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**PB ISSUER LIMITED (the “Issuer”)**

*(incorporated in the British Virgin Islands with limited liability)*

**US\$390,000,000**

**3.3% Guaranteed Convertible Bonds due 2013**

**(the “Bonds”)**

**(Stock Code: 1606)**

**convertible into ordinary shares of, and  
unconditionally and irrevocably guaranteed by**

**B**

**PACIFIC BASIN SHIPPING LIMITED (the “Guarantor”)**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

**NOTICE OF REDEMPTION PURSUANT TO THE CALL OPTION RIGHT**

Reference is made to the announcements of the Guarantor dated 3 December 2007, 5 December 2007, 18 December 2007 and 19 October 2010. Unless otherwise defined here, terms used in this announcement shall have the same meaning given to such terms in the Guarantor’s announcement dated 3 December 2007.

Following the exercise of the put option by Bondholders pursuant to Condition 8.4 of the terms and conditions of the Bonds, Bonds having an aggregate principal amount of US\$80,920,000 were redeemed on 1 February 2011 at 100% of their principal amount, together with accrued but unpaid interest thereon (the “**Redeemed Bonds**”). The Redeemed Bonds were forthwith cancelled and as at the date of this announcement, the remaining outstanding aggregate principal amount of the Bonds was reduced to US\$24,280,000 (the “**Remaining Bonds**”), which represents 6.23% of the total principal amount of the Bonds originally issued.

As the remaining outstanding aggregate principal amount of the Bonds as at the date of this announcement is less than 10% of the aggregate principal amount of the Bonds originally issued, pursuant to Condition 8.2.3 of the terms and conditions of the Bonds, the Issuer has exercised the option to redeem all the Remaining Bonds at 100% of their principal amount, together with accrued but unpaid interest to 4 March 2011, being the date fixed for such redemption (the “**Call Option Right**”).

The settlement of the Remaining Bonds shall take place on 4 March 2011 and the Remaining Bonds will be cancelled upon settlement. Subsequent to the completion of the redemption and cancellation of the Remaining Bonds, the full aggregate principal amount of the Bonds will have been redeemed by the Issuer and the Bonds will accordingly be fully cancelled.

This announcement serves as a notification to the Bondholders that the Issuer has exercised the Call Option Right as per the terms and conditions of the Bonds.

Bondholders should refer to the terms and conditions of the Bonds and consult their stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt as to any aspect of this announcement or as to the action to be taken resulting from the exercise of the Call Option Right by the Issuer.

By order of the Board of  
**Pacific Basin Shipping Limited**  
**Andrew T. Broomhead**  
*Director and Company Secretary*

Hong Kong, 1 February 2011

*Hongkong and Shanghai Banking Corporation Limited as the paying agent has sent a separate notification to the Bondholders through the Euroclear and Clearstream systems and Bondholders should also refer to such notification for details of the redemption pursuant to the Call Option Right.*

*As at the date of this announcement, the Directors of the Issuer are Klaus Nyborg, Andrew Thomas Broomhead, Sainath Venkatrao and Mok Kit Ting Kitty.*

*As at the date of this announcement, the executive Directors of the Guarantor are David Muir Turnbull, Klaus Nyborg, Jan Rindbo, Wang Chunlin and Andrew Thomas Broomhead, the non-executive Director of the Guarantor is Richard Maurice Hext, and the independent non-executive Directors of the Guarantor are Robert Charles Nicholson, Patrick Blackwell Paul, Alasdair George Morrison and Daniel Rochfort Bradshaw.*