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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.pacbasing.com

ANNOUNCEMENT:

(1) PLACING OF EXISTING SHARES BY CERTAIN MEMBERS OF THE CONTROLLING GROUP AND (2) UNUSUAL TRADING VOLUME

(1) The announcement in relation to the placing of existing shares is made pursuant to Rule 13.09 of the Listing Rules.

The Company has been informed by each of Pembroke Shipping Limited, Plymouth Shipping Investments Limited and Eagle Sky Investments Limited, three members of the Company's Controlling Group, that they have entered into a Placing Agreement with Macquarie Securities Limited (as Placing Agent) pursuant to which the Placing Agent will purchase or procure purchasers to acquire, and Pembroke, Plymouth and Eagle Sky will sell, 35,283,042 Shares, 4,782,623 Shares and 13,141,899 Shares respectively (a total of 53,207,564 Shares in aggregate), to investors at a price of HK\$3.90 per Placing Share (an aggregate amount of HK\$207,509,499.60). The Placing Shares sold by Pembroke, Plymouth and Eagle Sky represent approximately 2.78%, 0.38% and 1.04%, respectively, of the issued share capital of the Company.

Immediately before the placing, the Company's Controlling Group in aggregate holds approximately 382,247,744 Shares, representing 30.11% of the existing issued share capital of the Company. Immediately following the placing, the Company's Controlling Group will in aggregate hold approximately 329,040,180 Shares, representing 25.92% of the existing issued share capital of the Company and accordingly such group of persons shall cease to be a controlling shareholder (as such term is defined in the Listing Rules) of the Company upon completion of the Placing.

(2) The Company is also making a statement at the request of the The Stock Exchange of Hong Kong Limited under Rule 13.10 of the Listing Rules.

The announcement in relation to the placing of existing shares is made pursuant to Rule 13.09 of the Listing Rules.

PLACING

The Company has been informed by each of Pembroke, Plymouth and Eagle Sky, three members of the Company's Controlling Group, that they have entered into a Placing Agreement dated 6 September 2005 with the Placing Agent on the terms summarised below.

The placing is 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) Pembroke;
- (2) Plymouth;
- (3) Eagle Sky; and
- (4) Macquarie Securities Limited

Pembroke, Plymouth and Eagle Sky are three members of the Company's Controlling Group and hold 122,338,295 Shares, 4,782,623 Shares and 13,141,899 Shares, respectively, representing approximately 9.64%, 0.37% and 1.04%, respectively of the existing issued share capital of the Company.

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.

NUMBER OF PLACING SHARES

Pembroke: 35,283,042 Shares (representing approximately 2.78% of the existing issued share capital of the Company);

Plymouth: 4,782,623 Shares (representing approximately 0.38% of the existing issued share capital of the Company);

Eagle Sky: 13,141,899 Shares (representing approximately 1.04% of the existing issued share capital of the Company);

together in aggregate, representing approximately 4.20% of the issued share capital of the Company (the "Placing Shares").

PLACING PRICE

HK\$3.90 per Placing Share, representing a discount of approximately 5.5% to the closing price of HK\$4.125 per Share as quoted on the Stock Exchange on 6 September 2005 and a premium of approximately 1.4% to the average closing price of HK\$3.845 for the last five trading days immediately prior to this announcement and a premium of approximately 2.4% to the average closing price of HK\$3.808 for the last 10 days immediately prior to this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

Name of shareholder / Shares held	Before Placing		After Placing	
Pembroke	122,338,295	9.64%	87,055,253	6.86%
Plymouth	4,782,623	0.37%	0	0%
Eagle Sky	13,141,899	1.04%	0	0%
Controlling Group (excluding Pembroke, Plymouth and Eagle Sky) ⁽¹⁾	241,984,927	19.06%	241,984,927	19.06%
<i>Total of Controlling Group:</i>	<i>382,247,744</i>	<i>30.11%</i>	<i>329,040,180</i>	<i>25.92%</i>
Other Shareholders	887,162,865	69.89%	887,162,865	69.89%
Placees	-	0.00%	53,207,564	4.19%
<i>Total of Public:</i>	<i>887,162,865</i>	<i>69.89%</i>	<i>940,370,429</i>	<i>74.08%</i>
TOTAL:	1,269,410,609	100.00%	1,269,410,609	100.00%

<i>Total of Controlling Group:</i>	382,247,744	30.11%	329,040,180	25.92%
Other Shareholders	887,162,865	69.89%	887,162,865	69.89%
Places	–	0.00%	53,207,564	4.19%
<i>Total of Public:</i>	887,162,865	69.89%	940,370,429	74.08%
TOTAL:	1,269,410,609	100.00%	1,269,410,609	100.00%

Note: (1) Shares held by the Controlling Group (excluding Pembroke, Plymouth and Eagle Sky) are held by 8 members, with the two largest shareholders being IDB Carriers BVI Limited and Dry Bulk Shipping (BVI) Limited holding 114,774,692 Shares (9.04%) and 95,645,757 Shares (7.53%), respectively.

Accordingly, immediately following the placing, the Company's Controlling Group shall cease to be a controlling shareholder (as such term is defined on the Listing Rules) of the Company.

The 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 Controlling Group would not enter into any transaction described in Rule 10.07(1)(b) of the Listing Rules which would result in the 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 Controlling Group has not entered into any such transaction which has resulted in the Controlling Group ceasing to be a controlling shareholder during such period.

TERMINATION EVENTS

The Placing Agreement contains provisions granting the Placing Agent the right to terminate its placing obligations at any time on or prior to the completion of the placing of the Placing Shares in certain circumstances which, among others, include (1) a seller is in breach of terms or conditions of the Placing Agreement or any warranties or representations of the Placing Agreement is not true or accurate or misleading in any way; (2) any change in national or international monetary, financial, economic, fiscal or political conditions or currency exchange rates, etc. which would have a material adverse effect on the market in or share price of the Shares; or (3) any material adverse change in the condition or financial or trading position of the Company or its subsidiaries taken as a whole at any time prior to completion of the placement.

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 8 September 2005. Further announcements shall be made by the Company if the placing is terminated or does not complete on or around 8 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.

UNUSUAL TRADING VOLUME

This statement is made at the request of the Stock Exchange of Hong Kong Limited under Rule 13.10 of the Listing Rules.

The Board of Directors has noted today's increase in trading volume of the shares of the Company and wishes to state that, further to the announcement of the Company's interim results for the six months ended 30 June 2005 dated 5 September 2005, and the information disclosed in such announcement, the Company is not aware of any reasons for such an increase.

Subject to (i) the placing of existing Shares by certain member's of the Controlling Group as described above, (ii) the Company's further disclosable announcement dated 5 September 2005 and (iii) the Company's disclosable announcements dated 18 August 2005 and 31 August 2005 and the information disclosed in such announcements, we confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, and that the Board is not aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board of Directors who individually and jointly accept responsibility for the accuracy of this statement.

DEFINITIONS

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

"Controlling Group"	IDB Carriers BVI Limited, Dry Bulk Shipping (BVI) Limited, Plymouth and Pembroke and their respective shareholders (including Eagle Sky), and certain companies controlled by or in common control with such shareholders as defined in the Company's prospectus date 30 June 2004;
"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;
"Eagle Sky"	Eagle Sky Investments Limited;
"Group"	the Company and its subsidiaries, which are principally engaged in the provision of marine transportation and logistical support services;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"Pembroke"	Pembroke Shipping Limited;
"Placing Agent"	Macquarie Securities Limited;
"Placing Shares"	35,283,042 Shares to be sold by Pembroke, 4,782,623 Shares to be sold by Plymouth and 13,141,899 Shares to be sold by Eagle Sky, together in aggregate, representing approximately 4.20% of the issued share capital of the Company;
"Placing Agreement"	a placing agreement dated 6 September 2005 between Pembroke, Plymouth, Eagle Sky and the Placing Agent;
"Plymouth"	Plymouth Shipping Investments Limited;
"Shares"	ordinary shares of US\$0.10 each in the share capital of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

By Order of the Board

Andrew T. Broomhead
Company Secretary

Hong Kong, 6 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