

Ref: 2015-031

13 October 2015

To: The President of the Stock Exchange of Thailand

Subject: Reporting on the execution of two Settlement Agreements between the Company and Taizhou Sanfu Ship Engineering Co. Ltd. (“Sanfu”)

We, Precious Shipping Public Company Limited (“Company”), would like to notify the Stock Exchange of Thailand (“SET”) that on 09 October 2015, the Company and Sanfu (the Company and Sanfu are jointly referred to as the “Parties”) have executed two settlement agreements to capture the terms of the amicable settlements reached between the Parties (“Settlement Agreements”) with respect to disputes arising between the Parties in relation to the two shipbuilding contracts dated 20 December 2013 for two 63,345 DWT bulk carrier vessels bearing hull nos. SF130124 and SF130125 (each a “Vessel” and jointly, the “Vessels”), executed by and between the Company (as the “Buyer” therein) and Sanfu (as the “Seller” therein; hereinafter referred to as the “Contracts” jointly and “Contract” individually) as disclosed to the SET on 20 December 2013. The key terms of the Settlement Agreements are as follows:

Dispute	A dispute has arisen between the Parties as to whether the Buyer is entitled to damages (excluding liquidated damages under Article III.3 of the Contract) for breach of the Contract and/or Specifications by reason of the Vessel’s fuel oil consumption (“FOC”), and if so, in what amount.
Resolution of the Dispute	The Dispute shall be resolved by joint reference by both Parties to arbitration which will be held in London, England. The Parties agree that only the following questions shall be referred to the appointed arbitrators (“Tribunal”) in relation to the Dispute: <ol style="list-style-type: none">1. Whether the Buyer is entitled to damages (excluding liquidated damages under Article III.3 of the Contract) for breach of the Contract and/or specifications related thereto by reason of the Vessel’s FOC, and if so, in what amount?2. What are the legal costs, expenses and disbursements payable by either Party to the other (if any)?
New Contract Price & payment terms	The Contract Price shall be reduced to USD 25,500,000/- (US Dollars Twenty Five Million Five Hundred Thousand only) per Vessel (Previously USD 27,477,500/- (US Dollars Twenty Seven Million Four Hundred and Seventy Seven Thousand Five Hundred only) per Vessel). The conditions regarding payment of the remaining instalments shall be amended as follows:

	<ol style="list-style-type: none"> 1. Addition of New Fourth Instalment of USD 4,000,000/- (US Dollars Four Million only) which shall be paid to Sanfu on New Delivery Date, immediately prior to delivery of the Vessel. 2. Amendment of the delivery instalment (New Fifth Instalment) to USD 14,630,625 (US Dollars Fourteen Million Six Hundred and Thirty Thousand Six Hundred and Twenty Five only) payable on delivery of each Vessel.
New Delivery Date	The Seller shall deliver the Vessel with full title guarantee and free of any encumbrances and the Buyer (or its nominated subsidiary) shall take delivery of the Vessel bearing Hull No. SF130124 on 27 October 2015 and of the Vessel bearing Hull No. SF130125 on 28 October 2015.
Unsecured Corporate Credit	<p>Upon the receipt of each of the New Fourth Instalments from the Company, Sanfu shall extend to the Company an Unsecured Corporate Credit of USD 4,000,000/- (US Dollars Four Million only) per Vessel.</p> <p>The repayment of this Unsecured Corporate Credit shall be conditional upon the Tribunal's award or the order of any competent court on appeal, in the manner set out hereunder.</p> <ul style="list-style-type: none"> • In the event that the Tribunal's award or the order of any competent court on appeal is in Sanfu's favour and no damages are awarded to the Company, the Company shall repay to Sanfu the Unsecured Corporate Credit within one year of the date of such award or such order (as the case may be), plus interest at the rate of 6% per annum from the New Delivery Date to the date of repayment. • In the event that the Tribunal's award or the order of any competent court on appeal is in the Company's favour and damages are awarded to the Company, the Company shall, within one year of the date of such award or such order (as the case may be), repay to Sanfu the difference between the Unsecured Corporate Credit and the amount of the damages assessed by the Tribunal or any competent court on appeal, without interest. • Should the sum of damages assessed by the Tribunal or any competent court on appeal to be payable by Sanfu to the Company be equal to or greater than the Unsecured Corporate Credit, neither the Company nor Sanfu shall pay/repay any sums to each other pursuant to the Settlement Agreement in connection with the Dispute which would be considered as closed.

	<ul style="list-style-type: none">• After the repayment has been made as per the terms mentioned above, the Unsecured Corporate Credit shall be considered as fully settled by both Parties and neither of the Parties shall be entitled to any claims in respect of the Unsecured Corporate Credit thereafter.
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Please be informed accordingly.

Yours sincerely,
Precious Shipping Public Company Limited

Khalid Moinuddin Hashim
Managing Director

Khushroo Kali Wadia
Executive Director