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# **B Pacific Basin Shipping Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

The Company has entered into a placing agreement dated 6 November 2006 with the Placing Agent to place in aggregate up to 257,000,000 Shares at HK\$4.75 per Share on a fully underwritten basis, representing approximately 19.8% of the existing issued share capital of the Company and 16.5% of the enlarged share capital of the Company.

### **PLACING**

The Company has entered into the Placing Agreement dated 6 November 2006 with the Placing Agent on the terms summarised below.

The placing was fully underwritten by the Placing Agent and the Placing Agent has informed the Company that the placing will not result in the introduction of a new substantial shareholder (as such term is defined in the Listing Rules) of the Company.

### **PARTIES**

- (1) The Company
- (2) The Placing Agent

The Placing Agent is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, an independent third party and independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any associate of any of them or any connected person (as defined by the Listing Rules) of the Company.

## **NUMBER OF PLACING SHARES**

The Placing Agent has agreed to place in aggregate up to 257,000,000 Shares at HK\$4.75 per Share on a fully underwritten basis, representing approximately 19.8% of the existing issued share capital of the Company and 16.5% of the enlarged share capital of the Company. The aggregate nominal value of the Placing Shares is US\$25,700,000 (approximately HK\$199,879,180).

The Placing Shares to be issued, when fully paid, will rank, upon issue, pari passu in all respects with the existing issued Shares.

## **PLACEES**

The placing will be to more than six independent individual, corporate, institutional or other professional investors. The placees and their ultimate beneficial owners, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, are independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any associate of any of them or any connected persons (as defined by the Listing Rules) of the Company.

## **PLACING PRICE**

The placing price of HK\$4.75 per Placing Share was agreed after arm's length negotiations between the Company and the Placing Agent and represents a discount of approximately 5.0% to the closing price of HK\$5.00 per Share as quoted on the Stock Exchange on 6 November 2006 and a discount of approximately 4.9% to the average closing price of HK\$4.994 for the last five trading days immediately prior to this announcement and a discount of approximately 5.5% to the average closing price of HK\$5.024 for the last 10 days immediately prior to this announcement. The Directors consider that the placing price is fair and reasonable and in the interest of the Company and its shareholders as a whole.

The net placing price for the Placing is approximately HK\$4.6669 per Placing Share.

## **MANDATE TO ISSUE NEW SHARES**

The Placing Shares will be allotted and issued under the general mandate granted to the Directors pursuant to a resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 7 April 2006. Under such general mandate, the Directors are allowed to allot and issue up to 257,483,121 Shares. As at the date of this announcement, no Share has been allotted and issued pursuant to such general mandate.

## EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company upon issue of the Placing Shares are set out below:

Name of shareholder	As at the date of this announcement		Immediately after completion of the placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<b>Major shareholders:–</b>				
Lee Kwok Yin, Simon	130,106,220	10.00	130,106,220	8.35
JP Morgan Chase & Co.	103,502,200	7.96	103,502,200	6.64
<i>Sub-total</i>	<u>233,608,420</u>	<u>17.96</u>	<u>233,608,420</u>	<u>14.99</u>
<b>Public shareholders:–</b>				
Other Shareholders	1,067,244,189	82.04	1,067,244,189	68.51
Placees	–	–	257,000,000	16.50
<i>Sub-total</i>	<u>1,067,244,189</u>	<u>82.04</u>	<u>1,324,244,189</u>	<u>85.01</u>
<b>TOTAL:</b>	<b><u>1,300,852,609</u></b>	<b><u>100.00</u></b>	<b><u>1,557,852,609</u></b>	<b><u>100.00</u></b>

*Note:* The above table assumes that there are no changes to the shareholding in the Company, other than as a result of the placing.

## CONDITIONS OF THE PLACING

Completion of the placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares to be issued under the placing.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares to be issued.

## LOCK UP

Pursuant to the Placing Agreement, the Company has undertaken to the Placing Agent that during the period ending 90 days after the date of the Placing Agreement, the Company will not, save for (a) the offer of new, or the satisfaction of existing share options or share awards under the Company's Long Term Incentive Scheme and (b) the issue, offer for subscription or sale of Shares by the Company to a limited number of strategic investors, provided that such issue, subscription or sale shall have been approved by the shareholders of the Company in general meeting, offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein or any securities convertible into, or exercisable or exchangeable for or substantially similar to any such Shares or interests

or enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction referred to above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or to announce any intention to effect any of the above transactions.

## **TERMINATION EVENTS**

The Placing Agreement contains provisions granting the Placing Agent the right to terminate its placing obligations by notice to the Company at any time prior to completion of the placing on the occurrence of certain events including force majeure, any material adverse change in the management, business and financial condition of the Company or its subsidiaries taken as a whole, any material disruption in securities settlement, payment or clearance services, or any event which would have rendered the representations and warranties in the Placing Agreement untrue or inaccurate in any material respect.

If the Placing Agent exercises such right to so terminate the placing, the placing will not proceed. **Shareholders and investors are advised to exercise caution in dealing in the Shares.**

## **COMPLETION OF THE PLACING**

Completion of the placing of the Placing Shares is expected to take place on or around 15 November 2006, or such other date as may be agreed by the Company and the Placing Agent but shall in any event be no later than date which falls 21 days from the date of the Placing Agreement.

Further announcements shall be made by the Company if the placing is terminated or does not complete on or around 27 November 2006.

## **DIVIDEND POLICY**

The Company remains committed to its dividend policy to pay out by way of interim and final dividends not less than 50% of profits available for distribution in each financial year. The Company reaffirms that the 2006 final dividend of at least HK 20 cents per Share, as announced by the Company on 22 August 2006, shall also be payable on the Placing Shares.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The placing of 257,000,000 Shares will raise up to approximately HK\$1,220.75 million in cash, before expenses, for the Company on completion.

The Directors consider that the placing represents an opportunity to raise capital for the Company and widen the shareholder base.

The Company believes strongly in the future of the dry bulk transportation business. So far this year, the Company has made commitments to acquire an additional 12 dry bulk vessels for a total value of US\$275 million. The Company intends to continue investing in handysize and handymax vessels whenever suitable opportunities arise. The Company does also intend to extend its services beyond its traditional port to port offering, and is currently investigating a number of opportunities to invest in maritime infrastructure projects.

The Company currently expects that the proceeds from this placing will be invested predominately in further handysize and handymax vessels. As of the date of this announcement, the Company has not entered into any agreement in relation to such initiatives. In the event that the Company enters into any such agreements, it will comply with the relevant requirements under the Listing Rules.

The Company has not issued any equity securities to raise funds in the 12 months immediately preceding this announcement.

## **GENERAL INFORMATION**

The Directors believe, having made all reasonable enquiries, that the placing will not have any impact on the business, management or operations of the Group. No change in the composition of the Board of Directors will occur as a result of the placing.

## **DEFINITIONS**

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

“Company”	Pacific Basin Shipping Limited, a limited company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries, which are principally engaged in the provision of marine transportation and logistical support services;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Term Incentive Scheme”	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;
“Placing Agent”	Goldman Sachs (Asia) L.L.C.;

“Placing Shares”	257,000,000 Shares to be placed by the Placing Agent, representing approximately 19.8% of the existing issued share capital of the Company;
“Placing Agreement”	placing agreement dated 6 November 2006 between the Company and the Placing Agent;
“Shares”	ordinary shares of US\$0.10 each in the share capital of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 6 November 2006

*Note:* An exchange rate of US\$1.00 to HK\$7.7774, the noon buying rate for US dollars in New York City for cable transfers in Hong Kong Dollars prevailing on 3 November 2006, has been used for the conversion of US Dollars into HK Dollars for the purpose of this announcement.

*As at the date of this statement, the executive directors of the Company are Christopher Richard Buttery, Richard Maurice Hext, Klaus Nyborg, Paul Charles Over and Wang Chunlin, the non-executive directors of the Company are Daniel Rochfort Bradshaw and Lee Kwok Yin, Simon, and the independent non-executive directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul, The Earl of Cromer and David Muir Turnbull.*

Please also refer to the published version of this announcement in South China Morning Post.