

Pacific Basin Shipping Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2343)

PROPOSED ISSUE OF GUARANTEED CONVERTIBLE BONDS DUE 2013 CONVERTIBLE INTO ORDINARY SHARES OF PACIFIC BASIN SHIPPING LIMITED

FULL EXERCISE OF UPSIZE OPTION

The Company announced on 3 December 2007 a proposed issue of Firm Bonds due 2013 in aggregate principal amount of US\$350,000,000 (approximately HK\$2,725 million).

On 5 December 2007, the Company has received a notice that the Lead Manager has irrevocably exercised the Upsize Option in full in respect of the Optional Bonds with an aggregate principal amount of US\$40,000,000 (approximately HK\$311 million). The aggregate principal amount of the Firm Bonds and the Optional Bonds is US\$390,000,000 (approximately HK\$3,037 million).

Applications will be made to the Stock Exchange for (i) the listing of and permission to deal the Conversion Shares and (ii) the listing of the Bonds on the Stock Exchange as selectively marketed securities.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. As the Subscription Agreement may or may not complete, the Bonds may or may not be issued and/or the Conversion Shares may or may not be listed on the Stock Exchange, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 3 December 2007 in relation to the proposed issue of Bonds (the “Announcement”). Terms used in the Announcement are used with those defined meanings in this announcement, unless otherwise defined herein.

The Company announced on 3 December 2007 a proposed issue of Firm Bonds due 2013 in aggregate principal amount of US\$350,000,000 (approximately HK\$2,725 million).

On 5 December 2007, the Company has received a notice that the Lead Manager has irrevocably exercised the Upsize Option in full in respect of the Optional Bonds with an aggregate principal amount of US\$40,000,000 (approximately HK\$311 million). The aggregate principal amount of the Firm Bonds and the Optional Bonds is US\$390,000,000 (approximately HK\$3,037 million).

The Bonds are convertible into ordinary shares of US\$0.10 each in the share capital of the Company. The estimated net proceeds from the issue of the Bonds, after deduction of commission and concession, amount to US\$384,540,000 (approximately HK\$2,994 million), which are currently intended to be used by the Company for general corporate and working capital purposes including funding its existing capital commitments and financing possible acquisitions.

Applications will be made to the Stock Exchange for (i) the listing of and permission to deal the Conversion Shares and (ii) the listing of the Bonds on the Stock Exchange as selectively marketed securities.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. As the Subscription Agreement may or may not complete, the Bonds may or may not be issued and/or the Conversion Shares may or may not be listed on the Stock Exchange, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

By order of the Board of
Pacific Basin Shipping Limited
Andrew T. Broomhead
Company Secretary

Hong Kong, 5 December 2007

Notes: An exchange rate of US\$1.00 to HK\$7.7867 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 Mr. Christopher Richard Buttery, Mr. Richard Maurice Hext, Mr. Klaus Nyborg, Mr. Wang Chunlin and Mr. Jan Rindbo, the non-executive Directors of the Company are Mr. Daniel Rochfort Bradshaw and Dr. Lee Kwok Yin, Simon, and the independent non-executive Directors of the Company are Mr. Robert Charles Nicholson, Mr. Patrick Blackwell Paul, The Earl of Cromer and Mr. David Muir Turnbull.