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

A notice convening the 2011 annual general meeting of Pacific Basin Shipping Limited to be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 19 April 2011 at 10:30 a.m. is set out on pages 18 to 20 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 2011

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DEFINITIONS

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

“AGM”	the 2011 annual general meeting of the Company to be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 19 April 2011 at 10:30 a.m., notice of which is set out on pages 18 to 20 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
“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
“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
“Latest Practicable Date”	15 March 2011, 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

DEFINITIONS

“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 20 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 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

LETTER FROM THE CHAIRMAN

B Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

Executive Directors:

David Muir Turnbull
Klaus Nyborg
Jan Rindbo
Andrew Thomas Broomhead
Wang Chunlin

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Non-Executive Director:

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
Daniel Rochfort Bradshaw

18 March 2011

To Shareholders,

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATE 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 six ordinary resolutions to approve, among other things, the re-election of Directors, the grant of general mandate 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 2010 of HK 16.5 cents per Share and if such dividend is approved by the Shareholders at the AGM, it is expected to be paid on or about 29 April 2011 to those Shareholders whose names appear on the register of Shareholders on 19 April 2011.

LETTER FROM THE CHAIRMAN

The register of Shareholders will be closed from 15 April to 19 April 2011 (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 4:30 p.m. on 14 April 2011. The ex-dividend date for the final dividend will be 13 April 2011.

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

In relation to resolution 3 in the Notice regarding re-election of Directors, Mr. David M. Turnbull, an Executive Director, Mr. Robert C. Nicholson and Mr. Daniel R. Bradshaw, both Independent Non-executive Directors, will retire at the AGM by rotation pursuant to the Company's Bye-laws and, being eligible, will offer themselves for re-election. In addition, Mr. Andrew T. Broomhead, an Executive Director appointed by the Board during the reporting year, 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 Shareholders.

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

4. GENERAL MANDATE TO REPURCHASE SHARES (RESOLUTION 5 AS PER NOTICE)

At the annual general meeting of the Company held on 22 April 2010, 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 22 April 2010. 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 (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 19 April 2011.

LETTER FROM THE CHAIRMAN

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 5 in the Notice set out on pages 18 to 20 of this circular.

5. RENEWAL OF THE 2% ANNUAL CAP WITHIN THE LTIS ISSUE MANDATE (RESOLUTION 6 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 38,637,562 Shares as at 1 January 2011) 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, 19,838,500 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 the beginning of this financial year (being 38,637,562 Shares as at 1 January 2011) 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

LETTER FROM THE CHAIRMAN

38,637,562 new Shares under the new 2% Cap, the estimated fair value of such new Shares would be approximately HK\$176.19 million, based on a closing price of HK\$4.56 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 6 in the Notice set out on pages 18 to 20 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 19 April 2011 and at the AGM.

6. 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.

7. 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 and the Company's website at www.pacificbasin.com no later than the business day following the AGM.

8. NOTICE OF ANNUAL GENERAL MEETING

The Notice is set out on pages 18 to 20 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

LETTER FROM THE CHAIRMAN

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.

9. RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the re-election of Directors, 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

APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED

EXECUTIVE DIRECTORS

David Muir Turnbull – age 55, Chairman

Mr. Turnbull graduated from Cambridge University with an honours degree in Economics. He then joined the Swire Group and held various senior management positions during his 30 years with the group. He has held the following positions in Hong Kong publicly listed companies: chairman of Swire Pacific Ltd., Cathay Pacific Airways Ltd., and Hong Kong Aircraft Engineering Company Ltd.; a non-executive director of the Hongkong and Shanghai Banking Corporation, Hysan Development Co. Ltd. and Air China Ltd. He is an independent non-executive director of Green Dragon Gas Limited, listed on the AIM market of the London Stock Exchange and of Hong Kong-listed Sands China Limited. He is a chairman of Seabury Aviation and Aerospace Asia (Hong Kong) Ltd., a subsidiary of Seabury Group LLC. Mr. Turnbull is a non-executive director of Greka Drilling Limited listed on the AIM market of the London Stock Exchange on 8 March 2011.

Mr. Turnbull joined the Company on 17 May 2006 as an Independent Non-executive Director. He assumed the position of Chairman of the Company on 1 January 2008 and was further appointed as an Executive Director on 1 July 2008. His term of appointment was extended at the 2008 annual general meeting. The Company intends to extend his term of appointment until 17 May 2014 or the conclusion of the 2014 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 of the Company). Mr. Turnbull currently receives an emolument at the rate of US\$350,000 per annum, which is inclusive of salary and retirement scheme contribution. 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 963,000 Shares in the form of restricted shares have been granted to Mr. Turnbull since 5 August 2008 pursuant to the Long Term Incentive Scheme. Of these restricted share awards, (i) 234,000 Shares have vested (ii) 117,000 Shares will vest on 2 July 2011, (iii) 299,000 Shares will vest on 14 July 2012, and (iv) 313,000 Shares will vest on 14 July 2013. Mr. Turnbull's emolument was agreed between the Company and Mr. Turnbull 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. Turnbull 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. Turnbull 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. Turnbull 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.

APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED

Andrew Thomas Broomhead – age 49, Chief Financial Officer and Company Secretary

Mr. Broomhead graduated from Cambridge University in 1982 with a Bachelor of Arts (subsequently Master of Arts) degree in Natural Sciences. He is a fellow of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He attended the Breakthrough Programme for Senior Executives at IMD in 2010. His experience covers company and project financing with emphasis on the infrastructure sector through his work with Deloitte, Haskins & Sells, Samuel Montagu & Co., International Finance Corporation, Bakrie Investindo and Sanwa International Finance. He has been based in the UK, USA, Singapore, Indonesia and Hong Kong, and has worked in Asia for over 18 years. Mr. Broomhead joined the Company in April 2003 as the Group's Chief Financial Officer and Company Secretary. He was appointed as an Executive Director in September 2010 with responsibility for Group finance and accounting, investor relations, corporate governance and compliance, information technology and the oversight of PacMarine Services.

Mr. Broomhead has entered into a Service Agreement with the Company for a term of three years until 31 August 2013 or the conclusion of the 2013 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 of the Company) commencing from 1 September 2010. Mr. Broomhead currently receives an emolument at the rate of US\$393,350 per annum, which is inclusive of salary, rental reimbursement and retirement scheme contribution. He is also eligible to receive a bonus which will be paid at the discretion of the Board. In addition, an aggregate of 1,163,000 Shares in the form of restricted share awards have been granted to him since May 2007 pursuant to the Long Term Incentive Scheme. Of these restricted share awards, (i) 560,000 shares have vested; (ii) 70,000 shares will vest on 14 July 2011; (iii) 229,000 shares will vest on 14 July 2012; and (iv) 304,000 shares will vest on 14 July 2013. Mr. Broomhead's emolument was agreed between the Company and Mr. Broomhead 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. Broomhead 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. Broomhead 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. Broomhead 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.

APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED

INDEPENDENT NON-EXECUTIVE DIRECTORS

Robert Charles Nicholson – age 55

Mr. Nicholson, a graduate of the University of Kent, qualified as a solicitor in England and Wales and in Hong Kong. He is an executive director of First Pacific Company Limited and an independent non-executive Director of QPL International Holdings Limited. He is also the executive chairman of Forum Energy Plc and an independent non-executive Director of India Capital Growth Fund Limited, both of which are listed on the AIM market of the London Stock Exchange. He serves as a commissioner of PT Indofood Sukses Makmur Tbk, and is a director of Metro Pacific Investments Corporation, Philex Mining Corporation and Pitkin Petroleum Plc. Previously, he was a senior partner of Richards Butler from 1985 to 2001 where he established the corporate and commercial department, and was also a senior advisor to the board of directors of PCCW Limited between August 2001 and September 2003.

Mr. Nicholson joined the Company as an Independent Non-executive Director in March 2004 and his term of appointment was extended at the 2009 annual general meeting until the conclusion of the 2012 annual general meeting. The Company intends to extend his term of appointment for a further two years until the conclusion of the 2014 annual general meeting (subject to retirement by rotation at the general meeting of the Company in accordance with the Bye-laws of the Company). Mr. Nicholson currently receives HK\$400,000 per annum for being an Independent Non-executive Director and he is entitled to receive a fee of HK\$300,000 per annum for being a member of the audit, remuneration and nomination committees and for being Chairman of the remuneration and nomination committees. His total remuneration of HK\$700,000 per annum will be payable in arrears in quarterly installments on 31 March, 30 June, 30 September, 31 December. Mr. Nicholson's emolument was agreed between the Company and Mr. Nicholson 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. Nicholson 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. Nicholson 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 Nicholson 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.

APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED

Daniel Rochfort Bradshaw – age 64

Mr. Bradshaw graduated from Victoria University of Wellington (New Zealand) with a Bachelor of Laws and a Master of Laws and has been admitted as a solicitor in New Zealand, England and Hong Kong. Since 1978 he has worked at Johnson, Stokes and Master (now Mayer Brown JSM) (“JSM”), as a solicitor, a partner, the head of the firm’s shipping practice and now as a consultant. He was vice chairman of the Hong Kong Shipowners Association, a member of the Hong Kong Port and Maritime Board and the Hong Kong Maritime Industry Council. He is currently on the board of Euronav, a Euronext listed tanker company and of IRC Limited, the Hong Kong listed iron ore unit of Russia’s third-biggest gold producer Petropavlovsk Plc. He is also a member of the board of Kadoorie Farm and Botanical Garden and of WWF Hong Kong.

Mr. Bradshaw joined the Company as a Non-executive Director and Deputy Chairman in April 2006. He stood down from the position of Deputy Chairman on 1 January 2008 and continued his position as a Non-executive Director of the Company until he was re-designated as an Independent Non-executive Director on 1 September 2010. His term of appointment was extended at the 2009 annual general meeting until the conclusion of the 2012 annual general meeting. The Company intends to extend his term of appointment for a further two years until the conclusion of the 2014 annual general meeting (subject to retirement by rotation at the general meeting of the Company in accordance with the Bye-laws of the Company). Mr. Bradshaw currently receives HK\$400,000 per annum for being an independent non-executive Director and he is entitled to a fee of HK\$250,000 per annum for being a member of the Company’s audit, 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, 31 December. Mr. Bradshaw’s emolument was agreed between the Company and Mr. Bradshaw and was determined by reference to the levels of emolument of other senior executives of the Company and in the market generally.

The Company considers that Mr. Bradshaw is independent and is able to carry out his duties as an independent non-executive Director of the Company for the following reasons:

- (a) Other than Listing Rule 3.13(7) of the Listing Rules (see below), Mr. Bradshaw is able to confirm his independence to the Stock Exchange in respect of each of the other factors set out in Rule 3.13 of the Listing Rules;
- (b) Since the listing of the Company in 2004, Mr. Bradshaw has not had and does not have any executive or management role or functions in the Company and its subsidiaries, nor has he been employed by any member of the Pacific Basin group;
- (c) Since the listing of the Company in 2004, Mr. Bradshaw has not been directly or indirectly retained in the provision of any legal advice or services to the Group and any of its subsidiaries;

APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED

- (d) Mr. Bradshaw personally has not been involved in JSM's provision of legal advice or services to the Company's connected persons, its holding company and its subsidiaries;
- (e) Mr. Bradshaw does not have any familial or contractual relationships with any directors, senior management or substantial or controlling shareholder of the Company or any of their respective associates, nor does he hold any other position with the Company or its connected persons, or any of their respective holding company or subsidiaries;
- (f) Mr. Bradshaw has not received any income, commission or other monetary compensation which is directly or indirectly related to the payments made by the Group to JSM in respect of the legal services provided by JSM;
- (g) Mr. Bradshaw has over 40 years of experience and knowledge of the shipping industry. He held senior positions with various maritime related bodies and organisations. Together with his long and upstanding professional legal background, the Board believes that he is able to exercise his professional judgment and draw upon his extensive shipping knowledge for the benefit of the Company and its shareholders as a whole, in particular, the independent shareholders; and
- (h) After due and careful consideration, the Company's Nomination Committee considers Mr. Bradshaw suitably independent to carry out his duties as an independent non-executive Director.

Mr. Bradshaw does not meet the factor of independence set out in Rule 3.13(7) of the Listing Rules as a result of him being a Director of the Company during the two years immediately prior to the date of his re-designation, however this does not change the overall conclusion of the Company regarding Mr Bradshaw's independence as detailed above.

Save as aforesaid, Mr. Bradshaw 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. Bradshaw 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. Bradshaw 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.

APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED

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 at the AGM 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:

Name of Director	Long/Short Position	Personal interests	Family interests	Corporate interests	Trust & similar interests	Total Share interests	Approximate percentage of issued share capital of the Company
David M. Turnbull	Long	729,000 ¹	–	–	–	729,000	0.04%
Andrew T. Broomhead	Long	1,248,827 ²	–	–	–	1,248,827	0.06%
Daniel R. Bradshaw	Long	–	–	386,417 ³	–	386,417	0.02%

Notes:

1. Mr. Turnbull's personal interests of 729,000 Shares are held in the form of restricted shares granted, of which (i) 117,000 Shares will vest on 2 July 2011; (ii) 299,000 Shares will vest on 14 July 2012; and (iii) 313,000 Shares will vest on 14 July 2013.
2. Out of the 1,248,827 Shares held by Mr. Broomhead, (a) 249,123 Shares are held in the form of 25 units convertible bonds due 2016 with a face value of US\$10,000 each; and (b) 603,000 Shares are in the form of restricted shares granted, of which (i) 70,000 shares will vest on 14 July 2011; (ii) 229,000 shares will vest on 14 July 2012; and (iii) 304,000 shares will vest on 14 July 2013.
3. Mr. Bradshaw is a shareholder holding 100% and 50% of the issued share capital, respectively, in Cormorant Shipping Limited and Goldeneye Shipping Limited. He beneficially owns 353,241 Shares via Cormorant Shipping Limited and is taken to be interested in the 33,176 Shares held by Goldeneye Shipping Limited.

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 1,931,878,119 Shares. Subject to the passing of resolution 5 approving the Repurchase Mandate as set out in the Notice appearing on pages 18 to 20 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 193,187,811 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 5 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 2010, 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 Shares were traded on the Stock Exchange were as follows:

	Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
2010		
March	6.72	6.06
April	6.49	5.78
May	5.97	4.88
June	5.41	4.83
July	5.90	4.85
August	6.10	5.15
September	5.85	5.36
October	6.14	5.46
November	6.12	5.20
December	5.44	4.94
2011		
January	5.41	5.01
February	5.26	4.50
March (up to the Latest Practicable Date)	4.82	4.50

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, Canadian Forest Navigation Co. Ltd. ("CFN") is interested in 230,609,000 Shares (representing approximately 11.94% of the Company's issued share capital of 1,931,878,119). Based on the said interests of CFN 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 CFN in the issued share capital of the Company will be increased from approximately 11.94% to approximately 13.26% which is below the 30% threshold prescribed under the Takeovers Code and CFN 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 CFN 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 2011 Annual General Meeting of Pacific Basin Shipping Limited (the “Company”) will be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 19 April 2011 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 2010;
2. To declare a final dividend for the year ended 31 December 2010;
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. **“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.”
6. **“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 38,637,562 Shares as at 1 January 2011); 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
Director and Company Secretary

Hong Kong, 18 March 2011

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 15 April to 19 April 2011 (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 4:30 p.m. on 14 April 2011. The ex-dividend date for the final dividend will be on 13 April 2011.
5. A circular containing the information regarding, inter alia, the Directors proposed to be re-elected, 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 2010 Annual Report.