumptions contained in this report. However all statements made above are statements of opinion and are not to be taken as representations of fact.

We hereby submit our declaration of independence as a valuer in **Appendix 2** attached herewith.

4 CONSENT

In connection with the inclusion of this valuation in the Prospectus, we will give our written consent in such form and content as required under the Securities and Futures Act (Chapter 289) of Singapore.

For and on behalf of
Braemar Seascope Valuations Limited



Director



Director



Vessel	AGN	Vessel Name	KOTA ANGGUN
Call Sign	9VKL	Ex Name	KINGDOM CONTAINER
IMO No./L.R. NO	9175862	Official Number	388496
Flag	SINGAPORE	Owner	PACIFIC INTERNATIONAL LINES PTE LTD
Port Registry	SGSN	SINGAPORE	
Year Built	1999	Vessel Type	Ceased cellular container vessel
Class	LR	Beam	28 M
Gross Tonnage	17652	Net Tonnage	8156
LOA	182.83 M	LBP	170.33 M
Cargo Dead Weight	16800 MT		
Draft Summer	9.53 M	Deadweight Summer	23842 MT
LT Ship	3300 MT	Tons Per Cm	39.65 MT
Tel No	356388750 / 356388751	Telex No	456388740
		Fax No	356388700
Reefer 220	0 Points	Reefer 440	100 Points
Hatch Cover	Pontoon	Net Hatches	
Speed	18.9 Knots	Depth Moulded	14 M
Cap O/D Max	900 TEUs	Cap U/D Max	548 TEUs
Max Tons	3454	Effective Tons @14MT	1900
Water Ballast	6620 M3	Box Trailer	Y
Cans FO	46.5 MT	Cans DO	
P & I Club	The Standard P&I Club	P&I Renewal Date	01-FEB-06
Derrick	Nil	Cane	2 x 40 mt
ISM Certified	Y	Remarks	



Appendix 2

In respect of the valuations of 'Kota Arif', 'Kota Anggun', 'Kota Angerrik', 'Kota Azam', 'Kota Rancak', 'Kota Rajin', 'Kota Kaya', 'Kota Kado', we hereby confirm that we are acting as an independent Valuer.

Yours sincerely,

Jonathan Southan
Director

35 COSWAY STREET
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NW1 5BT

BRAEMAR

SEASCOPE VALUATIONS LIMITED

General Enquiries: 020 7535 2650

Tel: 020 7535 2650
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Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3438765



3rd April 2006

PST Management Pte. Ltd.
(as trustee-manager of Pacific Shipping Trust)
140 Cecil Street
#15-00A PIL Building
Singapore 069540
(the "Trustee-Manager")

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
(the "Underwriter")

and

DnB NOR Bank ASA, Singapore Branch
8 Shenton Way
#48-02 Temasek Tower
Singapore 068811
(the "Lender")

Dear Sirs

PACIFIC SHIPPING TRUST (THE "TRUST") –

VALUATION CERTIFICATE FOR THE VALUATION OF 'KOTA ARIF' FOR THE PURPOSE OF
THE PROSPECTUS TO BE ISSUED IN CONNECTION WITH THE INITIAL PUBLIC OFFERING
OF UNITS IN THE TRUST

1. INTRODUCTION

We have been instructed by the Trustee-Manager to undertake the valuation of 'Kota Arif' whose details are listed in **Appendix I** attached herewith for the purpose of submission to the Singapore Securities Exchange Trading Limited (the "SGX-ST") in conjunction with the initial public offering of units of the Trust ("IPO").

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BRAEMAR

SEASCOPE VALUATIONS LIMITED

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TEL: 020 7535 2650
FAX: 020 7535 2601

Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3439765



2. SALIENT TERMS OF THE VALUATION

2.1 Purpose of valuation

The valuation has been undertaken for the sole purpose of the prospectus (the "Prospectus") to be issued by the trustee-manager in connection with the IPO.

2.2 Material Date of Valuation

The valuation was undertaken on 9th February 2006. The valuation given in this report is accurate as at the date of the valuation based on the assumptions contained herein and should not be taken to apply at any other date. In addition, no assurance can be given that the valuation will be sustained in the future.

2.3 No inspection

We have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records and we have assumed for purposes of this valuation that the vessel is in a good and seaworthy condition.

2.4 Description of Vessels

The description (including the certifications and classifications) of the subject vessel is included in **Appendix 1** as provided by Pacific International Lines (Private) Limited which we have assumed to be correct and we have not undertaken any independent verification.

2.5 Basis of Valuation

The valuation figure provided is given based on the market value of the vessel as at 9th February 2006 on a willing buyer and willing seller basis, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever. The valuation is further given on the basis that the vessel is bareboat chartered by Pacific International Lines (Private) Limited for a period of 8 years at the net rate of US\$ 11,000 daily pursuant to a charter agreement made between the Trust and Pacific International Lines (Private) Limited (the "Charter Agreement"). For purposes of this valuation, we have also assumed that terms of the Charter Agreement are valid and will remain in full force and effect for the term provided therein.

2.6 Method of Valuation

We have used recent comparable sales (i.e. vessels of similar age/type and condition or else factor in difference in condition here) which we are aware of through our own direct contacts as well as from open market reports which we have received from others.

In arriving at the valuation, we have considered the income stream to be generated under the Charter Agreement together with the residual value of the vessel upon the expiry of the Charter Agreement.

Having noted these we have then analysed in detail the differences between the vessel and those vessels reported as sold and calculated the differences into monetary value in each case, whether plus or minus, in order to reach our final valuation figure for this vessel.



2.7 Opinion of Value

We are of the opinion that the value of the vessel as at the date of the valuation is USD 31,750,000.

3 CERTIFICATION AND AUTHENTICATION

The valuation has been prepared for inclusion in the Prospectus and we believe that it is reasonably accurate subject to the assumptions contained in this report. However all statements made above are statements of opinion and are not to be taken as representations of fact.

We hereby submit our declaration of independence as a valuer in **Appendix 2** attached herewith.

4 CONSENT

In connection with the inclusion of this valuation in the Prospectus, we will give our written consent in such form and content as required under the Securities and Futures Act (Chapter 289) of Singapore.

For and on behalf of
Braemar Seascopes Valuations Limited



Director



Director



Vessel	ARIF	Vessel Name	KOTA ARIF
Call Sign	9VWL	Ex Name	LIBERTY CONTAINER
IMO No./LR NO	9175614	Official Number	388407
Flag	SINGAPORE	Owner	PACIFIC INTERNATIONAL LINES PTE LTD
Port Registry	SGSN SINGAPORE		
Year Built	1999	Vessel Type	Coated cellular container vessel
Class	LR	Beam	28 M
Gross Tonnage	17652	Net Tonnage	8156
LOA	182.83 M	LBP	170.33 M
Cargo Dead Weight	16800 MT		
Draft Summer	9.53 M	Deadweight Summer	23849 MT
LT Ship	1293 MT	Tons Per Cm	39.7 MT
Tel No	356388450 / 356388451	Telx No	456388440
		Fax No	356388460
Reefer 220	0 Points	Reefer 440	300 Points
Hatch Cover	Pontoon	Num Hatches	
Speed	18.9 Knots	Depth Moulded	14 M
Cap O/D Max	996 TEUs	Cap U/D Max	546 TEUs
Max Tons	1454	Effective Tons @14MT	1100
Water Ballast	6620 M3	Bow Truster	Y
Cons FO	46.5 MT	Cons DO	
P & I Club	North of England	P&I Renewal Date	01-FEB-06
Derrick	NIL	Crane	2 x 40 mt
ISM Certified	Y	Remarks	



Appendix 2

In respect of the valuations of 'Kota Arif', 'Kota Anggun', 'Kota Angerrik', 'Kota Azam', 'Kota Rancak', 'Kota Rajin', 'Kota Kaya', 'Kota Kado', we hereby confirm that we are acting as an independent Valuer.

Yours sincerely,

Jonathan Southan
Director

35 COSWAY STREET
LONDON
NW1 5BT

BRAEMAR

SEASCOPE VALUATIONS LIMITED

General Enquiries: 020 7535 2650

TEL: 020 7535 2650
FAX: 020 7535 2601

Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3439765



3rd April 2006

PST Management Pte. Ltd.
(as trustee-manager of Pacific Shipping Trust)
140 Cecil Street
#15-00A PIL Building
Singapore 069540
(the "Trustee-Manager")

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
(the "Underwriter")

and

DnB NOR Bank ASA, Singapore Branch
8 Shenton Way
#48-02 Temasek Tower
Singapore 068811
(the "Lender")

Dear Sirs

PACIFIC SHIPPING TRUST (THE "TRUST") –

**VALUATION CERTIFICATE FOR THE VALUATION OF 'KOTA ANGGERIK' FOR THE
PURPOSE OF THE PROSPECTUS TO BE ISSUED IN CONNECTION WITH THE INITIAL
PUBLIC OFFERING OF UNITS IN THE TRUST**

1. INTRODUCTION

We have been instructed by the Trustee-Manager to undertake the valuation of 'Kota Anggerik' whose details are listed in **Appendix I** attached herewith for the purpose of submission to the Singapore Securities Exchange Trading Limited (the "SGX-ST") in conjunction with the initial public offering of units of the Trust ("IPO").

35 COSWAY STREET
LONDON
NW1 5BT

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SEASCOPE VALUATIONS LIMITED

General Enquiries: 020 7535 2650

TEL: 020 7535 2650
FAX: 020 7535 2601

Reg. in England with Reg. office at 35 Cosway Street, London NW1 5BT and Reg. No. 3408705



2. SALIENT TERMS OF THE VALUATION

2.1 Purpose of valuation

The valuation has been undertaken for the sole purpose of the prospectus (the "Prospectus") to be issued by the trustee-manager in connection with the IPO.

2.2 Material Date of Valuation

The valuation was undertaken on 9th February 2006. The valuation given in this report is accurate as at the date of the valuation based on the assumptions contained herein and should not be taken to apply at any other date. In addition, no assurance can be given that the valuation will be sustained in the future.

2.3 No inspection

We have not made a physical inspection of the vessel, nor have we inspected the vessel's classification records and we have assumed for purposes of this valuation that the vessel is in a good and seaworthy condition.

2.4 Description of Vessels

The description (including the certifications and classifications) of the subject vessel is included in **Appendix 1** as provided by Pacific International Lines (Private) Limited which we have assumed to be correct and we have not undertaken any independent verification.

2.5 Basis of Valuation

The valuation figure provided is given based on the market value of the vessel as at 9th February 2006 on a willing buyer and willing seller basis, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever. The valuation is further given on the basis that the vessel is bareboat chartered by Pacific International Lines (Private) Limited for a period of 8 years at the net rate of US\$ 11,000 daily pursuant to a charter agreement made between the Trust and Pacific International Lines (Private) Limited (the "Charter Agreement"). For purposes of this valuation, we have also assumed that terms of the Charter Agreement are valid and will remain in full force and effect for the term provided therein.

2.6 Method of Valuation

We have used recent comparable sales (i.e. vessels of similar age/type and condition or else factor in difference in condition here) which we are aware of through our own direct contacts as well as from open market reports which we have received from others.

In arriving at the valuation, we have considered the income stream to be generated under the Charter Agreement together with the residual value of the vessel upon the expiry of the Charter Agreement.

Having noted these we have then analysed in detail the differences between the vessel and those vessels reported as sold and calculated the differences into monetary value in each case, whether plus or minus, in order to reach our final valuation figure for this vessel.



2.7 Opinion of Value

We are of the opinion that the value of the vessel as at the date of the valuation is USD 31,750,000.

3 CERTIFICATION AND AUTHENTICATION

The valuation has been prepared for inclusion in the Prospectus and we believe that it is reasonably accurate subject to the assumptions contained in this report. However all statements made above are statements of opinion and are not to be taken as representations of fact.

We hereby submit our declaration of independence as a valuer in **Appendix 2** attached herewith.

4 CONSENT

In connection with the inclusion of this valuation in the Prospectus, we will give our written consent in such form and content as required under the Securities and Futures Act (Chapter 289) of Singapore.

For and on behalf of
Braemar Seascope Valuations Limited



Director

Director



Vessel	AGK	Vessel Name	KOTA ANGERIK
Call Sign	SEEL	Ex Name	CONVENIENCE CONTAINER
IMO No./L.R. NO	9175597	Official Number	388405
Flag	SINGAPORE	Owner	PACIFIC INTERNATIONAL LINES PTE LTD
Port Registry	SGSW	SINGAPORE	
Year Built	1999	Vessel Type	Geared cellular container vessel
Class	LR	Beam	28 M
Gross Tonnage	17652	Net Tonnage	8156
LOA	182.83 M	LBP	179.33 M
Cargo Dead Weight	16000 MT		
Draft Summer	9.53 M	Deadweight Summer	23840 MT
LT Ship	7302 MT	Tons Per Cm	39.65 MT
Tel No	356390650 / 356390651	Telex No	456390640
		Fax No	356390660
Reefers 220	0 Points	Reefers 440	100 Points
Hatch Cover	Porton	Num Hatches	
Speed	18.9 Knots	Depth Moulded	14 M
Cap O/D Max	606 TEUs	Cap U/D Max	548 TEUs
Max Tons	1454	Effective Tons @14MT	1100
Water Ballast	6620 M3	Bow Truster	Y
Cons FO	46.5 MT	Cons DO	
P & I Club	The Standard P&I Club	P&I Renewal Date	01-FEB-06
Derrick	NIL	Crane	2 x 40 mt
ISM Certified	Y	Remarks	



Appendix 2

In respect of the valuations of 'Kota Arif', 'Kota Anggun', 'Kota Angerrik', 'Kota Azam', 'Kota Rancak', 'Kota Rajin', 'Kota Kaya', 'Kota Kado', we hereby confirm that we are acting as an independent Valuer.

Yours sincerely,

Jonathan Southan
Director

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INDEPENDENT FINANCIAL ADVISER'S REPORT

19 May 2006

Independent Directors
PST Management Pte. Ltd.
(as trustee-manager of Pacific Shipping Trust)
140 Cecil Street
#15-00A PIL Building
Singapore 069540

Dear Sirs

ACQUISITION OF VESSELS AND THE CHARTER AGREEMENTS

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the Prospectus dated 19 May 2006

1. INTRODUCTION

Pacific Shipping Trust ("**PST**") is the first shipping business trust registered by the MAS in Singapore, having been constituted by a trust deed dated 25 April 2006 and is principally regulated by the BTA and the SFA. It has been established with the principal objective of providing an opportunity to the public to invest primarily in container vessels which are intended to be chartered to liner operators for their liner trade and/or feeder trade.

PST will be managed by PST Management Pte. Ltd. (the "**Trustee-Manager**"), which will provide management and trustee services to PST. The Trustee-Manager is a wholly-owned subsidiary of Pacific International Lines (Private) Limited (the "**Sponsor**").

The Trustee-Manager, as trustee-manager of PST, and the Sponsor have entered into Memoranda of Agreement on 25 April 2006, as supplemented by addenda dated 18 May 2006, for the sale and purchase of Vessels (the "**Acquisitions**") which are conditional upon the successful admission of PST to the Official List of the SGX-ST pursuant to the Offering. The Vessels will be chartered to the Sponsor (also the "**Charterer**") under the long-term bareboat charter agreements dated 25 April 2006 (the "**Charter Agreements**") entered into between the Trustee-Manager, as trustee-manager of PST, and the Charterer. The Charter Agreements will be for periods of between eight to 10 years, which will commence upon the completion of the acquisitions of the Vessels.

PricewaterhouseCoopers Corporate Finance Pte Ltd ("**PwCCF**") has been appointed as the independent financial adviser to advise the Independent Directors of the Trustee-Manager on the terms of the Acquisitions and Charter Agreements.

This letter of opinion has been prepared to form part of the Prospectus to be issued in connection with the Public Offer.

2. TERMS OF REFERENCE

PwCCF has been appointed to advise the Independent Directors on whether the Acquisitions and Charter Agreements are on normal commercial terms and are not prejudicial to the interests of PST and its Unitholders. However we are not required and do not, by this letter, make any representation or warranty in relation to the commercial merits of the Acquisitions and the Charter Agreements.

We were not a party to, nor were we involved in, the negotiations between the Trustee-Manager and the Sponsor in relation to the Acquisitions and the Charter Agreements. We were also not involved in the deliberations leading to its decision to proceed with the Acquisitions and/or the Charter Agreements.

Our terms of reference do not require us to comment or express an opinion on the rationale for, strategic or commercial merits and/or risks of the Acquisitions and the Charter Agreements or the future financial performance or prospects of PST and the prices at which the units of PST may trade following the Offering. We are also not required to address the relative merits of the Acquisitions and the Charter Agreements as compared to any alternative transaction previously considered by the Trustee-Manager (if any) or that otherwise may become available to PST in the future. Such evaluations or comments remain the responsibility of the Directors and management of the Trustee-Manager. Accordingly, we have limited our evaluation to the financial terms of the Acquisitions and Charter Agreements and have not taken into account the commercial risks or merits of the Acquisitions and Charter Agreements.

In the course of our evaluation and for the purpose of our opinion in relation to the Acquisitions and the Charter Agreements, we have held discussions with certain Directors and management of the Trustee-Manager and have examined information provided by the management of the Trustee-Manager, including information contained in the Prospectus (including the appendices thereto) and have reviewed other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the reliability of the information.

We have not made an independent evaluation of the Vessels. We have, however, been furnished with certain valuation reports for these Vessels. With respect to such vessel valuation reports, we are not experts and do not hold ourselves to be experts in the evaluation of vessels and have relied solely upon the valuation reports prepared by the Independent Valuer, Braemar Seascope Valuations Limited (the “**Independent Valuer**”) for all of the Vessels. The independent valuation reports of the Vessels by the Independent Valuer are set out in Appendix D of the Prospectus.

We have relied upon the assurances of the Directors that the Prospectus has been approved by the Directors who have made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in the Prospectus are fair and accurate in all material respects as at the date of the Prospectus and that there are no material facts the omission of which would make any statement in the Prospectus misleading in any material respect. Accordingly, the Directors collectively and individually accept responsibility for the accuracy of the information given in the Prospectus as set out in the responsibility statement in a letter dated 19 May 2006 provided to us by the Directors and management of the Trustee-Manager, which we have relied upon.

The Directors have also confirmed to us that, upon making all reasonable enquiries and to the best of their respective knowledge and belief, all material information available to them with respect to the Acquisitions and the Charter Agreements has been fully disclosed to PwCCF, that such information is true and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or our opinion in this letter to be inaccurate, incomplete or misleading in any material aspect.

Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us as described above.

We have also not conducted a comprehensive review of the business, operations or financial condition of the Sponsor, PST or the Trustee-Manager and accordingly make no representation or warranty, express or implied, in this regard.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and on the information made available to us contained in the Prospectus, some of which pertains to dates earlier than the Latest Practicable Date (“**Prior Dates**”), including but not limited to the valuation of the Vessels (as at 9 February 2006), certain information on vessel prices and time charter rates from Drewry up to 2005. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date or the Prior Dates up to which information is available, as the case maybe, that may affect our opinion contained herein.

Our opinion is for the use and benefit of the Independent Directors in their deliberation of whether the Acquisitions and Charter Agreements are on normal commercial terms and are not prejudicial to the interests of PST and its Unitholders, and the statements made by the Independent Directors shall remain the responsibility of the Independent Directors.

Our opinion in relation to the Acquisitions and Charter Agreements should be considered in the context of the entirety of this letter and the Prospectus.

3. INFORMATION ON THE VESSELS

Selected information in respect of the Vessels is set out in the subsection titled “The Vessels” under the Business and Vessels section of the Prospectus. Such information has been reproduced herein for convenience.

Portfolio Overview

The Vessels to be acquired from the Sponsor will comprise two Panamax container vessels and six Handysize container vessels with a total slot capacity of 13,864 TEU. The Vessels will be bareboat chartered to the Charterer upon the Listing for periods of between eight to 10 years (and these Charter Agreements are subject to renewal on terms to be mutually agreed upon expiry thereof). Under these Charter Agreements, the Charterer will be liable to pay PST a fixed charter hire on a monthly basis and for all operating costs and expenses. Container vessels in general are expected to have useful lives of approximately 25 years and the Vessels have an average remaining useful life of 22.4 years.

Certain information on the Vessels

For each Vessel, its capacity, the year it was built and its flag state are set out in the table below.

Vessel	Capacity (TEU)	Year Built	Flag State
3,081 TEU (Panamax)			
Kota Kado	3,081	2005	Singapore
Kota Kaya	3,081	2005	Singapore
1,454 TEU (Handysize)			
Kota Anggerik	1,454	1999	Singapore
Kota Anggun	1,454	1999	Singapore
Kota Arif	1,454	1999	Singapore
Kota Azam	1,454	1999	Singapore
943 TEU (Handysize)			
Kota Rajin	943	2005	Singapore
Kota Rancak	943	2005	Singapore
Total	13,864		

Charter Income

Based on the Charter Agreements, the daily bareboat charter rate and the charter tenure of each of the Vessels is set out as follows:

Vessel	Daily bareboat charter rate (US\$ '000)	Charter tenure (Years)
3,081 TEU (Panamax)		
Kota Kado	17.7	9
Kota Kaya	17.7	9
1,454 TEU (Handysize)		
Kota Anggerik	11.0	8
Kota Anggun	11.0	8
Kota Arif	11.0	8
Kota Azam	11.0	8
943 TEU (Handysize)		
Kota Rajin	7.6	10
Kota Rancak	7.6	10

Valuation

The Vessels were valued by the Independent Valuer as at 9 February 2006. The Independent Valuer used recent comparable sales (*i.e.* vessels of similar age, type and condition or else has factored in difference in condition in its valuation) which it was aware of through its own direct contacts as well as from open market reports which it had received from others. (See Appendix D, "Independent Valuation Reports".) The valuation of each Vessel acquired or to be acquired by PST is not performed after physical inspection or examination of the vessel's classification records, maintained by Classification Societies and the ship managers. The valuation of the Vessels is based on various assumptions (including those of the Vessels being in good and seaworthy condition, the sale being on a willing buyer and willing seller basis, with delivery in an acceptable area, free of encumbrances, maritime liens and any other debts whatsoever), that the Vessels will be bareboat chartered to the Sponsor in accordance with the Charter Agreements and that terms of the Charter Agreements are valid and will remain in full force and effect. In arriving at the valuation, the Independent Valuer also considered the income stream to be generated under the Charter Agreements together with the residual value of the respective Vessels upon the expiry of the Charter Agreements. The valuation is given based on the market value of the Vessels as at 9 February 2006 and there can be no assurance that the valuation will be sustained thereafter.

4. COMMON TERMS AND CONDITIONS OF THE MEMORANDA OF AGREEMENT

The common terms and conditions of the Memoranda of Agreement are set out in section titled "Certain Agreements relating to PST and the Vessels" of the Prospectus. The common terms and conditions of the Memoranda of Agreement are reproduced herein for convenience.

Condition precedent

The Sponsor and the Trustee-Manager have entered into the Memoranda of Agreement. The sale of the Vessels by the Sponsor is conditional upon the Listing.

Purchase price and payment

The purchase prices for the Vessels are set out in the subsection titled "The Vessels" under the Business and Vessels section of the Prospectus. The purchase price for each Vessel shall be paid in full free of bank charges to the Sponsor on delivery of that Vessel, but not later than three business days after that Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of the relevant Memorandum of Agreement and the notice of readiness for delivery has been given in accordance with the relevant Memorandum of Agreement. Delivery of the Vessels is to be on the Completion Date.

Inspections of Vessels

PST has inspected and accepted each Vessel's classification records. PST has also inspected each Vessel and has accepted each Vessel following the said inspection and the sale is outright and definite, subject only to the terms and conditions of the relevant Memorandum of Agreement.

Risk of Vessels and condition of Vessels on delivery

Each Vessel with everything belonging to her shall be at the Sponsor's risk and expense until she is delivered to PST, but subject to the terms and conditions of the relevant Memorandum of Agreement, she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted.

However, each Vessel shall be delivered with her class maintained without condition or recommendation, free of average damage affecting that Vessel's class, and with her classification certificates and national certificates, as well as all other certificates that Vessel had at the time of inspection, valid and unextended without condition or recommendation by class or the relevant authorities at the time of delivery.

As part of the delivery arrangements, on the day of delivery of each Vessel, the Sponsor will deliver to PST a letter of undertaking in respect of that Vessel under which the Sponsor confirms and undertakes to PST that if, during the period from the inspection of that Vessel to the delivery of that Vessel, there is any damage to that Vessel which could have been discovered had PST carried out underwater and superficial inspection of that Vessel just prior to the delivery thereof, such damage shall be made good at the Sponsor's expense to the satisfaction of PST and/or the relevant classification societies.

Vessels to be delivered free from encumbrances

The Sponsor warrants that each Vessel, at the time of delivery, is free from all charters, encumbrances, mortgages and maritime liens or any other debts whatsoever. The Sponsor undertakes to indemnify PST against all consequences of claims made against a Vessel which have been incurred prior to the time of delivery.

Governing law and dispute resolution

Each Memorandum of Agreement is governed by and construed in accordance with the laws of Singapore. All and any dispute arising out of or in connection with a Memorandum of Agreement is to be referred to and finally resolved by arbitration at the Singapore Chamber of Maritime Arbitration ("**SCMA**") in accordance with the arbitration rules of the SCMA ("**SCMA Rules**") for the time being in force at the time of commencement of the arbitration, which rules are deemed incorporated by reference to each Memorandum of Agreement.

5. COMMON TERMS AND CONDITIONS OF THE CHARTER AGREEMENTS

On 25 April 2006, the Charterer and the Trustee-Manager entered into the Charter Agreements with delivery of the Vessels thereunder to the Charterer on the Listing Date. Each of the Charter Agreements is for a term between eight to 10 years commencing on the delivery date.

The Charter Agreements are each in the form of "Barecon 2001 Standard Bareboat Charter" published by the BIMCO with certain riders added in respect of, *inter alia*, (i) the flag and class of each Vessel; (ii) the improvements, additions and changes; (iii) redelivery; (iv) communications; (v) confidentiality; (vi) sales option to a third party; (vii) extension option; and (viii) reference to expert referee.

The common terms and conditions of the Charter Agreements are summarised below. For the details of the Vessels and the respective charter hire rates of the Vessels, please refer to Business and Vessels section of the Prospectus.

Duration of the Charter and Delivery of the Vessels

The specific term of the charter period for each Vessel is stated in each of the Charter Agreements (the "**Charter Period**"). An option is granted by PST to the Charterer to extend the Charter Period on terms to be mutually agreed between PST and the Charterer 180 days prior to the end of the Charter Period.

Vessel	Charter tenure
	(Years)
3,081 TEU (Panamax)	
Kota Kado	9
Kota Kaya	9
1,454 TEU (Handysize)	
Kota Anggerik	8
Kota Anggun	8
Kota Arif	8
Kota Azam	8
943 TEU (Handysize)	
Kota Rajin	10
Kota Rancak	10

Use of the Vessels

Under each Charter Agreement, the Charterer undertakes not to employ the relevant Vessel under terms that are not in conformity with the terms of that Vessel's insurances without first obtaining the consent to such employment of the insurers.

Each Vessel is to be employed in lawful trades for the carriage of suitable lawful merchandise within the "trading limits" stated under the relevant Charter Agreement, that is, "worldwide trading always within Institute Warranty Limits excluding countries sanctioned by United Nations and excluded by flag state". "Institute Warranty Limits" are limits which indicate when/where vessels can trade with/without paying an extra insurance premium for navigational risk.

Maintenance and Operation of the Vessels

Maintenance and repairs

During the relevant Charter Period, each Vessel is in full possession, and at the absolute disposal for all purposes, of the Charterer. The responsibility for maintenance and operation of a Vessel and all costs and expenses arising from these activities rests with the Charterer. Failure of the Charterer to rectify a breach of the obligation to maintain and repair a Vessel within a reasonable time entitles PST to withdraw that Vessel from the Charterer's service and terminate the relevant Charter Agreement.

The Charterer is obliged to maintain each Vessel in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice. The Charterer shall, at its own expense, keep that Vessel's class fully up to date with the stated classification society and maintain that Vessel's ship and trading certificates in force at all times.

Operation of the Vessels

The Charterer shall at its own expense and by its own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair each Vessel during the relevant Charter Period and it shall pay all charges and expenses of every kind and nature whatsoever incidental to its use and operation of each Vessel under the relevant Charter Agreement. The Master, officers and crew of each Vessel shall be the servants of the Charterer for all purposes

whatsoever, even if for any reason they are appointed by PST, and the Charterer shall comply with the regulations regarding officers and crew in force in the country of each Vessel's flag or any other applicable law.

Hire

The Charterer shall punctually and continuously, during the Charter Period, pay the charter hire due to PST stated in the relevant Charter Agreement which is payable not later than every 30 days in advance, the first lump sum being payable on the date and hour of a Vessel's delivery to the Charterer.

In deriving the charter rates, reference is made to recent market time charter transactions. As there is none for long periods of eight to 10 years, shorter period fixtures are used. In addition, the charter rates are adjusted to take into account (a) adjustments for the vessel operating costs, (b) age, quality and speed of the Vessel, (c) the length of the Charter Periods, (d) the quality of the Charterer, and (e) the purchase price of the Vessel.

Any delay in payment of the charter hire in excess of four banking days shall entitle PST to interest at the rate which is two per centum above the three months interbank offered rate in London (LIBOR or its successor) for US dollars, as quoted by the British Bankers' Association on the date when the hire fell due. The charter rate for each Vessel is set out in the table on page 129 of the Prospectus.

Insurance and Repairs

During the Charter Period, the Charterer is solely responsible for arranging and paying insurances against hull and machinery, war and protection and indemnity risks (and any risks against which it is compulsory to insure for the operation of each Vessel). Such insurances shall protect the interests of the Charterer and PST and the mortgagee(s), if any, according to their respective interests.

The Charterer is also responsible for effecting repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or exceeding any possible franchise(s) or deductibles provided for in the insurances.

Redelivery

At the expiration of the relevant Charter Period, each Vessel shall be redelivered by the Charterer to PST at a safe and ice-free port or place as stated in the relevant Charter Agreement, in such ready safe berth as PST may direct.

Each Vessel shall be redelivered to PST with, *inter alia*, the following:

- her stated classification maintained free of any recommendations;
- all such spare parts and other equipment (normal wear and tear excepted) as are listed in the inventory (of spare parts and other items) prepared in relation to that Vessel at the time of the original delivery of that Vessel by PST; and
- all relevant class certificates of the stated classification society which shall be clean and valid for at least six months from the date of redelivery.

Indemnity

The Charterer shall indemnify PST against any loss, damage or expense incurred by PST arising out of or in relation to the operation of each Vessel by the Charterer, and against any lien of whatsoever nature arising out of an event occurring during the relevant Charter Period. If a Vessel

is arrested or otherwise detained by reason of claims or liens arising out of her operation thereunder by the Charterer, the Charterer shall at its own expense take all reasonable steps to secure that within a reasonable time that Vessel is released, including the provision of bail. Without prejudice to the generality of the foregoing, the Charterer agrees to indemnify PST against all consequences or liabilities arising from the Master, officers or agents signing bills of lading or other documents.

If a Vessel is arrested or otherwise detained by reason of a claim or claims against PST, PST shall at its own expense take all reasonable steps to secure that within a reasonable time that Vessel is released, including the provision of bail. In such circumstances, PST shall indemnify the Charterer against any loss, damage or expense incurred by the Charterer (including hire paid under the Charter Agreement) as a direct consequence of such arrest or detention.

Termination

Default by the Charterer

PST is entitled to withdraw a Vessel from the Charterer's service and terminate the relevant Charter Agreement with immediate effect by written notice to the Charterer if:

- the Charterer fails to pay the charter hire in accordance with the relevant Charter Agreement and fails to rectify such failure within the period specified in the relevant Charter Agreement after receiving a written notice to do so from PST; or
- the Charterer fails to comply with its obligations on, *inter alia*, the use of that Vessel, the maintenance and repairs and insurances relating to that Vessel, and fails to rectify such failure within the period specified by PST in a written notice after receiving the same from PST.

Default by PST

Should PST by any act or omission be in breach of its obligations under the relevant Charter Agreement to the extent that the Charterer is deprived of the use of a Vessel and such breach continues for a period of 14 days after written notice thereof has been given by the Charterer to PST, the Charterer shall be entitled to terminate the relevant Charter Agreement with immediate effect by written notice to PST.

Total loss of the Vessel

A Charter Agreement shall be deemed to be terminated if the relevant Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss, provided that a Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached, it is adjudged by a competent tribunal that a constructive loss of that Vessel has occurred.

Termination by notice

PST and the Charterer are each entitled to terminate a Charter Agreement with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.

Assignment and Sub-charter

The Charterer shall not assign a Charter Agreement or sub-charter a Vessel on a bareboat basis except with the prior consent in writing of PST, which shall not be unreasonably withheld, and subject to such terms and conditions as PST shall approve.

Sale option to a third party

PST has the option to sell a Vessel to a third party before the expiry of the relevant Charter Period provided that:

- the Charterer is to be informed of the intention of sale; and
- the Charterer's consent is obtained.

The Charterer has the right to continue its bareboat charterparty with the new third party buyers-owners with the same terms and conditions of the relevant Charter Agreement (the sale-and-purchase agreement with the new third party buyers-owners shall provide that any sale shall be made subject to the buyer accepting the terms of the relevant Charter Agreement).

Governing law and dispute resolution

Each Charter Agreement is governed by and construed in accordance with the laws of Singapore. All and any dispute arising out of or in connection with a Charter Agreement is to be referred to and finally resolved by arbitration at the SCMA in accordance with the arbitration rules of the SCMA Rules for the time being in force at the time of commencement of the arbitration, which rules are deemed incorporated by reference to each Charter Agreement.

6. EVALUATION OF THE ACQUISITIONS AND CHARTER AGREEMENTS

In our evaluation of whether the Acquisitions and Charter Agreements are on normal commercial terms and are not prejudicial to the interests of PST and its Unitholders, we have given due consideration to the following key factors:-

- (a) review of the terms and conditions of the Acquisitions and Charter Agreements;
- (b) valuations of the Vessels carried out by the Independent Valuer;
- (c) purchase price of the Vessels compared to Container Vessel Newbuilding Prices and Container Vessel Secondhand Prices from Drewry; and
- (d) charter rates for Vessels ("**Charter Rates**") compared with indicative bareboat charter rates.

These factors are discussed in further details in the ensuing paragraphs.

(a) Review of the terms and conditions of the Acquisitions and Charter Agreements

Based on the review conducted by Haridass Ho and Partners on the Acquisitions and Charter Agreements, it is opined that the agreements are normal standard agreements used in the industry with no particular clause in the agreements being prejudicial to PST.

(b) Valuations of the Vessels carried out by the Independent Valuer

The Vessels were valued by the Independent Valuer as at 9 February 2006. We reproduce below the appraised value of the Vessels as set out in the subsection titled "The Vessels" under the Business and Vessels section of the Prospectus along with a comparison to the purchase considerations set out in the subsection titled "The Vessels" under the Business and Vessels section of the Prospectus.

Vessel	Purchase Price based on the Offering Price of US\$0.45	Appraised Value
	(US\$ million)	(US\$ million)
3,081 TEU (Panamax)		
Kota Kado	53.18	57.50
Kota Kaya	53.18	57.50
1,454 TEU (Handysize)		
Kota Anggerik	29.37	31.75
Kota Anggun	29.37	31.75
Kota Arif	29.37	31.75
Kota Azam	29.37	31.75
943 TEU (Handysize)		
Kota Rajin	23.59	25.50
Kota Rancak	23.59	25.50
Total	271.00	293.00

We note that the aggregate purchase consideration for the Vessels represents a discount of 7.5% to their aggregate appraised value.

(c) Purchase Price of the Vessels compared to Container Vessel Newbuilding Prices and Container Vessel Secondhand Prices from Drewry

For illustration purposes only, we have made comparisons between the purchase price of the Vessels and the purchase price of comparable types of vessels as set out in the tables titled “Container Vessel Newbuilding Prices” and “Container Vessel Secondhand Prices” under the Container Shipping Industry section of the Prospectus. The figures in the tables provide a general indication of the transaction prices in relation to newbuilding container vessels and secondhand container vessels.

Specifically, the prices for 2005 from Drewry are used for comparison as they reflect data on the market conditions for the most recent year (2005) for newbuilding container vessel and secondhand container vessel and give an indication of the prices that these Vessels may possibly be sold in the open market.

We have however noted that there is no specific vessel which we may consider as identical to the Vessels in terms of specifications.

Accordingly, the Independent Directors should note that any comparisons of the Purchase Prices of the Vessels to prices from Drewry would serve as an illustrative guide only.

We set out below the purchase price of each Vessel and the comparable prices from Drewry.

Vessel	Purchase Price based on the Offering Price of US\$0.45 (US\$ million)	Comparable prices (US\$ million)
3,081 TEU (Panamax)		
Kota Kado	53.18	55.11 ⁽¹⁾⁽²⁾
Kota Kaya	53.18	55.11 ⁽¹⁾⁽²⁾
1,454 TEU (Handysize)		
Kota Anggerik	29.37	30.95 ⁽³⁾⁽⁴⁾
Kota Anggun	29.37	30.95 ⁽³⁾⁽⁴⁾
Kota Arif	29.37	30.95 ⁽³⁾⁽⁴⁾
Kota Azam	29.37	30.95 ⁽³⁾⁽⁴⁾
943 TEU (Handysize)		
Kota Rajin	23.59	24.50 ⁽¹⁾⁽⁵⁾
Kota Rancak	23.59	24.50 ⁽¹⁾⁽⁵⁾
Total	271.00	283.02

Notes:

- (1) These are the container vessel newbuilding prices for 2005 from Drewry.
- (2) We have used the average container vessel newbuilding prices for vessels of 2,500 TEU and 3,500 TEU and adjusted for the capacity of 3,081 TEU.
- (3) These are the container vessel secondhand prices for 2005 from Drewry.
- (4) We have used the average container vessel secondhand prices for vessels of 1,500 TEU which are 5 and 10 years old.
- (5) We have used the container vessel newbuilding prices for 1,000 TEU (geared) vessels for comparison due to the general non-availability of prices for gearless vessels. In any case, the management of PST believes that the prices for geared vessels would not be significantly different from equitable gearless vessels of this size.

We note that the aggregate purchase price of the Vessels represents a discount of approximately 4.2% to the aggregate comparable prices from Drewry.

(d) Charter Rates compared with indicative bareboat charter rates

The Vessels are under Charter Agreements with terms varying from eight to 10 years. However, as per the Directors of the Trustee-Manager, there are generally no readily available rates on bareboat charters from commonly used sources. This has also been confirmed with certain independent shipping brokers.

Therefore for the purpose of illustration only, we have used the average time charter rates set out in the table titled “Average Time Charter Rates (for charter period of six to 12 months)” under the Container Shipping Industry section of the Prospectus after adjustments for differences in capacity and the average daily operating costs for container vessels as set out in the Container Shipping Industry section of the Prospectus to arrive at the indicative bareboat charter rates.

Comparison to indicative bareboat charter rates for the past 10 years

Since the shipping industry is a cyclical industry and vessel charter rates are subject to seasonal fluctuations, we have taken the average of the rates over a 10-year period as comparison against the daily Charter Rates.

We set out below the Charter Rates and compare them with the indicative bareboat charter rates of vessels with comparable specifications for the period from 1996 to 2005.

Name of Vessel	Capacity	Daily Charter Rates ⁽¹⁾	Indicative Bareboat Charter Rates ⁽²⁾	Premium/ (Discount)
	(TEU)	(US\$)	(US\$)	
Kota Kado	3,081	17,700	16,916	4.6%
Kota Kaya	3,081	17,700	16,916	4.6%
Kota Anggerik	1,454	11,000	7,773	41.5%
Kota Anggun	1,454	11,000	7,773	41.5%
Kota Arif	1,454	11,000	7,773	41.5%
Kota Azam	1,454	11,000	7,773	41.5%
Kota Rajin	943	7,600	5,659 ⁽³⁾	34.3%
Kota Rancak	943	7,600	5,659 ⁽³⁾	34.3%

Notes:

- (1) Under the Charter Agreements (see “Certain Agreements Relating to PST and the Vessels — Charter Agreements”).
- (2) The indicative bareboat charter rates are arrived at by averaging the daily time charter rates over the last 10 years as set out in the Container Shipping Industry section of the Prospectus and adjusting for different capacity of the Vessels and the average daily vessel operating costs. As set out in the Prospectus, the typical daily operating costs will be in the range of US\$3,000 to US\$8,000. For illustration purposes and conservative grounds, we have used daily vessel operating costs of US\$3,000 for 943 TEU Vessels and US\$4,000 for 1,454 TEU Vessels and 3,081 TEU Vessels.
- (3) Geared rates of 1,000 TEU capacity vessels were used due to general non-availability of gearless rates from any reliable source for vessels of such capacity. In any case, the management of PST believes that the rates for geared vessels would not be significantly different from equitable gearless vessels of this size.

Based on the above comparison, the daily Charter Rates are generally higher than the daily indicative bareboat charter rates.

Comparison to indicative bareboat charter rates for the past 5 years

For illustration purposes, we have also used the average time charter rates for the period from 2001 to 2005 from Drewry as the basis of comparison as set out below.

Name of Vessel	Capacity	Daily Charter Rates ⁽¹⁾	Indicative Bareboat Charter Rates ⁽²⁾	Premium/ (Discount)
	(TEU)	(US\$)	(US\$)	
Kota Kado	3,081	17,700	17,012	4.0%
Kota Kaya	3,081	17,700	17,012	4.0%
Kota Anggerik	1,454	11,000	10,327	6.5%
Kota Anggun	1,454	11,000	10,327	6.5%
Kota Arif	1,454	11,000	10,327	6.5%
Kota Azam	1,454	11,000	10,327	6.5%
Kota Rajin	943	7,600	6,505 ⁽³⁾	16.8%
Kota Rancak	943	7,600	6,505 ⁽³⁾	16.8%

Notes:

- (1) Under the Charter Agreements (see "Certain Agreements Relating to PST and the Vessels — Charter Agreements").
- (2) The indicative bareboat charter rates are arrived at by averaging the daily time charter rates over the last 5 years as set out in the Container Shipping Industry section of the Prospectus and adjusting for different capacity of the Vessels and the average daily vessel operating costs. As set out in the Prospectus, the typical daily operating costs will be in the range of US\$3,000 to US\$8,000. For illustration purposes and conservative grounds, we have used daily vessel operating costs of US\$3,000 for 943 TEU Vessels and US\$4,000 for 1,454 TEU Vessels and 3,081 TEU Vessels.
- (3) Geared rates of 1,000 TEU capacity vessels were used due to general non-availability of gearless rates from any reliable source for vessels of such capacity. In any case, the management of PST believes that the rates for geared vessels would not be significantly different from equitable gearless vessels of this size.

Based on the above comparison, the daily Charter Rates are still generally higher than the daily indicative bareboat charter rates.

7. OPINION

Having regard to our terms of reference as set out in this letter, we have carefully considered various relevant factors based on information available to us as at March 2006 and balanced them before reaching our opinion. Accordingly, it is important that our letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

Our opinion is based solely on information available as at March 2006. The factors that we have taken into account in forming our opinion are summarised below:

- (a) the Acquisitions and Charter Agreements are normal standard agreements used in the industry with no particular clause in the agreements being prejudicial to PST as opined by Haridass Ho and Partners;
- (b) the respective purchase considerations of the Vessels are lower than their corresponding independent valuations as at 9 February 2006 determined by the Independent Valuer on 9 February 2006;
- (c) the purchase price of the Vessels are lower as compared to the container vessel newbuilding prices and container vessel secondhand prices from Drewry's report; and
- (d) the daily Charter Rates range from being higher than to not materially different as compared to the estimated indicative bareboat charter rates assessed in March 2006.

Having considered the factors and made the assumptions set out above, and subject to the qualifications set out herein as at the date of this letter, we are of the view that the Acquisitions and Charter Agreements are on normal commercial terms and are not prejudicial to the interest of PST and its Unitholders.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Acquisitions and Charter Agreements. However the opinion expressed by them to the Unitholders shall remain their responsibility. Whilst a copy of this letter may be reproduced in the Prospectus, neither the Trustee-Manager nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PwCCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. Nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore and any re-enactment thereof shall not apply.

Yours truly
for and on behalf of

PricewaterhouseCoopers Corporate Finance Pte Ltd

Amitava Guharoy
Managing Director

Ng Jiak See
Executive Director

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LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

Directors of the Trustee-Manager

(1) Mr Benedict Kwek Gim Song

Current Directorships

AMK Properties Pte. Ltd.
Ascendas-MGM Funds Management Limited
Evans & Peck (Singapore) Pte. Ltd.
Evans & Peck (Asia) Pte. Ltd.

Korvac Payment Services (S) Pte Ltd
NTUC Choice Homes Co-operative Ltd
NTUC Club

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Auston International Group Ltd
Chemical Industries (Far East) Limited
FHTK Holdings Ltd.
Jurong Engineering Limited
(now known as International Capital Investment Limited)
Jurong Port Pte Ltd
JTC Corporation
K Investment Holdings Pte Ltd
KAC Holdings Limited
KBF Pte Ltd
KCH Limited
Keppel Finance (HK) Ltd
Keppel Investment Management Limited
KIM Limited
KTB Limited
P.T. Bank Keppel TatLee Buana, Indonesia
NTUC Fairprice Co-operative Ltd
SembCorp Engineers and Constructors Pte Ltd

(2) Mr David Chin Soon Siong

Current Directorships

Past Directorships (for a period of five years preceding the Latest Practicable Date)

International Merchandise Mart Ltd (now known as LTN Pte. Ltd.)
Jurong Port Pte Ltd
SilkAir (Singapore) Private Limited
Singapore International Arbitration Centre

Directors of the Trustee-Manager

(3) Mr Lee Soo Hoon

Current Directorships

Antioch Publications Pte Ltd
CSE Global Limited
Derek Prince Publications Pte Ltd
G. K. Goh Holdings Limited
IPC Corporation Ltd
Kluang Rubber Co. (Malaya) Berhad
Kuchai Development Berhad
Phillip Lee Management Consultants Pte Ltd
Sungei Bagan Rubber Co (Malaya) Berhad
Transview Holdings Limited

Past Directorships (for a period of five years preceding the Latest Practicable Date)

G-Wylini Pte Ltd
Magnatech Limited
Pacific International Lines Logistics Pte. Ltd.

(4) Mr Kuan Kim Kin

Current Directorships

Pacific International Lines (Private) Limited
Singamas Container Holdings Limited

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Nil

(5) Mr Subhangshu Dutt

Current Directorships

Nil

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Nil

Executive Officers of the Trustee-Manager

(1) Mr Subhangshu Dutt

Current Directorships

Nil

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Nil

(2) Ms Eunice Ng Puay Li

Current Directorships

Nil

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Nil

Executive Officers of the Trustee-Manager

(3) Ms Chen Jinyu

Current Directorships

Nil

Past Directorships (for a period of five years
preceding the Latest Practicable Date)

Nil

(4) Ms Esther Wong Ai Hing

Current Directorships

Nil

Past Directorships (for a period of five years
preceding the Latest Practicable Date)

Nil

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TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE UNITS IN SINGAPORE

Applications are invited for the subscription of the Units at the Offering Price on the terms and conditions set out below and in the relevant Application Forms or, as the case may be, the Electronic Applications (as defined below).

Investors applying for the Units in the Public Offer by way of Application Forms or Electronic Applications are required to pay the equivalent in Singapore dollars of the Offering Price of US\$0.45 per Unit (such amount being S\$0.715 based on the fixed exchanged rate of US\$1.00 = S\$1.5889), subject to a refund of the full amount or, as the case may be, the balance of the applications monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

Investors applying in the Placement Tranche for the Units are required to pay, in US dollars for each Unit applied for, the Offering Price specified by the investors in the Placement Units Application Form and in the case of an application by way of a Placement Units Application Form and in the case of an application by way of an Internet Placement Application (as defined below), subject in each case to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

- (1) **Your application must be made in lots of 1,000 Units or integral multiples thereof. Your application for any other number of Units will be rejected.**
- (2) You may apply for the Units only during the period commencing at 8.00 a.m. on 20 May 2006 and expiring at 12.00 noon on 24 May 2006. The Offering period may be extended or shortened to such date and/or time as the Trustee-Manager may agree with the Underwriter, subject to all applicable laws and regulations and the rules of the SGX-ST.
- (3)
 - (a) Your application for the Units offered in the Public Offer (the “**Offer Units**”), may be made by way of the printed **WHITE** Offer Units Application Forms or by way of Automated Teller Machines (“**ATMs**”) belonging to the Participating Banks (“**ATM Electronic Applications**”) or the Internet Banking (“**IB**”) website of the relevant Participating Banks (“**Internet Electronic Applications**”).
 - (b) Your application for the Units offered in the Placement Tranche (the “**Placement Units**”) may be made by way of the printed **BLUE** Placement Units Application Forms (or in such other manner as the Underwriter may in their absolute discretion deem appropriate) or by way of the Internet website of DBS Vickers Securities Online (Singapore) Pte. Ltd. (“**DBS Vickers Online**”) at “www.dbsvonline.com” (“Internet Placement Applications”, which, together with ATM Electronic Applications and Internet Electronic Applications, shall be referred to as “**Electronic Applications**”), if you have a trading account with DBS Vickers Online.
- (4) **Only one application may be made for the benefit of one person for the Offer Units in his own name. Multiple applications for the Offer Units will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

You may not submit multiple applications for the Offer Units via the Offer Units Application Form, ATM Electronic Applications or Internet Electronic Applications. A person who is submitting an application for the Offer Units by way of the Offer Units Application Form may not submit another application for the Offer Units by way of an ATM Electronic Application or Internet Electronic Application and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Offer Units in his own name should not submit any other applications for the Offer Units, whether on a printed Application Form or through an ATM Electronic Application or Internet Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Offer Units shall be rejected. Persons submitting or procuring submissions of multiple applications for the Offer Units may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation.

- (5) Multiple applications may be made in the case of applications by any person for (i) the Placement Units only (whether via Placement Units Application Forms or through the website of DBS Vickers Online), or (ii) the Placement Units together with a single application for the Offer Units.**
- (6) Applications from any person under the age of 21 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.**
- (7) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of ATM Electronic Applications and Internet Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of the application.**
- (8) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 9 below.**
- (9) Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.
- (10) If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with the CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application).

- (11) Subject to paragraph 12 and 15 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card (“**NRIC**”) or passport number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the records of the relevant Participating Bank or DBS Vickers Online at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with the CDP, your application shall be rejected.
- (12) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank or DBS Vickers Online, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**
- (13) This Prospectus and its accompanying Application Forms have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its Application Forms may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Without limiting the generality of the foregoing, neither this Prospectus (including its Application Forms) nor any copy thereof may be published or distributed, directly or indirectly, in or into the United States and they do not constitute an offer of securities for sale into the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)). The Units are being offered and sold outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Units in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

The Trustee-Manager reserves the right to reject any applications for Units where the Trustee-Manager believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying Application Forms may treat the same as an offer or invitation to subscribe for any Units unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

- (14) The Trustee-Manager reserves the right to reject any application which does not conform strictly to the instructions set out in this Prospectus (including the instructions set out in the Application Forms, in the ATM and IB websites of the relevant Participating Banks and in the website of DBS Vickers Online) or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.
- (15) The Trustee-Manager further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in this Prospectus (including the instructions set out in the Application Forms and in the ATMs and IB websites of the relevant Participating Banks and in the website of DBS Vickers Online), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of the Trustee-Manager, the Underwriter, as agent of the Trustee-Manager, has been authorised to accept, for and on behalf of the Trustee-Manager, such other forms of application as the Underwriter may, in consultation with the Trustee-Manager, deem appropriate.

- (16) The Trustee-Manager reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of the Trustee-Manager and the Underwriter will entertain any enquiry and/or correspondence on the decision of the Trustee-Manager. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Underwriter may, in consultation with the Trustee-Manager, deem appropriate. In deciding the basis of allocation, the Trustee-Manager will give due consideration to the desirability of allocating the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.
- (17) In the event that the Trustee-Manager lodges a supplementary or replacement prospectus (“**Relevant Document**”) pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Invitation, and the Units have not been issued, the Trustee-Manager will (as required by law) at the Trustee-Manager’s sole and absolute discretion either:
- (a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
 - (b) within seven days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdrawn your application; or
 - (c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(a) and (b) above to withdraw his application shall, within 14 days from the date of lodgement of the Relevant Document, notify us whereupon the Trustee-Manager shall, within seven days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom).

In the event that the Units have already been issued at the time of the lodgement of the Relevant Document but trading has not commenced, the Trustee-Manager will (as required by law) either:

- (i) within two days (excluding Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to us the Units which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
- (ii) within seven days from the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the Units which you do not wish to retain title in; or

- (iii) deem the issue as void and refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(i) and (ii) above to return the Units issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Units, whereupon the Trustee-Manager shall, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for the Units without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Units issued to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgement of the supplementary or replacement prospectus, including instructions on how you can exercise the option to withdraw, may be found in such supplementary or replacement prospectus.

- (18) The Units may be reallocated between the Placement Tranche and the Public Offer for any reason, including in the event of excess applications in one and a deficit of applications in the other.
- (19) It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Units and the Offering Price being agreed upon between the Underwriter and the Trustee-Manager, a statement of account stating that your Securities Account has been credited with the number of Units allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Trustee-Manager and the CDP. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Units allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.
- (20) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Units allocated to you pursuant to your application, to the Trustee-Manager, the Underwriter, DBS Vickers Online and any other parties so authorised by the Trustee-Manager and/or the Underwriter.
- (21) Any reference to “you” or the “Applicant” in this section shall include a person, a corporation, an approved nominee company and trustee applying for the Units by way of an Application Form or by way of Electronic Application.
- (22) By completing and delivering an Application Form and, in the case of an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM or, in the case of an Internet Electronic Application or Internet Placement Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other button on the IB website screen or the DBS Vickers Online website screen in accordance with the provisions herein, you:
 - (a) irrevocably agree and undertake to purchase the number of Units specified in your application (or such smaller number for which the application is accepted) at the Offering Price for each Unit and agree that you will accept such number of Units as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, this Prospectus and its accompanying Application Forms and the Trust Deed;
 - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying Application Forms and those set

out in the website of DBS Vickers Online, or the IB websites or ATMs of the Participating Banks, the terms and conditions set out in this Prospectus and its accompanying Application Forms shall prevail;

- (c) in the case of an application by way of an Offer Units Application Form, an ATM Electronic Application, Internet Electronic Application or Internet Placement Application, agree that the aggregate Offering Price for the Units applied for is due and payable to the Trustee-Manager upon application;
 - (d) in the case of an application by way of a Placement Units Application Form or such other forms of application as the Underwriter may, in consultation with the Trustee-Manager, deem appropriate, using cash, agree that the aggregate Offering Price for the Units is due and payable to the Trustee-Manager upon application;
 - (e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Trustee-Manager in determining whether to accept your application and/or whether to allocate any Units to you; and
 - (f) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Trustee-Manager nor any of the Underwriter will infringe any such laws as a result of the acceptance of your application.
- (23) Acceptance of applications will be conditional upon, *inter alia*, the Trustee-Manager being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for the quotation of all the Units on the Official List of the SGX-ST;
 - (b) the Underwriting Agreement has become unconditional and has not been terminated; and
 - (c) the Authority has not served a stop order which directs that no or no further Units to which this Prospectus relates be allotted or issued (“**Stop Order**”).
- (24) In the event that a Stop Order in respect of the Units is served by the Authority or other competent authority, and:
- (a) the Units have not been issued (as required by law), all applications shall be deemed to be withdrawn and cancelled and the Trustee-Manager shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or
 - (b) if the Units have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and the Trustee-Manager shall refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.
- This shall not apply where only an interim Stop Order has been served.
- (25) In the event that an interim Stop Order in respect of the Units is served by the Authority or other competent authority, no Units shall be issued to you until the Authority revokes the interim Stop Order.
- (26) Additional terms and conditions for applications by way of Application Forms are set out in the section entitled “Additional Terms and Conditions for Applications using Printed Application Forms” on pages G-7 to G-12 of this Prospectus.

- (27) Additional terms and conditions for applications by way of Electronic Applications are set out in the section entitled “Additional Terms and Conditions for Electronic Applications” on pages G-12 to G-20 of this Prospectus.
- (28) The Singapore dollar equivalent of the Offering Price of an Unit payable by an investor applying for an Unit is S\$0.715, which has been determined on a fixed exchange rate of US\$1.00 = S\$1.5889. All payments in respect of any application for Units, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason.
- (29) All payments in respect of any applications for Placement Units, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, or (c) the Offering Price for each Unit (in the case of an application by way of an Internet Placement Application), shall be made in US dollars.
- (30) No application will be held in reserve.
- (31) The Prospectus is dated 19 May 2006. No Units will be allocated on the basis of this Prospectus later than six months after the date of the Prospectus.

Additional Terms and Conditions for Applications using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out under the section on “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore” on pages G-1 and G-20 of this Prospectus and the Trust Deed.

- (1) Applications for the Offer Units must be made using the printed **WHITE** Offer Units Application Forms and printed **WHITE** official envelopes “A” and “B”, accompanying and forming part of this Prospectus.

Applications for the Placement Units must be made using the printed **BLUE** Placement Units Application Forms, accompanying and forming part of this Prospectus.

Without prejudice to the rights of the Trustee-Manager, the Underwriter, as agent of the Trustee-Manager, has been authorised to accept, for and on behalf of the Trustee-Manager, such other forms of application, as the Underwriter may (in consultation with the Trustee-Manager) deem appropriate.

Your attention is drawn to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **The Trustee-Manager reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus which are illegible, incomplete, incorrectly completed or which are accompanied (or, in the case of applications for the Placement Units, followed) by improperly drawn remittances or improper form of remittances.**

- (2) You must complete your Application Forms in English. Please type or write clearly in ink using BLOCK LETTERS.
- (3) You must complete all spaces in your Application Forms except those under the heading “FOR OFFICIAL USE ONLY” and you must write the words “NOT APPLICABLE” or “N.A.” in any space that is not applicable.

- (4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your memorandum and articles of association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your memorandum and articles of association or equivalent constitutive documents must be lodged with PST's Registrar. The Trustee-Manager reserves the right to require you to produce documentary proof of identification for verification purposes.
- (5) (a) You must complete Sections A and B and sign page 1 of the Application Form.
- (b) You are required to delete either paragraphs 6(c) or 6(d) on page 1 of the Application Form. Where paragraph 6(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
- (c) If you fail to make the required declaration in paragraph 6(c) or 6(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
- (6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Units is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.

You may apply for the Units using only cash. In the case of an application for Public Offer Units, each application must be accompanied by a cash remittance in Singapore currency for the full amount payable at the equivalent in Singapore dollars of the Offering Price of US\$0.45 (such amount being S\$0.715 based on the fixed exchange rate of US\$1.00 = S\$1.5889), in respect of the number of Units applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER in Singapore dollars drawn on a bank in Singapore, made out in favour of "PST SGD UNIT ISSUE ACCOUNT" crossed "A/C PAYEE ONLY" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "Not Transferable" or "Non-Transferable" crossings will be rejected.

Each application for Placement Units must be accompanied by a remittance in US Dollars for the full amount payable at the Offering Price in the case of an application by way of a Placement Units Application Form or such other forms of application as the Underwriter may, in consultation with the Trustee-Manager, deem appropriate in respect of the number of Placement Units applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of "PST USD UNIT ISSUE ACCOUNT" crossed "A/C PAYEE ONLY" with the name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.

No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "Not Transferable" or "Non-Transferable" crossings will be rejected.

No acknowledgement of receipt will be issued for applications and application monies received.

- (7) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within two Market Days (or such shorter period as the SGX-ST may require) after the close of the Offering at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.
- (8) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in the Prospectus.
- (9) By completing and delivering the Application Forms, you agree that:
 - (a) in consideration of the Trustee-Manager having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:
 - (i) your application is irrevocable;
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and
 - (iii) you represent and agree that you are not a U.S. person (within the meaning of Regulation S);
 - (b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (c) in respect of the Units for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Trustee-Manager and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Trustee-Manager;
 - (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
 - (e) reliance is placed solely on information contained in this Prospectus and that none of the Trustee-Manager, the Underwriter, the Sponsor or any other person involved in the Offering shall have any liability for any information not contained therein;
 - (f) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, Securities Account number, and Unit application amount to PST's Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd ("**SCCS**"), SGX-ST, the Trustee-Manager, and the Underwriter (the "**Relevant Parties**"); and

- (g) you irrevocably agree and undertake to purchase the number of Units applied for as stated in the Application Form or any smaller number of such Units that may be allocated to you in respect of your application. In the event that the Trustee-Manager decides to allocate any smaller number of such Units or not to allocate any Units to you, you agree to accept such decision as final.

Procedures Relating to Applications for the Offer Units by Way of Printed Application Forms

- (1) Your application for the Offer Units by way of printed Application Forms must be made using the **WHITE** Offer Units Application Forms and **WHITE** official envelopes “**A**” and “**B**”.
- (2) You must:
- (a) enclose the **WHITE** Offer Units Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of the Prospectus and its accompanying documents, in the **WHITE** official envelope “**A**” provided;
 - (b) in appropriate spaces on the **WHITE** official envelope “**A**”:
 - (i) write your name and address;
 - (ii) state the number of Offer Units applied for;
 - (c) **SEAL THE WHITE OFFICIAL ENVELOPE “A”**;
 - (d) write, in the special box provided on the larger **WHITE** official envelope “**B**” addressed to DBS Bank Ltd, 6 Shenton Way, #36-01 DBS Building Tower One, Singapore 068809, the number of Offer Units you have applied for;
 - (e) insert the **WHITE** official envelope “**A**” into the **WHITE** official envelope “**B**” and seal the **WHITE OFFICIAL ENVELOPE “B”**; and
 - (f) affix adequate Singapore postage on the **WHITE** official envelope “**B**” (if dispatching by ordinary post and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to DBS Bank Ltd, 6 Shenton Way, #36-01 DBS Building Tower One, Singapore 068809, so as to arrive by 12.00 noon on 24 May 2006 or such other date(s) and time(s) as the Trustee-Manager may agree with the Underwriter. Courier services or Registered Post must NOT be used.
- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Placement Units by Way of Printed Application Forms

- (1) Your application for the Placement Units by way of printed Application Forms must be made using the **BLUE** Placement Units Application Forms.
- (2) The completed and signed **BLUE** Placement Units Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the the Offering Price for each Unit in respect of the number of Placement Units applied for, with your name, Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Units must be delivered to DBS Bank Ltd, 6 Shenton Way, #36-01 DBS Building Tower One, Singapore 068809, to arrive by 12.00 noon on 24 May 2006 or such other date(s) and time(s) as the Trustee-Manager may agree with the Underwriter.
- (3) In respect of an application for Placement Units, you may alternatively remit your application monies by electronic transfer to the account of **DBS Bank, Shenton Way Branch, Current Account number 0003-002054-01-1-022** in favour of “**PST USD UNIT ISSUE ACCOUNT**” by 12.00 noon on 24 May 2006 or such other date(s) and time(s) as the Trustee-Manager may agree with the Underwriter. Applicants who remit their application monies via electronic transfer should send a copy of the telegraphic transfer advice slip to **DBS Bank Ltd, 6 Shenton Way, #36-01 DBS Building Tower One, Singapore 068809**, for the attention of Equity Capital Markets, to arrive by 12.00 noon on 24 May 2006 or such other date(s) and time(s) as the Trustee-Manager may agree with the Underwriter.
- (4) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.
- (5) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below and those under the section “Terms, Conditions and Procedures for Application for and Acceptance for the Units in Singapore” on pages G-1 to G-20 of this Prospectus, as well as the Trust Deed.

- (1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the website of DBS Vickers Online (in the case of Internet Placement Applications). Currently, DBS Bank and the UOB Group are the only Participating Banks through which Internet Electronic Applications may be made.
- (2) For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of DBS Bank, and the procedures for Internet Placement Applications through the website of DBS Vickers Online (together the “**Steps**”) are set out in pages G-17 to G-20 of this Prospectus. The Steps set out the actions that you must take at ATMs or the IB website of DBS Bank or the website of DBS Vickers Online to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens of the respective Participating Banks.

Please read carefully the terms and conditions of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

- (3) Any reference to “you” or the “Applicant” in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for the Units through an ATM of one of the relevant Participating Banks or the IB website of a relevant Participating Bank or an application for Internet Placement Units through the website of DBS Vickers Online.
- (4) If you are making an ATM Electronic Application:
 - (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Units at an ATM belonging to other Participating Banks.
 - (b) You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.
 - (c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.
- (5) If you are making an Internet Electronic Application:
 - (a) You must have an existing bank account with, and a User Identification (“**User ID**”) as well as a Personal Identification Number (“**PIN**”) given by, the relevant Participating Bank.
 - (b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected.

- (c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank, there will be an on-screen confirmation ("**Transaction Completed Screen**") of the application which can be printed out by you for your record. This printed record of the Transaction Completed Screen is for your retention and should not be submitted with any printed Application Form.
- (6) If you are making an Internet Placement Application:
- (a) You must have an existing trading account with, and a User ID as well as a password given by DBS Vickers Online.
 - (b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected.
 - (c) Upon the completion of your Internet Placement Application, there will be a Confirmation Screen which can be printed out by you for your record. This printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.
- (7) In connection with your Electronic Application, you are required to confirm statements to the following effect in the course of activating the Electronic Application:
- (a) that you have received a copy of this Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Units and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;
 - (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable) and Unit application amount (the "**Relevant Particulars**") from your account with the relevant Participating Bank or DBS Vickers Online, as the case may be, to the Relevant Parties; and
 - (c) where you are applying for the Offer Units, that this is your only application for the Offer Units and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the website screen. By doing so, you shall be treated as signifying your confirmation of each of the three statements above. In respect of statement 7(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank or DBS Vickers Online, as the case may be, of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

- (8) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application or Internet Electronic Application, failing which such Electronic Application will not be completed. Any ATM Electronic Application or Internet Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank, as the case may be, through which your ATM Electronic Application or Internet Electronic Application is being made shall be rejected.

- (9) You may apply and make payment for your application for the Offer Units in Singapore currency through any ATM or IB website (as the case may be) of your Participating Bank by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.
- (10) If you make an Internet Placement Application through the website of DBS Vickers Online, you must have sufficient funds in your nominated Automatic Payment account with an Automatic Payment Facility (direct debit/credit authorisation or “GIRO”) with DBS Vickers Online. Your application will be rejected if there are insufficient funds in your account with DBS Vickers Online to deduct the full amount payable for your application.
- (11) You irrevocably agree and undertake to subscribe for and to accept the number of Offer Units or Placement Units (as the case may be) applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Offer Units or Placement Units (as the case may be) that may be allocated to you in respect of your Electronic Application. In the event that the Trustee-Manager decides to allocate any lesser number of such Offer Units or Placement Units (as the case may be) or not to allocate any Offer Units or Placement Units (as the case may be) to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the Internet screen) of the number of Offer Units or Placement Units (as the case may be) applied for shall signify and shall be treated as your acceptance of the number of Offer Units or Placement Units (as the case may be) that may be allocated to you and your agreement to be bound by the Trust Deed.
- (12) The Trustee-Manager will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, or if you have applied for the Internet Placement Units through DBS Vickers Online, by ordinary post or such other means as DBS Vickers Online may agree with you, at your own risk, within two Market Days (or such shorter period as the SGX-ST may require) after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

Where your Electronic Application is accepted in full or in part only, the balance of the application monies as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, or if you have applied for the Internet Placement Units through DBS Vickers Online, by ordinary post or such other means as DBS Vickers Online may agree with you, at your risk, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks and with DBS Vickers Online (as the case may be). Therefore, you are strongly advised to consult your Participating Bank or DBS Vickers Online as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Units or Placement Units (as the case may be), if any, allocated to you before trading the Units on the SGX-ST. None of the SGX-ST, CDP,

SCCS, the Participating Banks, DBS Vickers Online, the Trustee-Manager, and the Underwriter assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

- (13) If your ATM Electronic Application or Internet Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

If your Internet Placement Application is unsuccessful, no notification will be sent by DBS Vickers Online.

It is expected that successful applicants who applied for Internet Placement Units will be notified of the results of their applications through the website of DBS Vickers Online no later than the evening of the day immediately prior to the commencement of trading of the Units on the SGX-ST.

Applicants who make ATM Electronic Applications through the following banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank	1800-339 6666 (for POSB account holders) 1800-111 1111 (for DBS account holders)	Internet Banking www.dbs.com ⁽¹⁾	24 hours a day	Evening of the balloting day
OCBC	1800-363 3333	ATM/Internet Banking/ Phonebanking ⁽²⁾	24 hours a day	Evening of the balloting day
UOB Group	1800-222 2121	ATM (Other Transactions – “IPO Enquiry”) www.uobgroup.com ^{(1), (3)}	Phone Banking/ATM: 24 hours a day Internet Banking: 24 hours a day	Evening of the balloting day

Notes:

- (1) Applicants who have made Internet Electronic Applications through the IB websites of DBS Bank or UOB Group may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS or UOB Group.
 - (2) Applicants who have made Internet Electronic Applications through the ATMs of OCBC Bank may check the results of their applications through OCBC ATMs, OCBC Internet Banking or OCBC Phonebanking.
 - (3) Applicants who have made Electronic Application through the ATMs or the IB web-site of the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.
- (14) ATM Electronic Applications shall close at 12.00 noon on 24 May 2006 or such other date(s) and time(s) as the Trustee-Manager may agree with the Underwriter. All Internet Electronic Applications and Internet Placement Applications must be received by 12.00 noon on 24 May 2006, or such other date(s) and time(s) as the Trustee-Manager may agree with the Underwriter. Internet Electronic Applications and Internet Placement Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank or DBS Vickers Online, as the case may be.
- (15) You are deemed to have irrevocably requested and authorised the Trustee-Manager to:
- (a) register the Offer Units or Placement Units, as the case may be, allocated to you in the name of CDP for deposit into your Securities Account;
 - (b) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if the Offering does not proceed for any reason, by automatically crediting your bank account with

your Participating Bank or if you have applied for the Internet Placement Units through DBS Vickers Online, by ordinary post or such other means as DBS Vickers Online may agree with you, at your risk, with the relevant amount within two Market Days after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account; and

- (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be accepted or accepted in part only, by automatically crediting your bank account with your Participating Bank or if you have applied for Internet Placement Units through DBS Vickers Online, by ordinary post or such other means as DBS Vickers Online may agree with you, at your risk, with the relevant amount within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account.
- (16) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, DBS Vickers Online, the Trustee-Manager, and the Underwriter, and if, in any such event the Trustee-Manager, the Underwriter, DBS Vickers Online and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Trustee-Manager, the Underwriter and/or the relevant Participating Bank or DBS Vickers Online for any Offer Units or Placement Units, as the case may be, applied for or for any compensation, loss or damage.
 - (17) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Trustee-Manager shall reject any application by any person acting as nominee.
 - (18) All your particulars in the records of your Participating Bank or DBS Vickers Online (as the case may be) at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank or DBS Vickers Online (as the case may be) and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank or DBS Vickers Online (as the case may be).
 - (19) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank or DBS Vickers Online (as the case may be) are correct and identical. Otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(20) By making and completing an Electronic Application, you are deemed to have agreed that:

- (a) in consideration of the Trustee-Manager making available the Electronic Application facility, through the Participating Banks and DBS Vickers Online acting as agents of the Trustee-Manager at the ATMs and IB websites of the relevant Participating Banks and the website of DBS Vickers Online:
 - (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, the acceptance by the Trustee-Manager and the contract resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (b) none of CDP, the Trustee-Manager, the Underwriter, the Participating Banks and DBS Vickers Online shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to the Trustee-Manager, or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 16 above or to any cause beyond their respective controls;
- (c) in respect of the Units for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of the Trustee-Manager and not otherwise, notwithstanding any payment received by or on behalf of the Trustee-Manager;
- (d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application; and
- (e) reliance is placed solely on information contained in the Prospectus and that none of the Trustee-Manager, the Underwriter, and any other person involved in the Offering shall have any liability for any information not contained therein.

Steps for ATM Electronic Applications for Offer Units through ATMs of DBS Bank (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “amt”, “appln”, “&”, “I/C”, “No.”, “SGX” and “Max” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “Number”, “SGX-ST” and “Maximum”, respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB)), may differ slightly from those represented below.

- Step 1 : Insert your personal DBS Bank or POSB ATM Card.
- 2 : Enter your Personal Identification Number.
- 3 : Select “CASHCARD & MORE SERVICES”.
- 4 : Select “ESA-IPO SHARE/INVESTMENT”.
- 5 : Select “ELECTRONIC SECURITY APPLN (IPOS/BOND/ST-NOTES)”.
- 6 : Read and understand the following statements which will appear on the screen:

- THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.
 - ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.
- 7 : Select “PST” to display details.
- 8 : Press the “ENTER” key to acknowledge:
- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.
 - YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO. AND SECURITY APPLN AMOUNT FROM YOUR BANK A/C(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF AND THE ISSUER/ VENDOR(S).
 - FOR FIXED AND MAX PRICE SECURITY APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - THE MAXIMUM PRICE FOR EACH SHARE IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
 - FOR TENDER SECURITY APPLICATIONS, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - YOU ARE NOT A US PERSON AS REFERRED TO IN THE PROSPECTUS/ DOCUMENT OR PROFILE STATEMENT AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.
- 9 : Select your nationality.
- 10 : Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.
- 11 : Enter the number of securities you wish to apply for using cash.

- 12 : Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number.
- 13 : Check the details of your securities application, your NRIC or passport number and CDP Securities Account number and number of securities on the screen and press the "ENTER" key to confirm your application.
- 14 : Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Offer Units through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

- Step 1 : Click on DBS Bank website (www.dbs.com)
- 2 : Login to Internet banking.
- 3 : Enter your User ID and PIN.
- 4 : Select "Electronic Security Application (ESA)".
- 5 : Click "Yes" to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore.
- 6 : Select your country of residence.
- 7 : Click on "PST" and click the "Submit" button.
- 8 : Click on "Confirm" to confirm, *inter alia*:
 - You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
 - You consent to disclose your name, NRIC or Passport No., address, nationality, CDP Securities A/c No., CPF Investment A/c No. (if applicable) and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP, CPF Board and issuer/vendor(s).
 - You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
 - You understand that the Securities mentioned herein have not been and will not be registered under the United States securities law and, subject to certain exceptions, may not be offered or sold within the United States. There will be no public offer of the Securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
 - This application is made in your own name and at your own risk.
 - For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
- 9 : Fill in details for securities application and click "Submit".
- 10 : Check the details of your securities application, your NRIC or passport number and click "OK" to confirm your application.
- 11 : Print the Confirmation Screen (optional) for your reference and retention only.

Steps for Internet Placement Applications for Placement Units through the website of DBS Vickers Online

For illustrative purposes, the steps for making an application through the website of DBS Vickers Online is shown below.

- Step 1 : Access the website at “www.dbsvonline.com”.
- 2 : Login with user ID and password.
- 3 : Click on to the IPO Centre hyperlink to go to the IPO Section.
- 4 : Click on the IPO Issue hyperlink.
- 5 : Click “Yes” to represent and warrant that, *inter alia*, that you are in Singapore and you are not a U.S. person (as such term is defined in Regulation S).
- 6 : Confirm the IPO applying for and its details by clicking on the “Next” button.
- 7 : Click “Yes” and click “Submit” to confirm, *inter alia*:
- You have read, understood and agreed to the terms and conditions set out in the Prospectus/Document or Profile Statement including the notes and instructions for the completion of this Application Form and that this application has been made in accordance with the Prospectus/Document or Profile Statement and such notes and instructions.
 - You have read and understood the disclaimers.
 - You have read, understood and agreed to the “APPLICATION TERMS AND CONDITIONS” and the “GENERAL TERMS AND DISCLAIMERS”.
 - You consent to disclose your name, NRIC or passport number, address, nationality and permanent resident status, CDP Securities A/c No., CPF Investment A/c No. (if applicable) and securities application amount from your account with DBS Vickers Online to the Issuer and the Manager, registrars of securities, SGX, SCCS, CDP and CPF (as applicable).
 - This application is made in your own name and at your own risk.
 - You understand that these are not deposits or other obligations of or guaranteed or insured by DBS Vickers Online and are subject to investment risks, including the possible loss of the principal amount invested.
 - You declare that (a) you are not under 21 years of age, (b) you are not a corporation, sole-proprietorship, partnership or any other business entity, (c) you are not an undisclosed bankrupt, (d) you are in Singapore, (e) you have a mailing address in Singapore and (f) you are not a U.S. person (within the meaning of Regulation S).
- 8 : Fill in amount of securities applied for and preferred payment mode, then click “Submit”.
- 9 : Check and verify the details of your securities application and your personal particulars on the screen.
- 10 : Enter your password and click “Submit” to continue.
- 11 : Click on “Application Status” to check your IPO application details.
- 12 : Print page for your reference and retention only.

A BRIEF GUIDE TO CREDIT RATINGS

Standard & Poor's has not provided its consent, for purposes of Section 282I of the Securities and Futures Act, to the inclusion of the information extracted from the relevant report published by it and they are thereby not liable for such information under Sections 282N and 282O of the Securities and Futures Act. While the Trustee-Manager and the Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Trustee-Manager and the Underwriter nor any other party has conducted an independent review of the information nor verified the accuracy of the contents of the relevant information. More information on credit ratings can be found at the website Standard & Poor's at www.standardandpoors.com.

What is a credit rating?

A credit rating is a current assessment by a credit rating agency of a company's overall financial capacity to pay its debts. The focus is on the company's capacity to pay its debts as they become due. The rating does not necessarily apply to any specific debt.

What do the credit ratings mean?

These are guidelines issued by Standard and Poor's on what each of their ratings mean.

An explanation of each rating category can be obtained from the website of Standard & Poor's at www.standardandpoors.com.

Standard and Poor's Long-Term Credit Ratings

"AAA": An obligation rated "AAA" has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

"AA": An obligation rated "AA" differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

"A": An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

"BBB": An obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Obligations rated "BB", "B", "CCC", "CC", and "C" are regarded as having significant speculative characteristics. "BB" indicates the least degree of speculation, and "C" the highest. While such obligations likely will have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions.

"BB": An obligation rated "BB" is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

"B": An obligation rated "B" is more vulnerable to nonpayment than obligations rated "BB", but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business,

financial, or economic conditions likely will impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

“CCC”: An obligation rated “CCC” currently is vulnerable to nonpayment and is dependent on favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

“CC”: An obligation rated “CC” currently is highly vulnerable to nonpayment.

“C”: The “C” rating may be used when a bankruptcy petition has been filed or similar action has been taken but payments on this obligation are being continued. “C” is also used for a preferred stock that is in arrears (as well as for junior debt of issuers rated “CCC-” and “CC”).

“D”: The “D” rating, unlike other ratings, is not prospective; rather, it is used only when a default actually has occurred-not when a default is only expected. Standard & Poor's changes ratings to “D”:

- On the day an interest and/or principal payment is due and is not paid. An exception is made if there is a grace period and Standard & Poor's believes a payment will be made, in which case the rating can be maintained;
- Upon voluntary bankruptcy filing or similar action. An exception is made if Standard & Poor's expects debt-service payments will continue to be made on a specific issue. In the absence of a payment default or bankruptcy filing, a technical default (i.e., covenant violation) is not sufficient for assigning a “D” rating;
- Upon the completion of a distressed exchange offer, whereby some or all of an issue is either repurchased for an amount of cash or replaced by other securities having a total value that clearly is less than par; or
- In the case of ratings on preferred stock or deferrable payment securities, upon non-payment of the dividend, or deferral of the interest payment.

With respect to issuer credit ratings (i.e., corporate credit ratings, counterparty ratings, and sovereign ratings), failure to pay a financial obligation-rated or unrated-leads to a rating of either “D” or “SD”. Ordinarily, an issuer's distress leads to general default, and the rating is “D”. “SD” (selective default) is assigned when an issuer can be expected to default selectively, i.e., continue to pay certain issues or classes of obligations while not paying others. In the corporate context, selective default might apply when a company conducts a distressed or coercive exchange with respect to one or some issues, while intending to honor its obligations regarding other issues. (In fact, it is not unusual for a company to launch such an offer precisely with such a strategy-to restructure part of its debt to keep the company solvent.)

Nonpayment of a financial obligation subject to a bona fide commercial dispute or a missed preferred stock dividend does not cause the issuer credit rating to be changed.

Plus (+) or minus (-): The ratings from “AA” to “CCC” may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

r: In 1994, Standard & Poor's initiated a symbol to be added to an issue credit rating when the instrument could have significant non-credit risk. The symbol “r” was added to such instruments as mortgage interest-only strips, inverse floaters, and instruments that pay principal at maturity based on a non-fixed source, such as a currency or stock index. The symbol was intended to alert investors to non-credit risks and emphasizes that an issue credit rating addressed only the credit quality of the obligation. Use of the r was discontinued in July 2000.

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