



Pacific Basin Shipping Limited

太平洋航運集團有限公司*

(incorporated in Bermuda with limited liability)

Stock Code: 2343

www.pacbasin.com

ANNOUNCEMENT:

PLACING OF EXISTING SHARES BY CERTAIN MEMBERS OF THE FORMER CONTROLLING GROUP

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Company has been informed by each of Dry Bulk Shipping (BVI) Limited and IDB Carriers (BVI) Limited, two members of the Company's Former Controlling Group, that they have each entered into a Placing Agreement with Goldman Sachs (Asia) L.L.C. (as Placing Agent) pursuant to which the Placing Agent has procured purchasers to acquire, and DBS and IDB has sold, 102,774,692 Shares and 95,645,757 Shares, respectively (a total of 198,420,449 Shares in aggregate), to investors at a price of HK\$4.01 per Placing Share (an aggregate amount of HK\$795,666,000.49). The Placing Shares sold by DBS and IDB represent approximately 8.09% and 7.53%, respectively, of the issued share capital of the Company.

DBS and IDB are members of the Former Controlling Group. As announced on 6 September 2005, following the placing of 53,207,564 Shares by Pembroke Shipping Limited, Plymouth Shipping Limited and Eagle Sky Investment Limited, three other members of the Former Controlling Group on 6 September 2005, the Former Controlling Group will in aggregate hold less than 30% of the existing issued share capital of the Company and accordingly such group of persons shall cease to be a controlling shareholder (as such terms is defined in the Listing Rules) of the Company upon completion of the Former Placing, which is expected to occur on or around 8 September 2005.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

PLACING

The Company has been informed by each of Dry Bulk Shipping (BVI) Limited and IDB Carriers (BVI) Limited, two members of the Company's Former Controlling Group, that they have each entered into a Placing Agreement dated 7 September 2005 with the Placing Agent on the terms summarised below. Save for the number of Shares placed, the terms of each of the Placing Agreements are identical.

The placing was fully underwritten by the Placing Agent and the Placing Agent has informed the Company that the placing will not result in the introduction of a new substantial shareholder (as such term is defined in the Listing Rules) of the Company.

PARTIES

- (1) DBS and Goldman Sachs (Asia) L.L.C; and
- (2) IDB and Goldman Sachs (Asia) L.L.C.

DBS and IDB are two members of the Company's Former Controlling Group and hold 114,774,692 Shares and 95,645,757 Shares, respectively, representing approximately 9.04% and 7.53%, respectively of the existing issued share capital of the Company.

As announced on 6 September 2005, following the placing of 53,207,564 Shares by Pembroke Shipping Limited, Plymouth Shipping Limited and Eagle Sky Investment Limited, three other members of the Former Controlling Group on 6 September 2005 (the "Former Placing"), the Former Controlling Group will in aggregate hold less than 30% of the existing issued share capital of the Company and accordingly such group of persons shall cease to be a controlling shareholder (as such terms is defined in the Listing Rules) of the Company upon completion of the Former Placing, which is expected to occur on or around 8 September 2005. Further announcements shall be made by the Company if the Former Placing is terminated or does not complete on or around 8 September 2005.

NUMBER OF PLACING SHARES

DBS: 102,774,692 Shares (representing approximately 8.09% of the existing issued share capital of the Company); and

IDB: 95,645,757 Shares (representing approximately 7.53% of the existing issued share capital of the Company),

together in aggregate, representing approximately 15.62% of the issued share capital of the Company (the "Placing Shares").

PLACEES

The placees of the Placing Shares will be independent investors who are not connected persons (as defined in the Listing Rules) of the Company and are independent of the Company and its connected persons.

PLACING PRICE

HK\$4.01 per Placing Share, representing a discount of approximately 2.20% to the closing price of HK\$4.10 per Share as quoted on the Stock Exchange on 7 September 2005 and a premium of approximately 2.04% to the average closing price of HK\$3.93 for the last five trading days immediately prior to this announcement and a premium of approximately 4.36% to the average closing price of HK\$3.8425 for the last 10 days immediately prior to this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

Name of shareholder/Shares held	Before Placing		After Placing	
Former Controlling Group:				
DBS ⁽¹⁾	114,774,692	9.04%	12,000,000	0.95%
IDB	95,645,757	7.53%	–	0.00%
Pembroke Shipping Limited (“Pembroke”) ⁽¹⁾	87,055,253	6.85%	87,055,253	6.85%
Firelight Investments Ltd. (“FIL”) ⁽¹⁾	1,059,725	0.08%	1,059,725	0.08%
Eagle Pacific Intl Ltd. (“EPIL”) ⁽¹⁾	22,335,373	1.76%	22,335,373	1.76%
Former Controlling Group (excluding DBS, IDB, Pembroke, FIL and EPIL) ⁽²⁾	8,169,380	0.64%	8,169,380	0.64%
<i>Total of Former Controlling Group:</i>	<i>329,040,180</i>	<i>25.90%</i>	<i>130,619,731</i>	<i>10.28%</i>
Other Shareholders	941,270,429	74.10%	941,270,429	74.10%
Places	–	0.00%	198,420,449	15.62%
<i>Total of Public:</i>	<i>941,270,429</i>	<i>74.10%</i>	<i>1,139,690,878</i>	<i>89.72%</i>
TOTAL:	1,270,310,609	100.00%	1,270,310,609	100.00%

Note: (1) DBS, Pembroke, FIL and EPIL are connected persons (as defined in the Listing Rules) of the Company.

(2) Shares held by the Former Controlling Group (excluding DBS, IDB, Pembroke, FIL and EPIL) are held by 6 other members, with the largest shareholder being Bocimar Far East Holdings Limited holding 6,525,800 Shares (0.51%).

The Former Controlling Group has previously undertaken to the Stock Exchange at the time of the Company’s listing on the Stock Exchange on 14 July 2004 that during the six month period from 14 January 2005 to 14 July 2005, the Former Controlling Group would not enter into any transaction described in Rule 10.07(1)(b) of the Listing Rules which would result in the Former Controlling Group ceasing to be a controlling shareholder (as such term is defined in the Listing Rules) of the Company during such period. As far as the Directors are aware, having made all reasonable enquiry, the Former Controlling Group has not entered into any such transaction which has resulted in the Former Controlling Group ceasing to be a controlling shareholder during such period.

CONDITIONS OF THE PLACING

The placing of the Placing Shares is conditional upon, inter alia, there having been no material breach of any of the representations and warranties given by DBS and IDB in the Placing Agreements, no material adverse change in the management business and financial condition of the Company and its subsidiaries taken as a whole and no occurrence of an event of force majeure.

LOCK UP

Pursuant to the Placing Agreements, each of DBS and IDB has undertaken to the Placing Agent that during the period ending 90 days after the date of the Placing Agreement neither DBS, IDB nor any of their respective affiliates will, or will cause any other person to, offer, sell, contract to sell, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares or depositary receipts representing Shares or any other securities of the Company which are substantially similar to Shares or any securities convertible into, exchangeable for or representing the right to receive any of the foregoing securities or enter into any options or derivatives, cash settled or otherwise, or other transactions relating to the foregoing or having similar economic effect.

TERMINATION EVENTS

The Placing Agreements contains provisions granting the Placing Agent the right to terminate its placing obligations on the occurrence of certain events including force majeure, any material adverse change in the management, business and financial condition of the Company or its subsidiaries taken as a whole, or any event which would have rendered the representations and warranties in the Placing Agreement untrue or inaccurate in any material respect, in each case occurring prior to 9:00 a.m. on the date of completion of the placing.

If the Placing Agent exercises such right to so terminate the placing, the placing will not proceed. **Shareholders and investors are advised to exercise caution in dealing in the Shares.**

COMPLETION OF THE PLACING

Completion of the placing of the Placing Shares is expected to take place on or around 12 September 2005, or such other date as may be agreed by each of DBS, IDB and the Placing Agent. Further announcements shall be made by the Company if the placing is terminated or does not complete on or around 12 September 2005.

GENERAL INFORMATION

The Directors believe, having made all reasonable enquiries, that the placing will not have any impact on the business, management or operations of the Group. No change in the composition of the board of Directors will occur as a result of the placing and the director appointed by IDB, Brian Paul Friedman, intends to remain as a Director at this time.

DEFINITIONS

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

“Company”	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”	the directors of the Company;
“DBS”	Dry Bulk Shipping (BVI) Limited;
“Former Controlling Group”	DBS, IDB and certain companies controlled by or in common control with such shareholders as defined in the Company’s prospectus dated 30 June 2004. Following the Former Placing, such group of person will in aggregate hold less than 30% of the existing issued share capital of the Company and accordingly shall cease to be a controlling shareholder (as such terms is defined in the Listing Rules) of the Company upon completion of the Former Placing;
“Former Placing”	The placing of 53,207,564 Shares by Pembroke Shipping Limited, Plymouth Shipping Investments Limited and Eagle Sky Investments, three other members of the Former Controlling Group on 6 September 2005 as announced by the Company on 6 September 2005;
“Group”	the Company and its subsidiaries, which are principally engaged in the provision of marine transportation and logistical support services;
“IDB”	IDB Carriers (BVI) Limited;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placing Agent”	Goldman Sachs (Asia) L.L.C.;
“Placing Shares”	102,774,692 Shares to be sold by DBS and 95,645,757 Shares to be sold by IDB, together in aggregate, representing approximately 15.62% of the issued share capital of the Company;
“Placing Agreements”	placing agreements dated 7 September 2005 between (1) DBS and the Placing Agent and (2) IDB and the Placing Agent, and “Placing Agreement” shall, where the context so requires, mean any one of such agreements;
“Shares”	ordinary shares of US\$0.10 each in the share capital of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board
Andrew T. Broomhead
Company Secretary

Hong Kong, 7 September 2005

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

** For identification purposes only*

Please also refer to the published version of this announcement in South China Morning Post.