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# **B Pacific Basin Shipping Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

## **POSTPONEMENT OF COMPLETION OF DISCLOSEABLE TRANSACTIONS FOR THREE RORO VESSELS**

This announcement is made pursuant to the disclosure obligations of the Company under Rule 14.36 of the Listing Rules.

On 8 June 2009, the Company and Odense A/S in Denmark agreed to postpone the delivery of three RoRo vessels (the “Deferred Vessels”) for a payment by the Company of approximately 10% of the contract price of the Deferred Vessels, with a corresponding reduction in the final payments of the outstanding instalments relating to each Deferred Vessel upon their respective delivery. The total consideration payable for the Deferred Vessels by the Company to Odense A/S remains unchanged.

Weak European road haulage demand in the first quarter of 2009 is expected to continue and, as a result, to impact earnings for RoRo vessels during 2009 and into 2010, whereafter demand is anticipated to start recovering. This means that we do not expect to secure acceptable employment for the Deferred Vessels until closer to the time of their revised delivery dates commencing in early 2011.

Accordingly, the Company believes that the postponement of the deliveries of the Deferred Vessels will enhance the earnings of the Group following their delayed deliveries.

The Company retains a favourable longer term outlook on the RoRo vessel sector in view of the age and size profile of the existing fleet, which is likely to lead to increased scrapping. In addition, the current lack of bank credit and depressed trading conditions are likely to discourage owners and operators from placing new orders, thereby improving demand for RoRo vessels when road haulage volumes pick up.

Reference is made to the announcement of the Company dated 13 February 2008 (the “Announcement”) and the circular of the Company dated 3 March 2008 (the “Circular”) in respect of the acquisition of vessels to be constructed. Terms used herein, if not otherwise defined, have the same meanings as those defined in the Circular.

## **BACKGROUND OF THE ACQUISITION OF VESSELS TO BE CONSTRUCTED, THE SPA AND THE ODENSE CONTRACTS**

On 13 February 2008, PB Vessels Holding Limited, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with New Paragon Investments Limited (“NPIL”) to purchase the entire share capital of Prospect Number 62 Limited (“Prospect 62”) from NPIL, whereby the Company assumed all the rights and obligations in relation to the construction and delivery of two RoRo newbuilding vessels, namely Odense Hull L218 (“Odense L218”) and Odense Hull L220 (“Odense L220”) (“NPIL Vessel Contracts”). At the time of the Announcement and the Circular, it was expected that Odense L218 and Odense L220 would be delivered to the Company in the third quarter of 2009 and the first quarter of 2010 respectively.

Separately and on the same day, Illuminous Limited and Kumberstar Limited, both indirect wholly-owned subsidiaries of the Company, entered into two shipbuilding contracts (“Odense Contracts”) with Odense Staalskibsvaerft A/S (“Odense A/S”) to acquire two RoRo newbuilding vessels, namely Odense Hull L233 (“Odense L233”) and Odense Hull L234 (“Odense L234”) from Odense A/S. At the time of the Announcement and the Circular, it was expected that Odense L233 and Odense L234 would be delivered to the Company in the third quarter of 2010 and the first quarter of 2011 respectively.

### **ADDENDUM TO NPIL VESSEL CONTRACTS AND ADDENDUMS TO ODENSE CONTRACTS**

On 8 June 2009, Prospect Number 60 Limited (being a wholly-owned subsidiary of Prospect 62 and the party to the contract for the construction and delivery of Odense L220) and Odense A/S entered into an addendum to the NPIL Vessel Contracts, whereby the parties agreed to postpone the delivery of Odense L220 by approximately 11 months to February 2011.

Separately and on the same date, Illuminous Limited, Kumberstar Limited and Odense A/S entered into two respective addendums to the Odense Contracts, whereby the parties agreed to postpone the delivery of Odense L233 by approximately 9 months to September 2011 and the delivery of Odense L234 by approximately 8 months to November 2011 respectively.

In consideration of the postponement of deliveries of the Deferred Vessels, the Company shall pay approximately 10% of the contract price of the Deferred Vessels, being EUR17,677,300 in aggregate, or approximately US\$24.7 million (approximately HK\$192.7 million), upon the execution of the said addendums, with a corresponding reduction in the final payments of the outstanding instalments relating to each Deferred Vessel upon their respective delivery. The Company currently expects to pay the balance consideration of EUR17,451,900, or approximately US\$24.4 million (approximately HK\$190.3 million) in 2009, EUR59,300,000, or approximately US\$83.0 million (approximately HK\$647.4 million) in 2010 and EUR35,354,600, or approximately US\$49.5 million (approximately HK\$386.1 million) in 2011. The total consideration payable for the Deferred Vessels by the Company to Odense A/S remains unchanged.

The delivery of Odense L218 is expected to take place in the third quarter of 2009 as originally scheduled under the NPIL Vessel Contracts.

Except for the foregoing, all other material terms and conditions of the NPIL Vessel Contracts and the Odense Contracts shall remain unchanged.

## **REASONS FOR THE POSTPONEMENT**

Further to the Company's 2008 Annual Report and the First Quarter 2009 Trading Update Announcement dated 23 April 2009, the Company reiterates its view that the RoRo market is currently depressed. Weak European road haulage demand in the first quarter of 2009 is expected to continue and, as a result, to impact earnings for RoRo vessels during 2009 and into 2010, whereafter demand is anticipated to start recovering. This means that we do not expect to secure acceptable employment for the Deferred Vessels until closer to the time of their revised delivery dates commencing in early 2011

Accordingly, the Company believes that the postponement of the deliveries of the Deferred Vessels will enhance the earnings of the Group following their delayed deliveries, without any material impact on the financial position and the operations of the Group.

The Company retains a favourable longer term outlook on the RoRo vessel sector in view of the age and size profile of the existing fleet, which is likely to lead to increased scrapping. In addition, the current lack of bank credit and depressed trading conditions are likely to discourage owners and operators from placing new orders, thereby improving the demand for RoRo vessels when road haulage volumes pick up.

By Order of the Board  
**Andrew T. Broomhead**  
*Company Secretary*

Hong Kong, 8 June 2009

*Note: An exchange rate of US\$1.40 to EUR1.00 has been used for the conversion of Euro to US Dollars for the purpose of this announcement.*

*An exchange rate of US\$1.00 to HK\$7.80 has been used for the conversion of US Dollars to HK Dollars for the purpose of this announcement.*

*As at the date of this announcement, the executive Directors of the Company are David Muir Turnbull, 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 Robert Charles Nicholson, Patrick Blackwell Paul and Alasdair George Morrison.*