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Pacific Basin Shipping Limited

太平洋航運集團有限公司*

(a company incorporated in Bermuda with limited liability)

Stock Code: 2343

ANNOUNCEMENT

- In response to several enquiries from investors regarding Forward Freight Agreements (“FFAs”), the Company confirms that it has never engaged in the trading of FFAs or similar derivative instruments and has no open positions in any such instruments.
- The Company seeks to achieve increased levels of certainty of its future revenues, not through the use of FFAs or similar derivatives, but by securing physical forward cargo contract cover through Contracts of Affreightment (“COAs”) with our customers utilising the capacity of the Company’s fleet.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Pacific Basin Shipping Limited (the “Company”), one of the world’s leading dry bulk shipping companies, which began trading on the Stock Exchange on 14 July 2004, wishes to confirm that the Company does not engage in the trading of Forward Freight Agreements (“FFAs”) or similar derivative instruments which have been associated with recent extraordinary losses announced by another shipping company listed on the Stock Exchange. Therefore, the Company is not exposed to any risk associated with the trading in FFAs or similar derivatives.

** For identification purposes only*

As a matter of policy, the Company seeks to achieve increased levels of certainty of its future revenues, not through the use of FFAs or similar derivatives, but by securing contracts in respect of our customers' future cargo transportation needs ("forward freight cover") through Contracts of Affreightment ("COAs"). In this way, the Company satisfies a key element of its operating strategy which is to provide its customers with forward freight cover and, in so doing, achieving increased future revenue cover for the Company.

By Order of the Board
Andrew T. Broomhead
Company Secretary

Hong Kong, 27 July 2004

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

Please also refer to the published version of this announcement in the South China Morning Post (English) and Hong Kong Economic Times (Chinese).