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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.

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# **Pacific Basin Shipping Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

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

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A notice convening the 2010 annual general meeting of Pacific Basin Shipping Limited to be held at Victoria IV, Level 2, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Thursday, 22 April 2010 at 10:30 a.m. is set out on pages 19 to 23 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.

18 March 2010

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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 2010 annual general meeting of the Company to be held at Victoria IV Room, Level 2, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Thursday, 22 April 2010 at 10:30 a.m., notice of which is set out on pages 19 to 23 of this circular
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors or a duly authorised committee thereof
“Bond Issue”	the subscription and issue of the Convertible Bonds
“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
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“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
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Convertible Bonds”	the 1.75% Guaranteed Convertible Bonds due 2016 in an aggregate principal amount of US\$230 million
“Conversion Shares”	the Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general and unconditional mandate enabling the Company to allot, issue and deal in the Shares

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## DEFINITIONS

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“Latest Practicable Date”	15 March 2010, 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
“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 the 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 the 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 the Share Awards
“Notice”	the notice of the AGM set out on pages 19 to 23 of this circular
“Options”	options to subscribe for newly issued Shares pursuant to the Long Term Incentive Scheme
“Repurchase Mandate”	the general and unconditional mandate enabling the Company to repurchase the Shares
“SGM”	the special general meeting of the Company to be held at 7th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Monday, 29 March 2010 at 10:00 a.m.
“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

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## DEFINITIONS

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“Specific Mandate”	the specific mandate proposed at the SGM enabling the Company to allot, issue and deal with Conversion Shares which will fall to be allotted and issued upon conversion of the Convertible Bonds
“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

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LETTER FROM THE CHAIRMAN

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**B Pacific Basin Shipping Limited**

*(incorporated in Bermuda with limited liability)*  
(Stock Code: 2343)

*Executive Directors:*

David Muir Turnbull  
Klaus Nyborg  
Jan Rindbo  
Wang Chunlin

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-Executive Directors:*

Daniel Rochfort Bradshaw  
Richard Maurice Hext

*Hong Kong Principal Office:*

7th Floor, Hutchison House  
10 Harcourt Road  
Central  
Hong Kong

*Independent Non-Executive Directors:*

Robert Charles Nicholson  
Patrick Blackwell Paul  
Alasdair George Morrison

18 March 2010

To Shareholders,

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

**1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with the Notice of the AGM to be convened for the purpose of considering and, if thought fit, passing seven ordinary resolutions to approve, among other things, the re-election of Directors, the grant of general mandates to issue and to repurchase Shares, and the proposed renewal of the 2% annual cap within the LTIS Issue Mandate.

**2. FINAL DIVIDEND AND BOOK CLOSURE (RESOLUTION 2 AS PER NOTICE)**

The Board has recommended a final dividend for the year ended 31 December 2009 of HK 15 cents per Share and if such dividend is approved by the Shareholders at the AGM, it is expected to be paid on or about 30 April 2010 to those Shareholders whose names appear on the register of Shareholders on 22 April 2010.

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## LETTER FROM THE CHAIRMAN

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The register of Shareholders will be closed from 20 April 2010 to 22 April 2010 (all 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 4:30 p.m. on 19 April 2010. The ex-dividend date for the final dividend will be 16 April 2010.

### **3. RE-ELECTION OF DIRECTORS (RESOLUTION 3 AS PER NOTICE)**

In relation to resolution 3 in the Notice regarding re-election of Directors, Mr. Wang Chunlin, an Executive Director, Mr. Richard M. Hext, a Non-executive Director and Mr. Alasdair G. Morrison, an Independent Non-executive Director, will retire at the AGM by rotation pursuant to the Bye-laws and, being eligible, will offer themselves for re-election. In addition, Mr. Patrick B. Paul, an Independent Non-executive Director will retire and will be subject to re-election. None of the above Directors to be re-elected has any relationship with any of the 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 the Shareholders.

The biographical details and interests in Shares of the Executive Director, Non-executive Director and Independent Non-executive Directors to be re-elected at the AGM are set out in Appendix I below.

### **4. GENERAL MANDATE TO ISSUE SHARES (RESOLUTION 5 AS PER NOTICE)**

At the last annual general meeting of the Company held on 21 April 2009, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to allot, issue and deal with additional Shares up to a limit of 10% of the aggregate nominal amount of the issued share capital of the Company as at 21 April 2009. On 20 May 2009, the Company issued 174,731,010 Shares at HK\$4.36 per Share pursuant to a share placing agreement dated 12 May 2009, representing approximately 10.0% of the then existing issued share capital of the Company and 9.1% of the then enlarged share capital of the Company. Accordingly, the Company and the Directors currently do not have a mandate to allot, issue and deal with Shares as at the Latest Practicable Date.

On 4 March 2010, the Directors announced the subscription and issue of the Convertible Bonds issued by PB Issuer (No. 2) Limited (a wholly-owned subsidiary of the Company) and guaranteed by the Company, which is subject to the satisfaction of a number of conditions. The net proceeds from the Bond Issue, after deduction of commission and expenses, are expected to be used by the Company to purchase part of the Existing Convertible Bonds in the market and then to redeem the remaining Existing Convertible Bonds upon the bondholders' request on 1 February 2011 or at maturity. Thereafter, the remaining proceeds (if any) may be applied towards the Company's general working capital requirements.

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## LETTER FROM THE CHAIRMAN

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As the Company is under an obligation to allot and issue Conversion Shares upon the exercise of the conversion rights attached to the Convertible Bonds, the Directors therefore have convened the SGM to, among other things, seek the approval of the Shareholders to grant the Specific Mandate for the allotment and issue of the Conversion Shares.

**Investors should note that if the Specific Mandate is approved by the Shareholders at the SGM, no resolution will be considered in respect of the granting of a general mandate to the Directors to allot, issue or deal with the Shares at the AGM.**

The Directors therefore believe that the renewal of the Issue Mandate (subject to the above condition) is in the best interests of the Company and the Shareholders as a whole as this mandate has already been fully utilised and in any event will expire at the conclusion of the AGM. Accordingly, conditional upon the Specific Mandate not being passed at the SGM, 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 up to 10% 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 22 April 2010, provided that any Shares to be allotted and issued pursuant to the Issue Mandate shall not be issued at a discount of more than 10% to the Benchmarked Price of the Shares (which shall be a price which is the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of signing of the agreement to which the transaction relates or; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the earliest of (a) the date of signing of the agreement to which the transaction relates; or (b) the date on which the relevant transaction is announced; or (c) the date on which the price of the Shares to be issued pursuant to the transaction is fixed).

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 19 to 23 of this circular.

### **5. GENERAL MANDATE TO REPURCHASE SHARES (RESOLUTION 6 AS PER NOTICE)**

At the annual general meeting of the Company held on 21 April 2009, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to repurchase the Shares on the Stock Exchange of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at 21 April 2009. 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 the renewal of the Repurchase Mandate is in the interests of the Company and the 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 Bye-laws to be held; or



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## LETTER FROM THE CHAIRMAN

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(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 22 April 2010.

The explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide the 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 II 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 19 to 23 of this circular.

### **6. RENEWAL OF THE 2% ANNUAL CAP WITHIN THE LTIS ISSUE MANDATE (RESOLUTION 7 AS PER NOTICE)**

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 Shares (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 the 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 38,576,922 Shares as at 1 January 2010) that may be issued by the Company to satisfy the Share Awards (the “2% Cap”). Also, no new Shares are to be issued to any connected persons of the Company to satisfy the Share Awards.

Since the adoption of the Long Term Incentive Scheme on 8 June 2005 up until the Latest Practicable Date, 17,584,500 new Shares have been issued to satisfy the 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 the 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 the Shareholders in general meeting, of no more than 2% of the total issued share capital of the Company as at

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## LETTER FROM THE CHAIRMAN

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the beginning of this financial year (being 38,576,922 Shares as at 1 January 2010) 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 within which the next annual general meeting of the Company is required by the Companies Act or the 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 38,576,922 new Shares under the new 2% Cap, the estimated fair value of such new Shares would be approximately HK\$244.19 million, based on a closing price of HK\$6.33 per Share on the Latest Practicable Date.

In its annual and interim reports, the Company will make disclosures in respect of the Share Awards as if the provisions of Rule 17.07 of the Listing Rules could be applied to the 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 the 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 the 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 LTIS Issue Mandate is set out in resolution 7 in the Notice set out on pages 19 to 23 of this circular. No Shareholders are required to abstain from voting on the resolution in relation to the LTIS Issue 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 22 April 2010 and at the AGM.

### **7. PRINCIPAL BUSINESS OF THE GROUP**

The Group is one of the world's leading owners and operators of modern handysize and handymax dry bulk vessels and a global provider of diversified shipping services. The Company is listed and headquartered in Hong Kong, and operates in three main maritime segments under the banners of Pacific Basin Dry Bulk, PB Energy & Infrastructure Services, and PB RoRo.

### **8. VOTING BY POLL**

Pursuant to Rule 13.39 of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll. Therefore, the chairman of the AGM will demand a poll for each and every resolution put forward at the AGM pursuant to Bye-law 66. The Company will appoint scrutineers to handle vote-taking procedures at the AGM. The results of the poll will be published on the HKExnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.pacificbasin.com](http://www.pacificbasin.com) no later than the business day following the AGM.

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## LETTER FROM THE CHAIRMAN

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### 9. NOTICE OF ANNUAL GENERAL MEETING

The Notice is set out on pages 19 to 23 of this circular.

There is enclosed a form of proxy for use at the AGM. A member entitled to attend and vote at the AGM 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, 17M 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.

### 10. RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the re-election of Directors, the renewal of the Issue Mandate, the renewal of the Repurchase Mandate and the renewal of the 2% annual cap within the LTIS Issue Mandate 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 the resolutions to be proposed at the AGM.

Yours faithfully,  
By order of the Board  
**David M. Turnbull**  
*Chairman*

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## APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED

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### EXECUTIVE DIRECTORS

#### Wang Chunlin – age 46

Mr. Wang graduated from the University of International Business & Economics in Beijing in 1986 and has since attained a MBA degree from Murdoch University in Australia and a MSc degree in International Shipping & Transport Logistics from the Hong Kong Polytechnic University. Mr. Wang has been in shipping since joining the Sinotrans Group in Beijing in 1986. From 1993 to 1995, he served as managing director of Sinotrans' joint venture International Container Leasing Company Ltd. In 2002, he was promoted as assistant president of Sinotrans Group and managing director of Sinotrans Shipping Limited. In 2005, he joined the IMC Group where he was a director of IMC Pan Asia Alliance Pte. Ltd. and managing director of IMC Shipyard and Engineering Ltd. He was an independent non-executive Director of Honghua Group Limited from January 2008 to February 2009.

Mr. Wang joined the Company on 1 March 2006 and was appointed as an Executive Director on 1 September 2006 with responsibility for group business development with particular focus on opportunities in China. His appointment was extended at the 2008 annual general meeting for three years until 1 September 2011 or the conclusion of the 2011 annual general meeting, whichever is earlier. The Company intends to extend his term of appointment until 1 September 2013 or the conclusion of the 2013 annual general meeting, whichever is earlier (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws). Mr. Wang currently receives an emolument at the rate of HK\$2,742,840 per annum, which is inclusive of salary. He is also eligible to receive, at the discretion of the Board, a bonus of up to 100% of his emolument. In addition, an aggregate of 1,892,000 Shares in the form of restricted shares have been granted to Mr. Wang since 9 March 2006 pursuant to the Long Term Incentive Scheme. Of these restricted share awards, (i) 920,000 Shares have vested (inclusive of 110,000 Shares vested on 1 March 2010), (ii) 110,000 Shares will vest on 1 March 2011, (iii) 250,000 Shares will vest on 14 July 2010, (iv) 145,000 Shares will vest on 14 July 2011, and (v) 467,000 Shares will vest on 14 July 2012. Mr. Wang's emolument was agreed between the Company and Mr. Wang and was determined by reference to the levels of emolument of other senior executives of the Company and in the market generally.

Save as aforesaid, Mr. Wang did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Wang 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 interests of the Directors to be re-elected at the AGM, he does not have any interest (within the meaning of Part XV of the Securities Futures Ordinance) in the Shares.

Save for the information disclosed above, the Board and Mr. Wang have indicated that there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders.

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## APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED

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### NON-EXECUTIVE DIRECTOR

#### **Richard M. Hext – age 52**

Mr. Hext obtained a Bachelor of Arts (subsequently Master of Arts) from Worcester College, Oxford University and has attended executive programmes at INSEAD, Oxford University, Tsinghua University and Stanford University. He is deputy chairman and chief executive officer of the Vanderperre family shipping interests. He was formerly Deputy Chairman (2005 to 2006) and Chief Executive Officer (2006 to 2009) of the Company; he was appointed as a Non-executive Director of the Company after stepping down as Chief Executive Officer on 31 December 2009. He is also a non-executive director of The China Navigation Company Pte Ltd., a wholly-owned subsidiary of John Swire & Sons Ltd. From 2003 to 2004, he was chief executive officer of the Marine Services Division of V Ships Ltd, and from 2001 to 2002, the chief executive officer of Levelseas Ltd. From 1978 to 2000 he worked for various subsidiaries and associates of John Swire & Sons Ltd including P&O Swire Containers, Steamships Trading, Swire Pacific Offshore and The China Navigation Company Limited where he was managing director from 1996 to 2000. During 1999 to 2000 he was a director of John Swire & Sons (HK) Limited which controls the Hong Kong-listed Swire Pacific Limited and of Modern Terminals Limited, Hong Kong Salvage and Towage and Hong Kong United Dockyard.

Mr. Hext joined the Company as an Executive Director in April 2005 and was appointed the Chief Executive Officer in April 2006. He resigned from the position of Executive Director and Chief Executive Officer on 31 December 2009 and has become a Non-executive Director since 1 January 2010. Mr. Hext has entered into a Service Agreement with the Company for a term of three years until 31 December 2012 or the conclusion of the 2012 annual general meeting, whichever is the earlier (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws). The Company intends to extend his term of appointment until conclusion of the 2013 annual general meeting. Mr. Hext currently receives HK\$250,000 per annum for being a Non-executive Director and his remuneration will be payable in arrears in quarterly installments on 31 March, 30 June, 30 September and 31 December. Upon Mr. Hext's resignation, 1,207,000 Shares out of the total 2,077,754 Shares in the form of restricted share awards granted to Mr. Hext pursuant to the Long Term Incentive Scheme lapsed and the remaining 870,754 Shares vesting on 5 April 2010 are retained by him. Mr. Hext's emolument was agreed between the Company and Mr. Hext and was determined by reference to the levels of emolument of other senior executives of the Company and in the market generally.

Save as aforesaid, Mr. Hext did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Hext 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 interests of the Directors to be re-elected at the AGM, he does not have any interest (within the meaning of Part XV of the Securities Futures Ordinance) in the Shares.

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## APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED

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Save for the information disclosed above, the Board and Mr. Hext have indicated that there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### Patrick B. Paul – age 62

Mr. Paul graduated from St. John's College, Oxford University in 1969 and is a qualified accountant. In a 33 year career with PricewaterhouseCoopers ("PwC"), he held a number of senior management positions in Hong Kong, including chairman and senior partner of the firm for seven years. Since retiring from PwC in 2002, he has taken up a number of independent non-executive directorships, including currently Johnson Electric Holdings Limited and The Hongkong and Shanghai Hotels Limited and Kingsway International Holdings Limited until April 2008.

Mr. Paul joined the Company as an Independent Non-executive Director in March 2004 and his term of appointment was extended at the 2007 annual general meeting for three years until 25 March 2010 or the conclusion of the 2010 annual general meeting, whichever is earlier. The Company intends to extend his term of appointment for a further three years until the conclusion of the 2013 annual general meeting (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws). Mr. Paul currently receives HK\$250,000 per annum for being an Independent Non-executive Director and he is entitled to a fee of HK\$50,000 per annum for being a member of each of the Company's remuneration and nomination committees, a fee of HK\$100,000 per annum for being a member of the RoRo Sub-Committee and a further fee of HK\$200,000 per annum for acting as Chairman of the audit committee. His total remuneration of HK\$650,000 per annum will be payable in arrears in quarterly installments on 31 March, 30 June, 30 September and 31 December.

Save as aforesaid, Mr. Paul did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Morrison 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 interests of the Directors to be re-elected at the AGM, he does not have any interest (within the meaning of Part XV of the Securities Futures Ordinance) in the Shares.

Save for the information disclosed above, the Board and Mr. Paul have indicated that there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders.

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## **APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED**

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### **Alasdair G. Morrison – age 61**

Mr. Morrison obtained a Bachelor of Arts (subsequently Master of Arts) from Cambridge University in 1971. He also attended the Program for Management Development at Harvard Business School in 1983. Mr. Morrison occupied the following senior positions in Morgan Stanley: a managing director of Morgan Stanley Dean Witter Asia Limited, a member of the bank's global management committee, chairman of Morgan Stanley Asia and, from 2002 to February 2006, concurrently chairman and chief executive officer of Morgan Stanley Asia. Prior to joining Morgan Stanley, he worked for the Jardine Matheson Group occupying various senior positions including that of group managing director from 1994 to 2000. He is currently a senior advisor to Citigroup Asia Pacific, the non-executive chairman of private equity firm Kang & Company and of North Asia Investment Corporation, a non-executive director of Hong Kong Mercantile Exchange Limited and of Grosvenor Group Limited in the UK, and a member of the Bloomberg Asia Pacific Advisory Board.

Mr. Morrison joined the Company on 1 January 2008 as an Independent Non-executive Director for a period of three years until 31 December 2010 or the conclusion of the 2010 annual general meeting, whichever is earlier. The Company intends to extend his term of appointment for a period of three years until the conclusion of the 2013 annual general meeting (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws). Mr. Morrison currently receives HK\$250,000 per annum for being an Independent Non-executive Director and he is entitled to a fee of HK\$100,000 per annum for being a member of each of the audit committee, FFA and RoRo sub committees, and a further fee of HK\$50,000 per annum for being a member of each of the remuneration and nomination committees. His total remuneration of HK\$650,000 per annum will be payable in arrears in quarterly installments on 31 March, 30 June, 30 September and 31 December.

Save as aforesaid, Mr. Morrison did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Morrison 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 interests of the Directors to be re-elected at the AGM, he does not have any interest (within the meaning of Part XV of the Securities Futures Ordinance) in the Shares.

Save for the information disclosed above, the Board and Mr. Morrison have indicated that there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders.

### **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 Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) or as notified to the Company were as follows:

## APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED

Name of Director		Personal interests	Family interests	Corporate interests	Trust & similar interests	Total Share interests	Approximate percentage of issued share capital of the Company
Wang Chunlin	Long Position	1,702,000 <sup>1</sup>	–	–	–	1,702,000	0.09%
Richard M. Hext	Long Position	871,501 <sup>2</sup>	–	–	–	871,501	0.05%
Alasdair G. Morrison	Long Position	608,019 <sup>3</sup>	–	–	–	608,019	0.03%

*Notes:*

- (1) An aggregate of 1,892,000 Shares have been granted to Mr. Wang since 9 March 2006, of which (i) 810,000 Shares have vested, (ii) an equal amount of 110,000 Shares will vest on each of 1 March 2010 and 2011, (iii) 250,000 Shares will vest on 14 July 2010, (iv) 145,000 Shares will vest on 14 July 2011, and (v) 467,000 Shares will vest on 14 July 2012.

As at the Latest Practicable Date, the balance of Share held by Mr. Wang was 1,702,000 Shares.

- (2) An aggregate of 5,560,741 Shares have been granted to Mr. Hext since 8 June 2005, of which (i) 3,482,987 Shares have vested, (ii) 1,207,000 Shares lapsed on 31 December 2009 due to his resignation as an Executive Director on the date; and (iii) the remaining 870,754 Shares vesting on 5 April 2010 are retained by Mr. Hext.

As at the Latest Practicable Date, the balance of Share held by Mr. Hext was 871,501 Shares.

- (3) Mr. Morrison's personal interests of 608,019 Shares are held in the form of 150 units of convertible bonds at face value of US\$10,000 each.

As at the Latest Practicable Date, the balance of Share held by Mr. Morrison was 608,019 Shares.

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 corporations.



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 1,928,846,119 Shares. Subject to the passing of resolution 6 approving the Repurchase Mandate as set out in the Notice appearing on pages 19 to 23 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 192,884,611 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 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 earliest.

**REASONS FOR REPURCHASE**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the 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 the 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 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 the Shareholders as a whole and in circumstances where they consider that the Shares 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 2009, 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 the 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 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 the Shares were traded on the Stock Exchange were as follows:

	<b>Highest</b> (HK\$)	<b>Lowest</b> (HK\$)
<b>2009</b>		
March	4.08	3.08
April	4.65	3.55
May	5.47	4.24
June	6.14	4.76
July	5.93	4.54
August	6.40	5.17
September	5.79	5.01
October	6.17	5.02
November	6.84	5.64
December	6.24	5.29
<b>2010</b>		
January	6.84	5.76
February	6.28	5.38
March (up to the Latest Practicable Date)	6.62	6.24

**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, UBS AG is interested in 290,483,970 Shares (representing approximately 15.06% of the Company's issued share capital of 1,928,846,119). Based on the said interests of UBS AG 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 in accordance with the terms of the resolution to be proposed at the AGM, the interests of UBS AG in the issued share capital of the Company will be increased from approximately 15.06% to approximately 16.73% which is below the 30% threshold prescribed under the Takeovers Code and UBS AG 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 UBS AG 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.

# **B** Pacific Basin Shipping Limited

*(incorporated in Bermuda with limited liability)*  
(Stock Code: 2343)

**NOTICE IS HEREBY GIVEN** that the 2010 Annual General Meeting of Pacific Basin Shipping Limited (the “**Company**”) will be held at Victoria IV, Level 2, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Thursday, 22 April 2010 at 10:30 a.m. for the following purposes:

## **ORDINARY RESOLUTIONS**

1. To receive and adopt the audited financial statements and the reports of the Directors and auditors for the year ended 31 December 2009;
2. To declare a final dividend for the year ended 31 December 2009;
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;

Conditional upon the ordinary resolution proposed at the special general meeting of the Company held on 29 March 2010 not being passed by the members of the Company (the “**Shareholders**”), as special business, to consider and, if thought fit, pass the following resolutions as an Ordinary Resolution:

5. “**GRANT OF A GENERAL MANDATE TO ISSUE SHARES**

### **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;

- (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 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, provided that any Shares to be allotted and issued pursuant to the approval in paragraph (a) above shall not be issued at a discount of more than 10% to the Benchmarked Price of the Shares, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Benchmarked Price” shall be a price which is the higher of:

- (i) the closing price of the Shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the date of signing of the agreement to which the transaction relates; or
- (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five trading days immediately preceding the earliest of:
- (A) the date of signing of the agreement to which the transaction relates; or
- (B) the date on which the relevant transaction is announced; or
- (C) the date on which the price of the Shares to be issued pursuant to the transaction is fixed.

“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 revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

“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 the Shares 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 recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

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

6. **“GRANT OF A GENERAL MANDATE TO REPURCHASE SHARES**

**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 the Shares on 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; and
- (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 in general meeting.”

7. “RENEWAL OF THE 2% ANNUAL CAP WITHIN THE ISSUE MANDATE UNDER THE LONG TERM INCENTIVE SCHEME

**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 the Shareholders at a special general meeting of the Company held on 8 June 2005 to satisfy the 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 38,576,922 Shares as at 1 January 2010); and
- (b) 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 in general meeting.”

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

Hong Kong, 18 March 2010

*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, Computershare Hong Kong Investor Services Limited, at 17M 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 the Shareholders from attending and voting in person at the meeting or any adjourned meeting or upon the poll concerned if the Shareholders so wish. In such event, the instrument appointing the proxy shall be deemed to be revoked.



4. The register of members of the Company will be closed from 20 April 2010 to 22 April 2010 (all 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 4:30 p.m. on 19 April 2010. The ex-dividend date for the final dividend will be on 16 April 2010.
  
5. A circular containing the information regarding, inter alia, the Directors proposed to be re-elected, the general mandate to issue Shares, the general mandate to repurchase Shares and the renewal of the 2% annual cap within the issue mandate under the Long Term Incentive Scheme will be sent to the Shareholders together with the Company's 2009 Annual Report.