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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Pacific Basin Shipping Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

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**Pacific Basin Shipping Limited**

**太平洋航運集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

**NOTICE OF ANNUAL GENERAL MEETING,  
GENERAL MANDATE TO REPURCHASE SHARES,  
GENERAL MANDATE TO ISSUE SHARES,  
RENEWAL OF THE 2% ANNUAL CAP WITHIN  
THE LTIS ISSUE MANDATE  
AND  
RE-ELECTION OF DIRECTORS**

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A notice convening the 2006 annual general meeting of Pacific Basin Shipping Limited to be held at Salon I & II of The Grand Hyatt Hotel at No.1 Harbour Road, Wanchai, Hong Kong on Friday, 7 April 2006 at 11:00 a.m. is set out on pages 18 to 21 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

\* *For identification purpose only*

15 March 2006

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“AGM”	the 2006 annual general meeting of the Company to be held at Salon I & II of The Grand Hyatt Hotel at No.1 Harbour Road, Wanchai, Hong Kong on Friday, 7 April 2006 at 11:00 a.m., notice of which is set out on pages 18 to 21 of this circular
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors or a duly authorised committee thereof
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Bye-laws”	the bye-laws of the Company
“Company” or “Pacific Basin”	Pacific Basin Shipping Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate enabling the Company to allot, issue and deal in Shares
“Latest Practicable Date”	10 March 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

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## DEFINITIONS

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“Long Term Incentive Scheme” or “LTIS”	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
“LTIS Issue Mandate”	the mandate enabling the Company to allot, issue and deal with up to 88,690,742 new Shares that may be issued by the Company to satisfy Options and Share Awards granted or to be granted under the Long Term Incentive Scheme, subject to an annual cap, renewable by Shareholders in general meeting, of no more than 2% of the total issued share capital of the Company as at the beginning of each such financial year that may be issued by the Company to satisfy Share Awards
“Notice”	the notice of the AGM set out on pages 18 to 21 of this circular
“Options”	options to subscribe for newly issued Shares pursuant to the Long Term Incentive Scheme
“Repurchase Mandate”	the general mandate enabling the Company to repurchase Shares
“Shareholder(s)”	holders of Share(s) in issue
“Share(s)”	share(s) of US\$0.10 each in the share capital of the Company
“Share Awards”	include restricted share awards and restricted share units, which are awards of Shares to be made by the Board under, and subject to the terms and conditions set out in, the Long Term Incentive Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong.

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LETTER FROM THE CHAIRMAN

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**Pacific Basin Shipping Limited**

**太平洋航運集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

*Executive Directors:*

Christopher Richard Buttery  
Richard Maurice Hext  
Mark Malcolm Harris  
Paul Charles Over

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-Executive Directors:*

Lee Kwok Yin, Simon  
Brian Paul Friedman

*Hong Kong Principal Office:*

7/F, Hutchison House  
10 Harcourt Road  
Central  
Hong Kong

*Independent Non-Executive Directors:*

Robert Charles Nicholson  
Patrick Blackwell Paul  
The Earl of Cromer

15 March 2006

*To Shareholders,*

**NOTICE OF ANNUAL GENERAL MEETING,  
GENERAL MANDATE TO REPURCHASE SHARES,  
GENERAL MANDATE TO ISSUE SHARES,  
RENEWAL OF THE 2% ANNUAL CAP WITHIN  
THE LTIS ISSUE MANDATE  
AND  
RE-ELECTION OF DIRECTORS**

**INTRODUCTION**

The purpose of this circular is to provide the Shareholders with the Notice at which ordinary resolutions will be proposed to consider and, if thought fit, to approve, among other things, the re-election of directors, the grant of general mandates to repurchase and to issue Shares and the proposed renewal of the 2% annual cap within the LTIS Issue Mandate.

\* For identification purpose only

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## LETTER FROM THE CHAIRMAN

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### GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 29 April 2005, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to repurchase Shares of the Company on the Stock Exchange of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at 29 April 2005. A further general mandate was also given to the Directors to allot and issue Shares repurchased by the Company pursuant to the Repurchase Mandate. No Shares have been repurchased pursuant to the Repurchase Mandate.

As the existing Repurchase Mandate is going to expire at the conclusion of the AGM, the Directors believe that a renewal of these mandates are in the interests of the Company and Shareholders as a whole. Accordingly, an ordinary resolution will be proposed at the AGM which will give the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase Shares at any time until the earlier of (i) the conclusion of the next annual general meeting of the Company following the passing of such resolution or; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act or the Company's Bye-laws to be held; or (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting, as stated in the ordinary resolution up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the relevant resolution, which if passed shall be 7 April 2006.

The explanatory statement required under Rule 10.06(l)(b) of the Listing Rules to provide Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate is set out in Appendix I to this circular.

The full text of the ordinary resolution to be proposed at the AGM in relation to the Repurchase Mandate is set out in resolution 6 in the Notice set out on pages 18 to 21 of this circular.

### GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 29 April 2005, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to allot, issue and deal with additional Shares of the Company up to a limit of 20% of the aggregate nominal amount of the issued share capital of the Company as at 29 April 2005. As noted above, a further general mandate was also given to the Directors to allot and issue Shares repurchased by the Company pursuant to the Repurchase Mandate. No shares were issued pursuant to these mandates.

The Directors believe that the renewal of the Issue Mandate is in the best interests of the Company and Shareholders as a whole as this mandate will expire at the conclusion of the AGM. Accordingly, a renewal of the Issue Mandate will be sought from the Shareholders at the AGM to authorise the Directors to allot, issue and deal with additional Shares of the

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## LETTER FROM THE CHAIRMAN

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Company up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant resolution, which if passed shall be 7 April 2006.

The full text of the ordinary resolution to be proposed at the AGM in relation to the Issue Mandate is set out in resolution 5 in the Notice set out on pages 18 to 21 of this circular.

### **RENEWAL OF THE 2% ANNUAL CAP WITHIN THE LTIS ISSUE MANDATE**

Pursuant to an ordinary resolution passed by the Shareholders at the special general meeting of the Company held on 8 June 2005, the share option scheme adopted by the Company on 17 June 2004 was amended and re-named the Long Term Incentive Scheme.

Under the Long Term Incentive Scheme, the number of Shares which may be or have been issued or transferred in satisfaction of all Options and Share Awards to be granted under the Long Term Incentive Scheme shall not, in aggregate, exceed 126,701,060 Shares, being no more than 10% of the Shares in issue as at 8 June 2005 (which was 1,267,010,609 Shares). The overall limit of 126,701,060 Shares that may be used to satisfy the Options and the Share Awards to be granted after 8 June 2005 under the Long Term Incentive Scheme includes existing Shares that may be purchased from the market and new Shares that may be issued by the Company. However, under the LTIS Issue Mandate, no more than 88,690,742 (being no more than 7% of the total issued share capital of the Company as at 8 June 2005) can be newly issued Shares, subject to an annual cap, renewable by Shareholders in general meeting, of no more than 2% of the total issued share capital of the Company as at the beginning of each such financial year (being 25,340,212 Shares as at 1 January 2005) that may be issued by the Company to satisfy Share Awards (the "2% Cap"). Also, no new Shares are to be issued to any connected persons of the Company to satisfy Share Awards. Since the adoption of the Long Term Incentive Scheme on 8 June 2005 up until the Latest Practicable Date, no new Shares have been issued to satisfy Share Awards.

The Company has obtained approval from the Stock Exchange to the listing of, and permission to deal in, up to 88,690,742 new Shares in the capital of the Company which may be issued and credited as fully paid by the Company to satisfy Options and Shares Awards granted and to be granted under the Long Term Incentive Scheme, subject to the 2% Cap.

The Directors believe that the renewal of the 2% Cap is in the interest of the Company and Shareholders as a whole as the 2% Cap will expire at the conclusion of the AGM.

Accordingly, an ordinary resolution will be proposed at the AGM whereby a new annual cap for issue of Shares to satisfy Share Awards, renewable by shareholders in general meeting, of no more than 2% of the total issued share capital of the Company as at the beginning of this financial year (being 25,654,812 Shares as at 1 January 2006) will be imposed on the LTIS Issue Mandate. This new annual cap shall lapse at the earlier of (i) the conclusion of the Company's next annual general meeting, (ii) the expiration of the period

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## LETTER FROM THE CHAIRMAN

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within which the next annual general meeting of the Company is required by the Companies Act or the Company's Bye-laws to be held and (iii) the revocation or variation of the authority by ordinary resolution of the Shareholders in general meeting.

If the Company were to issue all 25,654,812 new Shares under the new 2% Cap, the estimated fair value of such new Shares would be approximately HK\$97.5 million, based on a closing price of HK\$3.8 per Share on the Latest Practicable Date

In its annual and interim reports, the Company will make disclosures in respect of Share Awards as if the provisions of Rule 17.07 of the Listing Rules could be applied to Share Awards, as relevant and appropriate in the circumstances. In addition, in its annual reports, the Company will also set out the relevant information regarding the impact of the allotment and issue of Shares pursuant to Share Awards for the following financial year, including analysis, of or reference to, the fair value of Shares granted, the dilution effect on the shareholders and the likely impact on the employee costs incurred by the Company when Share Awards have been granted by the Board.

The full text of the ordinary resolution to be proposed at the AGM in relation to the mandate is set out in resolution 8 in the Notice set out on pages 18 to 21 of this circular. No Shareholders are required to abstain from voting on the resolution in relation to the mandate.

Copies of the documents relating to the LTIS and the relevant circular of the Company dated 23 May 2005 will be available for inspection during normal business hours at the principal office of the Company in Hong Kong up to and including 7 April 2006 and at the AGM.

### **PRINCIPAL BUSINESS OF THE GROUP**

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

### **DIVIDENDS**

The Board has recommended a final dividend for the year ended 31 December 2005 of HK\$0.35 per Share and if such dividend is approved by the Shareholders at the AGM, it is expected to be paid on or about 13 April 2006 to those Shareholders whose names appear on the register of Shareholders on 7 April 2006.

The register of Shareholders will be closed from 4 April 2006 to 7 April 2006 (both days inclusive) during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 3 April 2006. The ex-dividend date for the final dividend will be on 31 March 2006.



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## LETTER FROM THE CHAIRMAN

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### RE-ELECTION OF DIRECTORS

In relation to resolution 3 in the Notice regarding re-election of Directors, Christopher R. Buttery and Paul C. Over, both executive Directors, and The Earl of Cromer, an independent non-executive Director, will retire at the AGM by rotation pursuant to the Company's Bye-laws and, being eligible, will offer themselves for re-election. None of them has any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. In addition, Messrs. Brian P. Friedman and Lee Kwok Yin, Simon, both non-executive Directors, will retire and will be subject to re-election. None of them has any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. Under resolution 3, the re-election of Directors will be individually voted on by Shareholders.

The biographical details and interests in Shares of the executive Directors, non-executive Directors and independent non-executive Director to be re-elected at the AGM are contained in the particulars concerning Directors seeking election and re-election at the AGM set out in Appendix II below.

### RIGHT TO DEMAND A POLL

Pursuant to Bye-law 66, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting; or
- (b) at least three members present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) any member(s) present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) member(s) present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Pursuant to Bye-law 66, the chairman will demand a poll on each of the questions submitted for determination at the forthcoming AGM. The results of the poll will be published in the local newspapers and on the Company's and the Stock Exchange's websites on the business day following the AGM.

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## LETTER FROM THE CHAIRMAN

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### NOTICE OF ANNUAL GENERAL MEETING

The Notice is set out on pages 18 to 21 of this circular.

There is enclosed a form of proxy for use at the AGM. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. The completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM should you so wish.

### RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the grant of the Repurchase Mandate, the grant of the Issue Mandate, the renewal of the 2% annual cap within the LTIS Issue Mandate and the re-election of Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all of these resolutions to be proposed at the AGM.

Yours faithfully,  
By order of the Board  
**Christopher R. Buttery**  
*Chairman*

This appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to accompany the Notice at which a resolution is to be proposed in relation to the Repurchase Mandate.

### **REPURCHASE MANDATE**

The relevant sections of the Listing Rules which permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange, subject to certain restrictions, are summarised below:

#### **(a) Shareholders' approval**

The Listing Rules provide that all proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction. The Listing Rules require an explanatory statement such as is contained herein to be sent to shareholders to give shareholders adequate information to enable them to decide whether to approve the grant of such a mandate.

#### **(b) Source of funds**

In repurchasing its Shares, the Company may only apply funds entirely from the Company's available cashflow or working capital facilities which will be funds legally available for such purpose in accordance with its memorandum of association and Bye-laws and laws of Bermuda.

Under Bermuda law, purchases may only be effected out of the capital paid up on the purchased Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's Share premium account.

#### **(c) Maximum number of shares to be repurchased**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,283,990,609 Shares. Subject to the passing of resolution 6 approving the Repurchase Mandate as set out in the Notice appearing on pages 18 to 21 of this circular and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 128,399,060 Shares until (i) the conclusion of the next annual general meeting; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act or the Company's Bye-laws to be held; or (iii) the revocation or variation of the authority given under resolution 6 by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

**REASONS FOR REPURCHASE**

The Directors believe that it is in the best interests of the Company and its Shareholders as a whole to seek a general authority from Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such repurchases, depending on market conditions and funding arrangements at the time, may lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will be made only when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

**FUNDING OF REPURCHASES**

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association and Bye-laws and the laws of Bermuda.

The Directors have no present intention to repurchase any Shares of the Company and they would exercise the power to repurchase in circumstances only where they consider that the repurchase would be in the best interests of the Company and its Shareholders as a whole and in circumstances where they consider that the Shares of the Company can be repurchased on terms favourable to the Company. As compared with the position as disclosed in the Company's most recent published audited accounts for the year ended 31 December 2005, and taking into account the current working capital position of the Company, the Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it could have a material adverse impact on the working capital position of the Company.

**DISCLOSURE OF INTERESTS**

None of the Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates of Directors has a present intention, in the event that the proposed Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

No connected persons of the Company have notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares to the Company in the event that the Repurchase Mandate is granted by the Shareholders.

**DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Bye-laws of the Company and the applicable laws of Bermuda.

## SHARE PRICE

During each of the previous twelve months preceding the Latest Practicable Date, the highest and lowest prices at which Shares were traded on the Stock Exchange were as follows:

	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
<b>2005</b>		
March	4.150	3.600
April	3.950	3.425
May	3.700	3.350
June	3.850	3.375
July	3.850	3.375
August	4.075	3.625
September	4.300	3.450
October	3.900	3.225
November	3.650	3.325
December	3.775	3.350
<b>2006</b>		
January	3.925	3.575
February	4.000	3.425

## TAKEOVERS CODE

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the largest shareholder of the Company, JP Morgan Chase & Co., is interested in 103,311,000 Shares (representing approximately 8.05% of the Company's issued share capital of 1,283,990,609). Based on the said interests of JP Morgan Chase & Co. in the issued share capital of the Company as at the Latest Practicable Date, in the event that the Directors exercise in full the power to repurchase Shares of the Company in accordance with the terms of the resolution to be proposed at the AGM, the interests of JP Morgan Chase & Co. in the issued share capital of the Company will be increased from approximately 8.05% to approximately 8.94% which is below the 30% threshold prescribed under the Takeovers Code and JP Morgan Chase & Co. would not be obliged to make a mandatory general offer under Rule 26 of the Takeover Code as a result of such increase. The Directors have no intention to exercise the Repurchase Mandate in such a way and to such extent that would give rise to an obligation on the part of JP Morgan Chase & Co. or any other Shareholder to make a mandatory general offer under Rule 26 of the Takeover Code.

**SHARE REPURCHASE MADE BY THE COMPANY**

No purchase has been made by the Company of its Shares (on the Stock Exchange or otherwise) in the six months prior to the date of this document.

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## APPENDIX II PARTICULARS CONCERNING DIRECTORS SEEKING ELECTION AND RE-ELECTION AT THE AGM

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### EXECUTIVE DIRECTORS

#### **Christopher Richard Buttery – age 55, Chairman**

Mr. Buttery has over 30 years of experience in the shipping industry. He founded the original Pacific Basin business in 1987 and was Chairman and Chief Executive when that business was listed on Nasdaq in New York from 1994 to 1996. The business was acquired by a third party in September 1996 and, after one year as an advisor to the acquirer, he left the group and was instrumental in re-establishing the current Pacific Basin in 1998. Mr. Buttery became Deputy Chairman of the Group in 2001 and Chairman in March 2004. He has also served as a director of Jardine Fleming Japanese Smaller Companies Limited (listed on The London Stock Exchange).

Mr. Buttery has entered into a service agreement with the Company dated 1 April 2004 under which he has agreed to hold office for a period of three years (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company) commencing 1 April 2004. Mr. Buttery will receive from the Company an emolument at the rate of US\$400,000 per annum, which is inclusive of salary, rental reimbursement and retirement scheme contribution. He is also eligible to receive a bonus of up to 100% of his emolument (the “Target Bonus”). The Target Bonus will be calculated based on a combination of the Company’s earnings for each fiscal year and the discretion of the Board. In addition, Mr. Buttery is interested in Options granted to him under the Long Term Incentive Scheme pursuant to which he is entitled to subscribe for 4.8 million Shares of the Company exercisable at HK\$2.50 per Share and they vest in equal tranches on the first, second and third anniversary of the date of grant on 14 July 2004 and all expiring on 14 July 2014. Mr. Buttery exercised the first tranche of his 1.6 million Options in September 2005 which were sold to the market in November 2005.

Mr. Buttery does not have any relationship with any other Directors or senior management or any substantial or controlling shareholders of Pacific Basin and save as disclosed in the paragraph below relating to Directors’ and Chief Executives’ interests, he does not have any interest (within the meaning of Part XV of the Securities Futures Ordinance) in the Shares of the Company.

#### **Paul Charles Over – age 49**

Mr. Over has over 25 years of experience in the shipping industry. He joined the original Pacific Basin business as a director at its inception in 1987. He was appointed Chief Operating Officer in 1991, a position he held until September 1996 when the company was acquired by an independent third party. He remained employed by that party until March 1998 and took up his current position and directorship with Pacific Basin in July of that year. He is managing director of Pacific Basin’s IHC Pool and is responsible for executing the Group’s tonnage procurement and disposal programmes. He is a director of The London Steam Ship Owners’ Mutual Insurance Association.

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## **APPENDIX II PARTICULARS CONCERNING DIRECTORS SEEKING ELECTION AND RE-ELECTION AT THE AGM**

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Mr. Over has entered into a service agreement with the Company and with each of (1) Pacific Basin Shipping (UK) Limited and (2) Pacific Basin Shipping (HK) Limited, both dated 1 April 2004. Under the service agreements he has agreed to hold office for a period of three years (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company) commencing 1 April 2004. Mr. Over will receive from the Company an aggregate remuneration at the rate of US\$433,350 per annum, which is inclusive of salary and retirement scheme contribution. He is also eligible to receive a bonus of up to 100% of his emolument (the "Target Bonus"). The Target Bonus will be calculated based on a combination of the Company's earnings for each fiscal year and the discretion of the Board. In addition, Mr. Over is interested in Options granted to him under the Long Term Incentive Scheme pursuant to which he is entitled to subscribe for 4.8 million Shares of the Company exercisable at HK\$2.50 per Share and they vest in equal tranches on the first, second and third anniversary of the date of grant on 14 July 2004 and all expiring on 14 July 2014. Mr. Over exercised the first tranche of his 1.6 million Options in September 2005 which were sold to the market in November 2005.

Mr. Over does not have any relationship with any other Directors or senior management or any substantial or controlling shareholders of Pacific Basin and save as disclosed in the paragraph below relating to Directors' and Chief Executives' interests, he does not have any interest (within the meaning of Part XV of the Securities Futures Ordinance) in the Shares of the Company.

### **INDEPENDENT NON-EXECUTIVE DIRECTOR**

#### **The Earl of Cromer – age 59**

The Earl of Cromer has spent over 35 years working in and advising on managing businesses and investments in China and other parts of Asia and holds positions on the boards of various China and Asia related investment trusts including the Chairmanship of Jardine Fleming China Regional Fund Limited and LG China Fund Limited. In 1994, he established Cromer Associates Limited advising European and American companies seeking to invest in Asia as well as Asian companies looking to invest in Europe. He is currently Chairman of the Philippine Discovery Investment Co. Ltd. and is on the board of Schroder Asia Pacific Fund both of which are public companies. He is also a board member of Western Provident Association which is a medium-size British insurance company.

The Earl of Cromer was appointed as independent non-executive director of the Company on 25 March 2004 and he has agreed to hold office for a period of three years (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company) commencing on 25 March 2004. He was re-elected at the 2005 annual general meeting and it is the Company's intention to extend his term of appointment for three years until May 2009 or the conclusion of the 2009 annual general meeting, whichever is earlier. The Earl of Cromer's remuneration during the initial term of appointment shall be at the rate of HK\$200,000 per annum, payable in arrears in quarterly instalments at the rate of HK\$50,000 on 31 March, 30 June, 30 September and 31 December. In addition, he is entitled to a further fee of HK\$150,000 per annum for being a member of the Company's audit, remuneration and nomination committees.



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## **APPENDIX II PARTICULARS CONCERNING DIRECTORS SEEKING ELECTION AND RE-ELECTION AT THE AGM**

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The Earl of Cromer does not have any relationship with any other directors or senior management or any substantial or controlling shareholders of Pacific Basin and he does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in the shares of the Company.

### **NON-EXECUTIVE DIRECTORS**

#### **Brian Paul Friedman – age 50**

Mr. Friedman has been president of Jefferies Capital Partners and its affiliated entities since 1997. He also serves as Chairman of the executive committee of Jefferies & Company, Inc. Mr. Friedman serves as Chairman of Telex Communications, Inc., as a director of the general partner of New York-listed K-Sea Transportation Partners L.P. and of New York-listed Iowa Telecommunications, Inc. and as a director of various private companies in which Jefferies Capital Partners or its affiliates have an interest.

Mr. Friedman was appointed as non-executive director of the Company on 15 March 2004 and his appointment was extended for a year until 5 June 2006 by the board in June 2005. The Company is intending to extend his term of appointment for three years until June 2009 or the conclusion of the 2009 annual general meeting whichever is earlier. Mr. Friedman will be subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company. Mr. Friedman's remuneration during the initial term of appointment shall be at the rate of HK\$200,000 per annum, payable in arrears in quarterly instalments at the rate of HK\$50,000 on 31 March, 30 June, 30 September and 31 December. In addition, Mr. Friedman is entitled to a fee of HK\$100,000 per annum, for being a member of the Company's remuneration and nomination committees.

Mr. Friedman does not have any relationship with any other Directors or senior management or any substantial or controlling shareholders of Pacific Basin and he does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in the Shares of the Company.

#### **Lee Kwok Yin, Simon – age 78**

Mr. Lee is Chairman of the Sun Hing Group of Companies, which was established in 1945 and is involved in shipping, insurance, warehousing and transportation in Hong Kong and China. He has served extensively on marine-related government committees, including a term as Chairman of the Shipping Committee of the Hong Kong General Chamber, and has led several goodwill missions to Japan and South Korea. He has been a director of Pacific Basin since 1998.

Mr. Lee was appointed as non-executive director of the Company on 15 March 2004 and his appointment was extended for a year until 5 June 2006 by the board in June 2005. The Company is intended to extend his term of appointment for three years until June 2009 or the conclusion of the 2009 annual general meeting whichever is earlier. Mr. Lee will be subject to retirement by rotation at the annual general meeting of the Company in

## APPENDIX II PARTICULARS CONCERNING DIRECTORS SEEKING ELECTION AND RE-ELECTION AT THE AGM

accordance with the Bye-laws of the Company. Mr. Lee's remuneration during the initial term of appointment shall be at the rate of HK\$200,000 per annum, payable in arrears in quarterly instalments at the rate of HK\$50,000 on 31 March, 30 June, 30 September and 31 December. In addition, Mr. Lee is entitled to a fee of HK\$100,000 per annum, for being a member of the Company's remuneration and nomination committees.

Mr. Lee does not have any relationship with any other Directors or senior management or any substantial or controlling shareholders of Pacific Basin and save as disclosed in the paragraph below relating to Directors and Chief Executives' interests, he does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in the Shares of the Company.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND LONG POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

The interests of the Directors to be re-elected in the Shares underlying Shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

Name of Director		Personal Interests	Family interests	Corporate interests	Trust & Similar interests	Total Share interests	Approximate percentage of issued share capital of the Company
Christopher R. Buttery	Long Positions	8,826,612 <sup>1</sup>	–	–	18,386,905 <sup>2</sup>	27,213,517	2.12%
Paul C. Over	Long Positions	3,200,000 <sup>3</sup>	–	–	23,535,041 <sup>4</sup>	26,735,041	2.08%
Lee Kwok Yin, Simon	Long Positions	–	–	–	60,807,220 <sup>5</sup>	60,807,220	4.74%

*Notes:*

1. Personal Interests held by Christopher R. Buttery constitute interests in 5,626,612 Shares and 3,200,000 Options of the Company.
2. Trust interests held by Christopher R. Buttery constitute 18,386,905 Shares owned by Turnwell Limited in which Mr. Buttery is deemed to interested in the entire share capital under the SFO as its shares are held by a discretionary trust set up by him and the discretionary objects of which include himself and his family members.
3. Personal Interests held by Paul C. Over constitute interests in 3,200,000 Options of the Company.
4. Trust interests held by Paul C. Over constitute 23,535,041 Shares owned by Ansleigh Limited in which Mr. Over is deemed to interested in the entire share capital under the SFO as its shares are held by a discretionary trust set up by him and the discretionary objects of which include himself and his family members.
5. The 60,807,220 Share interests held by Mr. Simon K. Y. Lee are held through five companies controlled by discretionary trusts established by Mr. Lee, the discretionary objects of which include his family members.

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**APPENDIX II PARTICULARS CONCERNING DIRECTORS SEEKING  
ELECTION AND RE-ELECTION AT THE AGM**

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At no time during the year was the Company, its subsidiaries, or its associated companies a party to any arrangement to enable the Directors and Chief Executive of the Company to hold any interests or short positions in the Shares or underlying Shares in, or debentures of, the Company or its associated corporation.



## Pacific Basin Shipping Limited

太平洋航運集團有限公司\*

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

**NOTICE IS HEREBY GIVEN** that the 2006 Annual General Meeting of Pacific Basin Shipping Limited (the “Company”) will be held at Salon I & II of The Grand Hyatt Hotel at No. 1 Harbour Road, Wanchai, Hong Kong on Friday, 7 April 2006 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited accounts and the reports of the directors and auditors for the year ended 31 December 2005;
2. To declare a final dividend for the year ended 31 December 2005;
3. To re-elect directors and to authorise the board of directors of the Company to fix their remuneration;
4. To re-appoint Messrs. PricewaterhouseCoopers, Certified Public Accountants, as the auditors of the Company and to authorise the board of directors of the Company to fix their remuneration;

As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

5. **“THAT:**
  - (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue or otherwise deal with new shares of US\$0.10 each in the capital of the Company (the “Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers be generally and unconditionally approved;
  - (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and warrants which would or might require the exercise of such power after the end of the Relevant Period;

\* For identification purpose only

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to Shares issued as a result of a Rights Issue (as defined below), the exercise of the subscription or conversion rights attaching to any warrants issued by the Company or the exercise of options granted under the long term incentive scheme of the Company or any scrip dividend providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company’s Bye-laws to be held; and
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders of the Company in general meeting; and

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of shares open for a period fixed by the directors of the Company to holders of Shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase or repurchase shares of US\$0.10 each in the capital of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange be generally and unconditionally approved;

- (b) the aggregate nominal amount of the Shares which may be purchased or repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during that Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly;
  - (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company’s Bye-laws to be held; and
    - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting.”
7. **“THAT** subject to the passing of Ordinary Resolutions No. 5 and 6 set out in the notice convening this meeting, the aggregate nominal amount of the shares of the Company which may be purchased or repurchased by the Company pursuant to the authority granted to the directors of the Company by Ordinary Resolution No. 6 set out in the notice convening this meeting shall be added to the aggregate nominal amount of share capital of the Company that may be allotted or issued or agreed conditionally or unconditionally to be allotted or issued by the directors of the Company pursuant to Ordinary Resolution No. 5 set out in the notice convening this meeting, provided that such shares shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution.”
8. **“THAT**
- (a) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to paragraph (b) of the ordinary resolution passed by shareholders at a special general meeting of the Company held on 8 June 2005 to satisfy Share Awards, shall during the Relevant Period not exceed 2% of the aggregate nominal amount of the share capital of the Company in issue as at the beginning of each such financial year (being 25,654,812 Shares as at 1 January 2006); and
  - (b) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until the earlier of:
    - (i) the conclusion of the next annual general meeting of the Company;

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company's Bye-laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by ordinary resolution of the shareholders of the Company in general meeting."

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

Hong Kong,  
15 March 2006

*Notes:*

1. Every member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons as their proxy to attend and vote on behalf of themselves. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other document of authority, if any, under which the form is signed, or a certified copy thereof, must be deposited with the Company's Hong Kong branch registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof (as the case may be).
3. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjourned meeting or upon the poll concerned if Shareholders so wish. In such event, the instrument appointing the proxy shall be deemed to be revoked.
4. The Board of Directors has recommended a final dividend for the year ended 31 December 2005 of HK\$0.35 per share and if such dividend is declared by the Shareholders passing Resolution No. 2, it is expected to be paid on or about 13 April 2006 to those Shareholders whose names appear on the Company's register of Shareholders on 7 April 2006.
5. The register of members of the Company will be closed from 4 April 2006 to 7 April 2006 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 3 April 2006. The ex-dividend date for the final dividend will be on 31 March 2006.
6. A circular containing the information regarding, inter alia, the directors proposed to be re-elected, the general mandate to issue securities, the mandate to repurchase shares of the Company and the renewal of the 2% annual cap within the issue mandate under the Long Term Incentive Scheme will be sent to Shareholders of the Company together with the Company's 2005 Annual Report.

*As at the date of this notice, the executive directors of the Company are Christopher Richard Buttery, Richard Maurice Hext, Mark Malcolm Harris (who will resign from the conclusion of the Annual General Meeting on 7 April 2006) and Paul Charles Over; the non-executive directors of the Company are Lee Kwok Yin, Simon and Brian Paul Friedman, and the independent non-executive directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul and The Earl of Cromer.*