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B Pacific Basin Shipping Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2343)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Company has entered into a placing agreement dated 8 May 2008 with the Placing Agent to place in aggregate up to 158,598,000 Shares at HK\$13.52 per Share on a fully underwritten basis, representing approximately 10.00% of the existing issued share capital of the Company and 9.1% of the enlarged share capital of the Company.

PLACING

The Company has entered into the Placing Agreement dated 8 May 2008 with the Placing Agent on the terms summarised below.

The placing was fully underwritten by the Placing Agent. It is expected that no placee will as a result of the placing become a substantial shareholder (as defined in the Listing Rules) of the Company.

PARTIES

- (1) The Company
- (2) The Placing Agent

The Placing Agent is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, an independent third party and independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any associate of any of them or any connected person (as defined by the Listing Rules) of the Company.

NUMBER OF PLACING SHARES

The Placing Agent has agreed to place in aggregate up to 158,598,000 Shares at HK\$13.52 per Share on a fully underwritten basis, representing approximately 10.00% of the existing issued share capital of the Company and 9.1% of the enlarged share capital of the Company. The aggregate value of the Placing Shares is US\$275,132,477 (approximately HK\$2,144,244,960).

The Placing Shares to be issued, when fully paid, will rank, upon issue, *pari passu* in all respects with the existing issued Shares.

PLACEES

The placing will be to more than six independent individual, corporate, institutional or other professional investors. The placees and their ultimate beneficial owners, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, are independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any associate of any of them or any connected persons (as defined by the Listing Rules) of the Company.

PLACING PRICE

The placing price of HK\$13.52 per Placing Share was agreed after arm's length negotiations between the Company and the Placing Agent and represents a discount of approximately 7.0% to the closing price of HK\$14.54 per Share as quoted on the Stock Exchange on 8 May 2008 and a discount of approximately 7.7% to the average closing price of HK\$14.64 for the last five trading days up to and including the date of this announcement and a discount of approximately 6.8% to the average closing price of HK\$14.51 for the last 10 trading days up to and including the date of this announcement. The Directors consider that the placing price is fair and reasonable and in the interest of the Company and its shareholders as a whole.

The net placing price for the Placing is approximately HK\$13.32 per Placing Share.

MANDATE TO ISSUE NEW SHARES

The Placing Shares will be allotted and issued under the general mandate granted to the Directors pursuant to a resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 8 April 2008. Under such general mandate, the Directors are allowed to allot and issue up to 158,598,010 Shares. As at the date of this announcement, no Shares have been allotted and issued pursuant to such general mandate.

EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company upon issue and allotment of the Placing Shares are set out below:

Name of shareholder	As at the date of this announcement		Immediately after completion of the placing	
	Number of Shares	%	Number of Shares	%
Public shareholders with a notifiable interest under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong):–				
JP Morgan Chase & Co.	127,966,157	8.07	139,216,157	7.98
Morgan Stanley	93,407,666	5.89	97,657,666	5.60
Fortis Investment Management SA	84,898,000	5.35	84,898,000	4.87
<i>Sub-total</i>	<u>306,271,823</u>	<u>19.31</u>	<u>321,771,823</u>	<u>18.45</u>
Other Public shareholders:–				
Other Shareholders	1,279,708,286	80.69	1,279,708,286	73.35
Places	–	–	143,098,000	8.20
<i>Sub-total</i>	<u>1,279,708,286</u>	<u>80.69</u>	<u>1,422,806,286</u>	<u>81.55</u>
TOTAL:	<u>1,585,980,109</u>	<u>100.00</u>	<u>1,744,578,109</u>	<u>100.00</u>

Note: The above table assumes that there are no changes to the shareholding in the Company, other than as a result of the placing.

CONDITIONS OF THE PLACING

Completion of the placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares to be issued under the placing.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares to be issued.

LOCK UP

Pursuant to the Placing Agreement, the Company has undertaken to the Placing Agent that during the period ending 90 days after the date of the Placing Agreement, the Company will not, save for (a) the offer of new, or the satisfaction of existing share options or share awards under the Company's Long Term Incentive Scheme and (b) the issue, offer for subscription or sale of Shares by the Company to a limited number of strategic investors, provided that such issue, subscription or sale shall have been approved by the shareholders of the Company in general meeting, offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein or any securities convertible into, or exercisable or exchangeable for or substantially similar to any such Shares or interests or enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction referred to above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or to announce any intention to effect any of the above transactions.

TERMINATION EVENTS

The Placing Agreement contains provisions granting the Placing Agent the right to terminate its placing obligations by notice to the Company at any time prior to completion of the placing 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, any material disruption in securities settlement, payment or clearance services, or any event which would have rendered the representations and warranties in the Placing Agreement untrue or inaccurate in any material respect.

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 20 May 2008, or such other date as may be agreed by the Company and the Placing Agent but shall in any event be no later than date which falls 21 days from the date of the Placing Agreement.

Further announcements shall be made by the Company if the placing is terminated or does not complete on or around 29 May 2008.

DIVIDEND POLICY

The Company reaffirms that it will continue its policy of paying out a minimum of 50% of distributable profits for at least the first half of 2008. Thereafter the percentage payout will depend principally on the Group's investment plans, however a generous distribution will be maintained.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The placing of the Placing Shares will raise up to approximately HK\$2,144 million in cash, before expenses, for the Company on completion.

The Directors consider that the placing represents an opportunity to raise capital for the Company while widening the shareholder base.

The proceeds from this placing will provide equity financing for the Company's expansion initiatives. The Company currently expects that the proceeds will be deployed in Roll-on Roll-off vessels if and when appropriate opportunities arise, dry bulk vessels when market conditions permit, and in maritime infrastructure opportunities such as tugs and ports. As of the date of this announcement, the Company has not entered into any agreement in relation to such initiatives. In the event that the Company enters into any such agreements, it will comply with the relevant requirements under the Listing Rules.

The Company currently has capital commitments of US\$550 million (approximately HK\$4,290 million) to acquire 8 handysize, 1 handymax, 1 post-panamax, 7 tugs and 4 Roll-on Roll-off vessels (all are newbuildings).

FUND-RAISING ACTIVITY BY THE COMPANY IN THE PAST 12 MONTHS

Date of announcement	Fund-raising activity	Net proceeds raised	Intended use of proceeds
3 December 2007	Issue of the Bonds	HK\$2,994 million	For general corporate and working capital purposes including funding its existing capital commitments and financing possible acquisitions

Since the issue of the Bonds, the Company has incurred capital expenditure of US\$80 million on 5 handysize newbuildings, US\$15 million on 7 tugs and US\$70 million on 4 Roll-on Roll-off vessels.

Save as disclosed above, the Company has not issued any equity securities to raise funds in the past 12 months immediately before the date of this announcement.

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.

DEFINITIONS

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

“Bonds”	the US\$390 million 3.3% Guaranteed Convertible Bonds due 2013 issued by PB Issuer Limited on 20 December 2007, which are unconditionally and irrevocably guaranteed by the Company and convertible into Shares at an initial conversion price of HK\$19.28 per Share and are listed on the Stock Exchange under Stock Code 1606;
“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;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Long Term Incentive Scheme”	the share option scheme adopted by the Company on 17 June 2004 and amended and re-named the long term incentive scheme pursuant to a resolution passed by Shareholders at a special general meeting on 8 June 2005;
“Placing Agent”	Goldman Sachs (Asia) L.L.C.;
“Placing Shares”	158,598,000 Shares to be placed by the Placing Agent, representing approximately 10.00% of the existing issued share capital of the Company;
“Placing Agreement”	placing agreement dated 8 May 2008 between the Company and the Placing Agent;
“Share(s)”	ordinary share(s) 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, 8 May 2008

Note: An exchange rate of US\$1.00 to HK\$7.7935 has been used for the conversion of US Dollars into HK Dollars for the purpose of this announcement.

As at the date of this announcement, the executive Directors of the Company are Christopher Richard Buttery, Richard Maurice Hext, Klaus Nyborg, Wang Chunlin and Jan Rindbo, the non-executive Directors of the Company are Daniel Rochfort Bradshaw and Dr. Lee Kwok Yin, Simon, and the independent non-executive Directors of the Company are David Muir Turnbull, Robert Charles Nicholson, Patrick Blackwell Paul and Alasdair George Morrison.