

*Hong Kong Stock Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# **B Pacific Basin Shipping Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

**(1) DISCLOSEABLE TRANSACTIONS:  
SALE OF THREE VESSELS AND  
TIME CHARTER BACK OF ONE OF THE VESSELS  
AND  
(2) DATE OF BOARD MEETING**

**(1) DISCLOSEABLE TRANSACTIONS: SALE OF THREE VESSELS AND TIME CHARTER BACK OF ONE OF THE VESSELS**

- (A) On 10 December 2008, an indirect wholly-owned subsidiary of the Company entered into the First MOA with Savannah Shipping Company Limited (the “First Seller”) to sell to it a handysize vessel named “Prince Rupert” (“Vessel A”) for a consideration of US\$18,200,000 (approximately HK\$141,960,000).
- (B) On 10 December 2008, a jointly controlled entity of the Company entered into the Second MOA with Sacha Shipping Company Limited (the “Second Seller”) to sell to it a handysize vessel named “Captain Corelli” (“Vessel B”) for a consideration of US\$19,100,000 (approximately HK\$148,980,000).
- (C) On 22 January 2009 (European Time), an indirect wholly-owned subsidiary of the Company entered into the Third MOA with Solaris Shipping Company Limited (the “Third Seller”) to sell to it a handysize vessel named “Willow Point” (“Vessel C”) for a consideration of US\$18,300,000 (approximately HK\$142,740,000).

In addition, subsequent to the signing of the Third MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into a time charterparty with the Third Buyer to charter Vessel C back into the Company’s chartered fleet at an agreed charter rate for one year. The charter will commence immediately upon the delivery of Vessel C. The Company currently expects that the charterparty will be finalised and signed within February 2009.

Principal terms of the First MOA, the Second MOA, the Third MOA and the charterparty are set out below in this announcement.

The sale of the Vessels at a time when vessel values continue to fall will generate cash which is intended to be used for general working capital and for funding any investment projects that the Company may enter into in the future should suitable opportunities arise. The simultaneous time charter of Vessel C back into the Company's chartered fleet will allow the Company to retain commercial control and hence the revenues over Vessel C during the charter period.

The transaction under each of the First MOA, the Second MOA and the Third MOA individually is not discloseable. As the ultimate beneficial owner of the First Buyer, the Second Buyer and the Third Buyer is the same, the transactions contemplated under each of the MOAs, when aggregated, constitute discloseable transactions of the Company under the Listing Rules and are required to be disclosed by way of this announcement. The transaction under the time charterparty of Vessel C does not constitute a discloseable transaction of the Company under the Listing Rules.

## **(2) DATE OF BOARD MEETING**

Pursuant to Rule 13.43 of the Listing Rules, the Company announces that a meeting of the Board will be held on Monday, 2 March 2009 in Hong Kong for the purpose of, inter alia, considering and approving the annual results of the Company and its subsidiaries for the year ended 31 December 2008 and considering the payment of a final dividend for 2008.

## **(1) DISCLOSEABLE TRANSACTIONS: SALE OF THREE VESSELS AND TIME CHARTER BACK OF ONE OF THE VESSELS**

### **BACKGROUND FOR THE TRANSACTIONS**

On 10 December 2008, an indirect wholly-owned subsidiary of the Company entered into the First MOA with Savannah Shipping Company Limited (the "First Seller") to sell to it a handysize vessel named "Prince Rupert" ("Vessel A") for a consideration of US\$18,200,000 (approximately HK\$141,960,000).

On 10 December 2008, a jointly controlled entity of the Company entered into the Second MOA with Sacha Shipping Company Limited (the "Second Seller") to sell to it a handysize vessel named "Captain Corelli" ("Vessel B") for a consideration of US\$19,100,000 (approximately HK\$148,980,000).

On 22 January 2009 (European Time), an indirect wholly-owned subsidiary of the Company entered into the Third MOA with Solaris Shipping Company Limited (the "Third Seller") to sell to it a handysize vessel named "Willow Point" ("Vessel C") for a consideration of US\$18,300,000 (approximately HK\$142,740,000).

In addition, subsequent to the signing of the Third MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into a time charterparty with the Third Buyer to charter Vessel C back into the Company's chartered fleet at an agreed charter rate for one year. The charter will commence immediately upon the delivery of Vessel C. The Company currently expects that the charterparty will be finalised and signed within February 2009.

Principal terms of the MOAs and the time charterparty are set out below.

## **THE MOAs**

The MOAs are legally binding, of broadly similar terms and conditions and are described below:

- Date : 10 December 2008, for the First MOA and the Second MOA; and  
22 January 2009 (European Time), for the Third MOA.
- Parties : Purchasers : The First Buyer, the Second Buyer and the Third Buyer, all of which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, together with their ultimate beneficial owner, are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. As far as the Directors are aware, having made all reasonable enquiry, the principal business activities of the First Buyer, the Second Buyer, the Third Buyer and their ultimate beneficial owner are the owning, operating and managing of shipping vessels.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save for the transactions disclosed in this announcement, the Company has not entered into any transaction with the First Buyer, the Second Buyer, the Third Buyer or their ultimate beneficial owner or with parties connected or otherwise associated with one another and there are no other relationships amongst the First Buyer, the Second Buyer, the Third Buyer or their ultimate beneficial owner with whom the Company has entered into transactions during the 12 months prior to the dates of the MOAs to acquire, dispose of, or charter in vessels

Sellers : Prince Rupert Limited, for the First MOA; and Willow Point Limited, for the Third MOA, both being indirect wholly-owned subsidiaries of the Company.

China Line Shipping Limited, for the Second MOA, being a jointly controlled entity of the Company.

Assets to be sold : First MOA : A 2000 built handysize dry bulk carrier of 28,685dwt, named “Prince Rupert”;

Second MOA : A 2001 built handysize dry bulk carrier of 28,378dwt, named “Captain Corelli”; and

Third MOA : A 2001 built handysize dry bulk carrier of 28,492dwt, named “Willow Point”.

The flag of all three Vessels are presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the Vessels is Nippon Kaiji Kyokai.

Net profits attributable to the Vessels : Vessel A : US\$1,817,000 (audited) (approximately HK\$14,172,600) and US\$4,986,000 (audited) (approximately HK\$38,890,800) for the years ended 31 December 2006 and 31 December 2007 respectively.

Vessel B : US\$3,351,000 (audited) (approximately HK\$26,137,800) and US\$5,934,000 (audited) (approximately HK\$46,285,200) for the years ended 31 December 2006 and 31 December 2007 respectively.

Vessel C : US\$956,000 (audited) (approximately HK\$7,456,800) and US\$5,441,000 (audited) (approximately HK\$42,439,800) for the years ended 31 December 2006 and 31 December 2007 respectively.

There is no taxation on the net profits attributable to the Vessels.

Carrying values of the Vessels : The carrying values of the Vessels in the Company’s unaudited accounts as at the date of this announcement are:

Vessel A : US\$19,153,000 (approximately HK\$149,393,400)

Vessel B : US\$11,441,000 (approximately HK\$89,239,800)

Vessel C : US\$19,904,000 (approximately HK\$155,251,200)

Consideration	: Vessel A	: US\$18,200,000 (approximately HK\$141,960,000)
	Vessel B	: US\$19,100,000 (approximately HK\$148,980,000)
	Vessel C	: US\$18,300,000 (approximately HK\$142,740,000)

The aggregate consideration for the Vessels is US\$55,600,000 (approximately HK\$433,680,000), entirely in cash. Such consideration was determined by reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of build in the market, and after arm's length negotiation between the parties. However, as is commonly the case in the dry bulk carrier market, there have not been any recently published sales by third party vendors of vessels of the exact size and year of build of the Vessels from which to make a direct comparison. In addition, no third party valuation has been performed on the Vessels.

The Directors believe that such consideration, which was determined after arm's length negotiation, on normal commercial terms, is fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Payment terms : Under the MOAs, 20% of the consideration (being the deposit) for the sale of each of the Vessels would be received upon signing the respective MOA and the balance of the consideration shall be received in full upon the delivery of the Vessels.

Completion and delivery : Pursuant to the First MOA, the latest date for completion is 27 February 2009 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of Vessel A will take place in February 2009.

Pursuant to the Second MOA, the latest date for completion is 27 February 2009 unless the parties otherwise agree. Vessel B was delivered to the Second Buyer on 9 January 2009.

Pursuant to the Third MOA, the latest date for completion is 18 March 2009 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of Vessel C will take place in February 2009.

Expected gains or losses arising from disposals	: Vessel A	: loss of US\$953,000 (approximately HK\$7,433,400)
	Vessel B	: gain of US\$7,659,000 (approximately HK\$59,740,200)
	Vessel C	: loss of US\$1,604,000 (approximately HK\$12,511,200)

The expected gains or losses arising from disposals of the Vessels are calculated as the difference between the sales consideration of the respective Vessel and its approximate carrying value in the Company's unaudited accounts as at the date of this announcement.

The losses arising from the disposals of Vessel A and Vessel C are expected to accrue to the consolidated income statement of the Company for the year ended 31 December 2008 with the effect that the carrying values of Vessel A and Vessel C at 31 December 2008 be written down to their respective sales consideration less cost to sell according to Hong Kong Financial Reporting Standards.

The gain arising from the disposal of Vessel B is expected to accrue to the consolidated income statement of the Company for the financial year ending 31 December 2009.

Application of sale proceeds : The Company intends to retain the sale proceeds of the Vessels for general working capital and for funding any investment projects that the Company may enter into in the future should suitable opportunities arise.

As of the date of this announcement, the Company has not concluded any negotiations or agreements in relation to the above investment initiatives which is required to be announced under the Listing Rules.

## **THE TIME CHARTERPARTY**

Subsequent to the signing of the Third MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into the time charterparty with the Third Buyer to charter Vessel C back into the Company's chartered fleet at an agreed charter rate for one year. The charter will commence immediately upon the delivery of Vessel C. The Company does not have the option to re-purchase Vessel C during or at the end of the charter period. The Company currently expects that the charterparty will be finalised and signed within February 2009.

The time charter rate of Vessel C was determined after arm's length negotiation, on normal commercial terms and by reference to the type of Vessel C. The time charter rate is considered to be competitive as compared with the current market time charter rates.

The time charterparty is a separate agreement to the MOAs and they are not interconditional. The transaction to time charter Vessel C back will be classified as an operating lease in accordance with the Hong Kong Accounting Standard No. 17 "Leases". As the entering into of such operating lease does not represent a 200% or more increase in the scale of the Company's existing operations conducted through lease arrangements of such kind, the transaction under the time charterparty does not constitute a discloseable transaction of the Company under Rule 14.04(1)(d) of the Listing Rules.

## **REASONS FOR THE TRANSACTIONS**

The Company is one of the world's leading dry bulk shipping companies operating principally in the Asia Pacific region. With a large fleet of modern vessels, Pacific Basin seeks to offer its customers a reliable service with a high degree of scheduling flexibility whilst maintaining the Company's operational efficiency.

The sale of the Vessels at a time when vessel values continue to fall will generate cash which is intended to be used for general working capital and for funding any investment projects that the Company may enter into in the future should suitable opportunities arise.

The sale and time charter back of Vessel C will not have any effect upon the number of handysize revenue days nor have a significant effect upon the earnings of the Company during the charter period of Vessel C. The simultaneous time charter of Vessel C back into the Company's chartered fleet will allow the Company to retain commercial control and hence the revenues over Vessel C during the charter period.

The Directors believe that the terms of the MOAs and the time charterparty, which were determined after arm's length negotiation, on normal commercial terms, are fair and reasonable so far as the Company and the Shareholders are concerned, and the transactions under the First MOA, the Second MOA, the Third MOA and the time charterparty in respect of Vessel C are in the interests of the Company and the Shareholders as a whole.

## THE PACIFIC BASIN FLEET

The Company's core business is its dry bulk carrier operation. The tables below summarise the Company's fleet size as at the date of this announcement, taking into account the transactions disclosed in this announcement:

### (A) Dry Bulk Vessels

	Delivered vessels		Newbuildings on order			Total dry bulk fleet
	Handysize	Handymax	Handysize	Handymax	Post panamax	
Owned fleet	18	2	4	–	1	25
Chartered fleet <sup>1</sup>	43	14	3	1	1	62
Managed fleet	2	–	–	–	–	2
<b>Total</b>	<b>63</b>	<b>16</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>89</b>
Short-term chartered-in vessels <sup>2</sup>	4	13	–	–	–	17
<b>Grand total</b>	<b>67</b>	<b>29</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>106</b>

Notes:

- Chartered fleet comprises 13 vessels under finance leases and 49 vessels under operating leases.
- Short-term charters are generally those with charter periods not exceeding 6 months.

### (B) Other Vessel Types

	Delivered vessels		Newbuildings on order		Total other vessel types
	Tugs	Barges	Roll on Roll off <sup>3</sup>	Tugs	
Owned fleet	17	6	6	4	33

Notes:

- Two of the roll on roll off newbuilding vessels will be acquired by the Company within approximately 2 months of their delivery from the shipyard subject to the anticipated exercise of purchase options.



## **REASON FOR THE ANNOUNCEMENT**

The transaction under each of the First MOA, the Second MOA and the Third MOA individually is not discloseable. As the ultimate beneficial owner of the First Buyer, the Second Buyer and the Third Buyer is the same, the transactions contemplated under each of the MOAs, when aggregated, constitute discloseable transactions of the Company under the Listing Rules and are required to be disclosed by way of this announcement. The transaction under the time charterparty of Vessel C does not constitute a discloseable transaction of the Company under the Listing Rules.

## **(2) DATE OF BOARD MEETING**

Pursuant to Rule 13.43 of the Listing Rules, the Board hereby announces that a meeting of the Board will be held on Monday, 2 March 2009 in Hong Kong for the purpose of, *inter alia*, considering and approving the annual results of the Company and its subsidiaries for the year ended 31 December 2008 and considering the payment of a final dividend for 2008.

## **DEFINITIONS**

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

- “Board” means the board of directors of the Company;
- “Classification Society” means an independent society which certifies that a vessel has been built and maintained in accordance with the rules of such society and in compliance with the applicable rules and regulations of the vessel’s flag state and the international conventions of which that flag state is a signatory;
- “Company” or “Pacific Basin” means 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” means the directors of the Company;
- “dwt” means deadweight tonnes, the unit of measurement of weight capacity of vessels, which is the total weight (usually in metric tonnes) the ship can carry, including cargo, bunkers, water, stores, spares, crew etc. at a specified draft;
- “First MOA” means the legally binding unconditional memorandum of agreement dated 10 December 2008 entered into between Prince Rupert Limited, an indirect wholly-owned subsidiary of the Company and the First Buyer for the sale of Vessel A to the First Buyer;

“First Buyer”	Savannah Shipping Company Limited;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK Dollars” or “HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“MOAs”	means the First MOA, the Second MOA and the Third MOA, and a “MOA” shall mean each and any one of them as the context so requires;
“Pacific Basin-IHC Pool”	established in October 2001, which is a contractual arrangement for the sharing of revenue earned by vessels entered into by its members. The Pacific Basin-IHC Pool is operated by Pacific Basin IHC Limited, a wholly-owned subsidiary of the Company;
“Pacific Basin-IHX Pool”	established in July 2006, which is a contractual arrangement for the sharing of revenue earned by vessels entered into by its members. The Pacific Basin-IHX Pool is operated by Pacific Basin IHX Limited, a wholly-owned subsidiary of the Company;
“Second MOA”	means the legally binding unconditional memorandum of agreement dated 10 December 2008 entered into between China Line Shipping Limited, a jointly controlled entity of the Company and the Second Buyer for the sale of Vessel B to the Second Buyer;
“Second Buyer”	Sacha Shipping Company Limited;
“Shareholders”	means the shareholders of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Third MOA”	means the legally binding unconditional memorandum of agreement dated 22 January 2009 (European Time) entered into between Willow Point Limited, an indirect wholly-owned subsidiary of the Company and the Third Buyer for the sale of Vessel C to the Third Buyer;
“Third Buyer”	Solaris Shipping Company Limited;
“US Dollars” or “US\$”	means United States dollars, the lawful currency of the United States;
“Vessel A” or “Prince Rupert”	means a 2000 built handysize dry bulk carrier of 28,685dwt named “Prince Rupert”;

“Vessel B” or “Captain Corelli” means a 2001 built handysize dry bulk carrier of 28,378dwt named “Captain Corelli”;

“Vessel C” or “Willow Point” means a 2001 built handysize dry bulk carrier of 28,492dwt named “Willow Point”; and

“Vessels” means Vessel A, Vessel B and Vessel C, and a “Vessel” shall mean each and any one of them as the context so requires.

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

Hong Kong, 23 January 2009

*Note:* An exchange rate of US\$1.00 to HK\$7.80 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 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.*