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Pacific Basin Shipping Limited

太平洋航運集團有限公司*

(incorporated in Bermuda with limited liability)

Stock Code: 2343

DISCLOSEABLE TRANSACTION: ACQUISITION OF NEWBUILDING VESSEL TO BE CONSTRUCTED

On 22 November 2004, an indirect wholly-owned subsidiary of the Company entered into a Memorandum of Agreement with Venus Sea Marine, S.A. to acquire from it the Newbuilding Vessel as described herein for a consideration of US\$21,500,000 (approximately HK\$167,700,000). The ultimate beneficial owner of the Seller is the same as that of the Newbuilding Vessel acquired previously by the Company as announced on 15 September 2004. Principal terms of the MOA are set out below in this announcement.

The transaction contemplated under the MOA, only when aggregated with the disclosable transaction announced by the Company on 15 September 2004, constitutes a disclosable transaction of the Company under the Listing Rules and is required to be disclosed by way of this press announcement, and a circular with further details of this transaction will be issued to Shareholders shortly.

The Discloseable Transaction:

THE MOA

Date : 22 November 2004

Parties : Purchaser : Cape Knox Limited, a wholly-owned subsidiary of the Company

Seller : Venus Sea Marine, S.A, which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, together with its ultimate beneficial owner, are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. As far as the Directors are aware, the principal business activity of the Seller is the owning of the Newbuilding Vessel and the principal business activity of the ultimate beneficial owner of the Seller is the owning and operating of shipping vessels.

Asset to be acquired : A newbuilding handysize dry bulk carrier of approximately 28,000 dwt, to be named "Cape Knox". The Newbuilding Vessel will be constructed by a shipyard in Japan and is expected to be delivered by or before 30 November 2006. It is currently expected that it will be registered upon its delivery under the laws and flag of Hong Kong and will be operated by the Company.

Consideration : US\$21,500,000 (equivalent to HK\$167,700,000), which was determined by reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of newbuildings of comparable size and year of build in the market, and after arm's length negotiation between the parties. However, as is commonly the case in the dry bulk carrier market, there have not been any recently published sales by third party vendors of newbuildings of the exact size of the Newbuilding Vessel from which to make a direct comparison with the exception of the Company's purchase of a newbuilding contract for a sister vessel, to be named "Port Angeles", at the same price, as announced by the Company on 15 September 2004. In addition, no third party valuation has been performed on the Newbuilding Vessel.

The Directors believe that such consideration, which was determined after arm's length negotiation, is fair and reasonable so far as the Company and the Shareholders are concerned.

It is intended that payment of the purchase price will be satisfied entirely in cash, 40% of which is expected to be funded from internal resources and 60% from new bank borrowings, which the Company intends to arrange nearer the time of delivery of the Newbuilding Vessel. The Company expects that such bank borrowings could be long term in nature and on similar terms as the Company's existing facilities. Should such financing not be arranged, the entire purchase price of the Newbuilding Vessel could be funded from internal resources. As an alternative, the Company is considering the possibility of a sale and lease-back of the Newbuilding Vessel. Pacific Basin will comply with the relevant disclosure requirements under the Listing Rules prevailing at the time of such a transaction.

Payment terms : The consideration for the acquisition of the Newbuilding Vessel shall be payable as follows:

- no more than 10% of the purchase price shall be paid between the signing of the MOA and the end of 2005; and
- the balance of the purchase price shall be paid in 2006.

Completion : Pursuant to the MOA, the latest date for completion is 30 November 2006 unless the parties otherwise agree. The Directors currently expect that completion and delivery of the Newbuilding Vessel will take place before 30 November 2006 in Japan.

REASON FOR THE TRANSACTION

As stated in the Company's Prospectus, and in previous announcements of this nature, the Company is one of the world's leading dry bulk shipping companies operating principally in the Asia Pacific region, currently seeking opportunities to acquire additional handysize vessels to expand its fleet to meet growing customer demand and deliver sustainable growth and long-term shareholder value. With a large fleet of modern, uniformly-sized vessels, Pacific Basin seeks to offer its customers a strong, reliable service with a high degree of scheduling flexibility whilst maintaining the Company's operational efficiency. The transaction outlined above is consistent with this strategy.

The expected benefit following the successful acquisition of the Newbuilding Vessel is that the Company will have an expanded fleet of modern vessels in line with the above strategy. As at the date of this press announcement, the Company has a fleet of 47 vessels, comprising 34 owned vessels, 8 chartered-in vessels and 5 managed vessels. Following the signing of the MOA, the Company shall have increased the number of owned newbuilding vessels on order from four to five, three of which are scheduled to deliver in January, June and August 2005 and two in April and November 2006. Also on order is one newbuilding scheduled to deliver in November 2006, which will join the Company's chartered-in fleet.

The Directors believe that the terms of the MOA are fair and reasonable so far as the Company and the Shareholders are concerned, and that the acquisition of the Newbuilding Vessel is in the interests of the Company and the Shareholders as a whole.

The transaction contemplated under the MOA, only when aggregated with the discloseable transaction announced by the Company on 15 September 2004, constitutes a discloseable transaction of the Company under the Listing Rules and is required to be disclosed by way of this press announcement, and a circular containing further details of this transaction will be issued to Shareholders shortly.

DEFINITIONS

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

- “banking days” means the days on which banks are open in London, Hong Kong, Tokyo, Singapore, Hamburg and New York;
- “Company” or “Pacific Basin” means Pacific Basin Shipping Limited, a limited company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange;
- “Directors” means the directors of the Company;
- “dwt” means dead weight tonnes, the unit of measurement of weight capacity of vessels, which is the total weight the ship can carry, including cargo, bunkers, water, stores, spares, crew etc. at a specified draft;
- “Group” means the Company and its subsidiaries, which are principally engaged in the provision of marine transportation and logistical support services;

“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“MOA”	means the legally binding unconditional Memorandum of Agreement dated 22 November 2004 entered into between Cape Knox Limited and Venus Sea Marine, S.A. for the acquisition of the Newbuilding Vessel by Cape Knox Limited;
“Newbuilding Vessel”	means a newbuilding handysize dry bulk carrier of approximately 28,000 dwt, to be named “Cape Knox”. The Newbuilding Vessel will be constructed by a shipyard in Japan and is expected to be delivered by or before 30 November 2006. It is currently expected that it will be registered upon its delivery under the laws and flag of Hong Kong.
“Prospectus”	means the Company’s prospectus dated 30 June 2004;
“Purchaser”	Cape Knox Limited;
“Seller”	Venus Sea Marine, S.A.;
“Shareholders”	means the shareholders of the Company; and
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.

By Order of the Board
Andrew Broomhead
Company Secretary

Hong Kong, 24 November 2004

* *For identification purposes only*

As at the date of this announcement, the executive directors of the Company are Christopher Richard Buttery, Mark Malcolm Harris and Paul Charles Over, the non-executive directors of the Company are Lee Kwok Yin, Simon, James John Dowling and Brian Paul Friedman, and the independent non-executive directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul and Rt. Hon. The Earl of Cromer.

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