



Pacific Basin Shipping Limited

太平洋航運集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

DISCLOSEABLE TRANSACTIONS: ACQUISITION OF SHIPPING VESSELS

On 26 April 2006, two indirect wholly-owned subsidiaries of the Company entered into the First MOA and the Second MOA with Torm Singapore Pte. Ltd. to acquire from it the First Vessel and the Second Vessel each for a consideration of US\$17,550,000 (approximately HK\$136,890,000), being US\$35,100,000 (approximately HK\$273,780,000) in aggregate. Principal terms of the MOAs are set out below in this announcement.

The transactions contemplated under the MOAs constitute discloseable transactions of the Company under the Listing Rules and are required to be disclosed by way of this announcement, and a circular with further details of these transactions will be issued to Shareholders shortly.

THE MOAs

The MOAs are legally binding, of identical terms and conditions and are described below:

Date : 26 April 2006

Parties : Purchasers: Ocean Falls Limited, for the First MOA; and
Hawk Inlet Limited, for the Second MOA,
each being an indirect wholly-owned subsidiary of the Company.

Seller: Torm Singapore Pte. Ltd., which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, together with its ultimate beneficial owner, are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. As far as the Directors are aware, having made all reasonable enquiry, the principal business activity of the Seller is owning of the Vessels and the principal business activity of the ultimate beneficial owner of the Seller is the owning and operating of shipping vessels.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save for the transactions disclosed in this announcement, there are no other relationships amongst the Seller and its ultimate beneficial owner with whom the Company has entered into transactions to acquire, dispose of, or charter in vessels during the 12 months prior to the date of the MOAs.

Assets to be acquired : First MOA: A 1997 built handysize dry bulk carrier of approximately 27,827dwt, named "Torm Arawa" (the "First Vessel"). The flag of the First Vessel is presently Singapore and the place of registration is Singapore. The Classification Society of the vessel is Lloyd's Register of Shipping. The Company intends to change the name of the vessel to "Ocean Falls" and to change the flag and place of registration of the vessel to Hong Kong and for the vessel to be operated by the Company from the time of delivery.

Second MOA: A 1997 built handysize dry bulk carrier of approximately 27,802dwt, named "Torm Pacific" (the "Second Vessel"). The flag of the Second Vessel is presently Singapore and the place of registration is Singapore. The Classification Society of the vessel is Lloyd's Register of Shipping. The Company intends to change the name of the vessel to "Hawk Inlet", and to change the flag and place of registration of the vessel to Hong Kong and for the vessel to be operated by the Company from the time of delivery.

The Company, having made all reasonable enquiry, does not have access to information regarding the profits before and after taxation of the Vessels for the years ended 31 December 2004 and 31 December 2005.

Consideration : The First Vessel: US\$17,550,000 (approximately HK\$136,890,000);
The Second Vessel : US\$17,550,000 (approximately HK\$136,890,000)

The total consideration for the Vessels is US\$35,100,000 (approximately HK\$273,780,000), which was determined by reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of build in the market, and after arm's length negotiation between the parties. However, as is commonly the case in the dry bulk carrier market, there have not been any recently published sales by third party vendors of vessels of the exact age and size of the Vessels from which to make a direct comparison. In addition, no third party valuation has been performed on the Vessels.

The Directors believe that such consideration, which was determined after arm's length negotiation, on normal commercial terms, is fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

It is intended that payment of the purchase price will be satisfied entirely in cash, approximately 40% of which is expected to be funded from internal resources and approximately 60% by redrawing loans from prepaid existing bank loan facilities of the Company.

- Payment terms : Under the MOAs, the consideration shall be payable in the following manner:
- 10% of the purchase price (being the deposit) shall be paid at the time of signing the MOAs; and
 - the balance of the purchase price shall be paid upon delivery. The delivery date must not be later than June 2006 unless the parties otherwise agree.
- Completion : Pursuant to the MOAs, the latest date for completion is 30 June 2006 unless the parties otherwise agree. The Directors currently expect that completion and delivery of the Vessels will take place not later than June 2006. The Company will make a further announcement if delivery does not take place by 30 June 2006.

REASONS FOR THE TRANSACTIONS

The Company is one of the world's leading dry bulk shipping companies operating principally in the Asia Pacific region, currently seeking opportunities to acquire additional handysize vessels to expand its fleet to meet growing customer demand and deliver sustainable growth and long-term shareholder value. With a large fleet of modern, uniformly-sized vessels, Pacific Basin seeks to offer its customers a strong, reliable service with a high degree of scheduling flexibility whilst maintaining the Company's operational efficiency. The transactions outlined above are consistent with this strategy.

The Vessels have been operating in the Company's managed fleet for over four years and the Company is familiar with their condition, operation and trade. The managed fleet of the Company refers to those vessels which, from time to time, are operated by the Company through the IHC Pool or are commercially managed by it on behalf of third party owners. The expected benefit following the successful acquisition of the Vessels will be that the Company will have secured additional two vessels for its fleet which is in line with the above strategy.

The Vessels will be operated by Pacific Basin on expiry of their current charter arrangements at which point they in aggregate are estimated to increase the number of the Company's vessel revenue days by approximately 420 days in 2006 and approximately 720 days in 2007 and is expected to enhance earnings accordingly.

The Directors believe that the terms of the MOAs, which were determined after arm's length negotiation, on normal commercial terms, are fair and reasonable so far as the Company and the Shareholders are concerned, and that the acquisition of the Vessels is in the interests of the Company and the Shareholders as a whole.

THE FLEET

The Company acquired an additional second-hand handysize vessel in April 2006, the delivery of which is expected by the end of May 2006. The Company has also exercised a purchase option in March 2006 over an existing long-term chartered-in vessel ("Shinyo Challenge") which is expected to deliver into the Company's owned fleet within June 2006. These transactions were not discloseable under the Listing Rules. The sellers of these vessels, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, together with their respective ultimate beneficial owners, are third parties independent of the Seller and its ultimate beneficial owner, the Company and connected persons (as defined in the Listing Rules) of the Company. Further, these sellers have not entered into similar transactions with the Company during the last 12 months.

Following i) the delivery of the Vessels which transfer from the Company's managed fleet to its owned fleet; ii) the delivery of the above second-hand vessel; iii) the delivery of the Shinyo Challenge to the owned fleet; and iv) the delivery of the Ocean Bulker which was separately announced on 7 December 2005, the handysize fleet will comprise 50 vessels (1,448,548dwt), including 21 owned vessels (609,461dwt), 27 chartered-in vessels (787,545dwt) and two managed vessels (51,542dwt). The Company's handymax fleet comprises two long-term chartered-in vessels (107,194dwt).

The Company also has on order nine newbuilding vessels, two of which are scheduled to deliver in 2006, three in 2007, three in 2008 and one in 2009. Six of these newbuildings (approximately 190,100dwt) will enter into the owned fleet and three (approximately 88,100dwt) will enter into the long-term chartered-in fleet upon their deliveries.

There is no distinction between the use of owned, chartered-in and managed vessels, save to the extent that the Company generates freight and charter-hire income for the owned and chartered-in vessels, but generates ship management income for the operations of the managed vessels. All of the vessels, with the exception of the two handymax vessels and one handysize vessel (28,730dwt), are employed in the IHC Pool. The handymax vessels are employed on long-term time charters whilst the handysize vessel is long-term leased out.

The transactions contemplated under the MOAs constitute discloseable transactions of the Company under the Listing Rules and are required to be disclosed by way of this announcement, and a circular on further details of these transactions will be issued to Shareholders shortly.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

- "Classification Society" means an independent society which certifies that a vessel has been built and maintained in accordance with the rules of such society and complies with the applicable rules and regulations of the flag state of such vessel and the international conventions of which that country is a member;
- "Company" or "Pacific Basin" means Pacific Basin Shipping Limited, a limited company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange;
- "Directors" means the directors of the Company;
- "dwt" means dead weight tonnes, the unit of measurement of weight capacity of vessels, which is the total weight the ship can carry, including cargo, bunkers, water, stores, spares, crew etc. at a specified draft;
- "First MOA" means the legally binding unconditional Memorandum of Agreement dated 26 April 2006 entered into between Ocean Falls Limited and the Seller for the acquisition of the First Vessel by Ocean Falls Limited;
- "First Vessel" means a handysize dry bulk carrier of approximately 27,827dwt built in 1997 named "Torm Arawa". The present flag of the First Vessel is Singapore and the place of registration is Singapore. The Classification Society of the vessel is Lloyd's Register of Shipping;
- "Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China;
- "IHC Pool" the International Handybulk Carriers Pool established in October 2001, which is a contractual arrangement for the sharing of revenue earned by vessels carried by its members. The IHC Pool is operated by International Handybulk Carriers Management Limited, a wholly-owned subsidiary of the Company;
- "Listing Rules" means The Rules Governing the Listing of Securities on the Stock Exchange;
- "MOAs" means the First MOA and the Second MOA;

“Second MOA”	means the legally binding unconditional Memorandum of Agreement dated 26 April 2006 entered into between Hawk Inlet Limited and the Seller for the acquisition of the Second Vessel by Hawk Inlet Limited;
“Second Vessel”	means a handysize dry bulk carrier of approximately 27,802dwt built in 1997 named “Torm Pacific”. The present flag of the Second Vessel is Singapore and the place of registration is Singapore. The Classification Society of the vessel is Lloyd’s Register of Shipping;
“Seller”	Torm Singapore Pte. Ltd.;
“Shareholders”	means the shareholders of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited; and
“Vessels”	means the First Vessel and the Second Vessel.

By Order of the Board
Andrew Broomhead
Company Secretary

Hong Kong, 27 April 2006

* *For identification purposes only*

As at the date of this announcement, the executive directors of the Company are Christopher Richard Buttery, Richard Maurice Hext and Paul Charles Over, the non-executive directors of the Company are Daniel Rochfort Bradshaw, Brian Paul Friedman and Lee Kwok Yin, Simon, and the independent non-executive directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul and The Earl of Cromer.