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B Pacific Basin Shipping Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2343)

DISCLOSEABLE TRANSACTION: SALE OF A VESSEL AND TIME CHARTER BACK OF THAT VESSEL

On 20 March 2008, an indirect wholly-owned subsidiary of the Company entered into the MOA with K/S Danskib 72 to sell to it a handysize vessel named “Pitt Island” (the “Vessel”), for a consideration of US\$34,000,000 (approximately HK\$265,200,000). The sale of the Vessel will result in a disposal gain estimated to be US\$18,218,000 (approximately HK\$142,100,400).

In addition, subsequent to the signing of the MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into a time charterparty with K/S Danskib 72 to charter the Vessel back into the Company’s chartered fleet at agreed charter rates for a fixed period of four years which will commence immediately upon the delivery of the Vessel. The Company currently expects that the time charterparty will be finalised and signed within April 2008.

Principal terms of the MOA are set out below in this announcement.

The sale of the Vessel will enable the Company to release one of the oldest vessels from its owned fleet and will generate cash which is intended to be used for general working capital and for funding any investment projects that the Company may enter into in the future should suitable opportunities arise. The simultaneous time charter of the Vessel back into the Company’s chartered fleet will allow the Company to retain commercial control and hence the revenues over the Vessel during the charter period.

The transaction under the MOA itself is not discloseable. As the ultimate beneficial owner of K/S Danskib 72 is the same as that of K/S Danskib 61, K/S Danskib 64, K/S Danskib 69 and K/S Danskib 68 to whom the Company sold “Castle Peak”, “Lake Joy”, “Mount Cook” and “Amazonia” respectively in the past 12 months period (the sale of the first two vessels was previously disclosed in the Company’s announcement dated 14 August 2007 whilst the sale of the latter two vessels was previously disclosed in the Company’s announcement dated 3 October 2007), the transaction contemplated under MOA, when aggregated with these previously announced transactions, constitutes a discloseable transaction of the Company under the Listing Rules and is required to be disclosed by way of this announcement. A circular with further details of the transaction will be issued to Shareholders shortly.

The transaction under the time charterparty does not constitute a discloseable transaction of the Company under the Listing Rules.

BACKGROUND FOR THE TRANSACTIONS

On 20 March 2008, an indirect wholly-owned subsidiary of the Company entered into the MOA with K/S Danskib 72 to sell to it the Vessel, a 1997 built handysize vessel, for a consideration of US\$34,000,000 (approximately HK\$265,200,000).

In addition, subsequent to the signing of the MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into the Charterparty with K/S Danskib 72 to charter the Vessel back into the Company's chartered fleet at agreed charter rates for a fixed period of four years. The charter will commence immediately upon the delivery of the Vessel. The Company currently expects that the Charterparty will be finalised and signed within April 2008.

As previously disclosed in the Company's announcement dated 7 December 2005, the Vessel has been in the Company's chartered fleet pursuant to the terms of the bareboat charterparty dated 7 December 2005, under which Pacific Basin Chartering (No.15) Limited, an indirect wholly-owned subsidiary of the Company, has been granted an option to re-purchase the Vessel at any time during the 10-year charter period. In order to resume ownership over the Vessel for subsequent sale under the MOA, Pacific Basin Chartering (No.15) Limited will exercise such option on or around the date of the MOA. This will result in a prepayment of the associated finance lease liabilities of approximately US\$14,800,000 (approximately HK\$115,440,000). The exercise of the option to re-purchase the Vessel will not constitute a discloseable transaction of the Company under the Listing Rules.

Principal terms of the MOA and the Charterparty are set out below.

THE MOA

The MOA is legally binding and its terms and conditions are described below:

Date : 20 March 2008

Parties : Purchaser : K/S Danskib 72, which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, together with its ultimate beneficial owner, are not connected persons (as defined in the Listing Rules) of the Company and 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, having made all reasonable enquiry, the principal business activity of K/S Danskib 72 will be the owning of the Vessel and the principal business activity of its ultimate beneficial owner is the owning of shipping vessels.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save for the transactions disclosed in this announcement and the announcements dated 14 August 2007 and 3 October 2007 in relation to the sale and time charter back of "Castle Peak", "Lake Joy", "Mount Cook" and "Amazonia", during the 12 months prior to the date of the MOA, the Company has not entered into any transaction with K/S Danskib 72 or its ultimate beneficial owner or with parties connected or otherwise associated with one another and there are no other relationships amongst K/S Danskib 72 or its ultimate beneficial owner with whom the Company has entered into transactions to acquire, dispose of, or charter in vessels.

Seller : Pacific Basin Chartering (No.15) Limited, an indirect wholly-owned subsidiary of the Company.

Asset to be sold : A 1997 built handysize dry bulk carrier of 28,611dwt, named "Pitt Island". The flag of the Vessel is presently Hong Kong and the place of registration is Hong Kong. The Classification Society of the Vessel is Nippon Kaiji Kyokai.

Net profit attributable to the Vessel : US\$920,000 (approximately HK\$7,176,000) for the year ended 31 December 2006 (audited figures), and US\$3,984,000 (approximately HK\$31,075,200) for the year ended 31 December 2007 (unaudited figures).

There is no taxation on the net profit attributable to the Vessel.

Carrying value of the Vessel : The carrying value of the Vessel was approximately US\$15,782,000 (approximately HK\$123,099,600) in the Company's unaudited accounts as at the date of this announcement.

Consideration : The consideration for the Vessel is US\$34,000,000 (approximately HK\$265,200,000), entirely in cash. Such consideration 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 vessels 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 vessels of the exact size and year of build of the Vessel from which to make a direct comparison. In addition, no third party valuation has been performed on the Vessel.

The Directors believe that such consideration, which was determined after arm's length negotiation, on normal commercial terms, is fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

- Payment terms : Under the MOA, 10% of the consideration (being the deposit) for the sale of the Vessel shall be received on or around the date of the MOA and the balance of the consideration shall be received in full upon the delivery of the Vessel.
- Completion and delivery : Pursuant to the MOA, the latest date for completion is 30 June 2008 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of the Vessel will take place in June 2008.
- Expected disposal gain : The expected disposal gain of the Vessel, being US\$18,218,000 (approximately HK\$142,100,400), is calculated as the difference between the sale consideration of the Vessel and its approximate carrying value in the Company's unaudited accounts as at the date of this announcement. Such disposal gain is expected to accrue to the consolidated income statement of the Company in the financial year ending 31 December 2008.
- Application of sale proceeds : The Company intends to retain the sale proceeds of the Vessel for general working capital and for funding investment projects that the Company may enter into in the future should suitable opportunities arise.

As of the date of this announcement, the Company has not entered into any negotiations or agreements in relation to the above investment initiatives. In the event that the Company enters into any such agreements, it will comply with the relevant requirements under the Listing Rules.

THE CHARTERPARTY

Subsequent to the signing of the MOA, an indirect wholly-owned subsidiary of the Company, being the charterer, will enter into the Charterparty with K/S Danskib 72 to charter the Vessel back into the Company's chartered fleet at agreed charter rates for a fixed period of four years. The charter will commence immediately upon the delivery of the Vessel. The Company does not have the option to re-purchase the Vessel during or at the end of the charter period. The Company currently expects that the Charterparty will be finalised and signed within April 2008.

The time charter rates under the Charterparty were determined after arm's length negotiation, on normal commercial terms and by reference to the type of the Vessel. These time charter rates are considered to be competitive as compared with the current market time charter rates.

The Charterparty is a separate agreement to the MOA and they are not interconditional. The transaction to time charter the Vessel back will be classified as an operating lease in accordance with the Hong Kong Accounting Standard No. 17 "Leases". As the entering into of such operating lease does not represent a 200% or more increase in the scale of the Company's existing operations conducted through lease arrangements of such kind, the transaction under the Charterparty does not constitute a discloseable transaction of the Company under Rule 14.04(1)(d) of the Listing Rules.

REASONS FOR THE TRANSACTIONS

The Company is one of the world's leading dry bulk shipping companies operating principally in the Asia Pacific region. It has been seeking opportunities to acquire additional handysize and handymax vessels to expand its fleet to meet growing customer demand and to deliver sustainable growth and long-term shareholder value. With a large fleet of modern vessels, Pacific Basin seeks to offer its customers a reliable service with a high degree of scheduling flexibility whilst maintaining the Company's operational efficiency.

The sale of the Vessel will enable the Company to release one of the oldest vessels from its owned fleet and will generate cash which is intended to be used for general working capital and for funding any investment projects that the Company may enter into in the future should suitable opportunities arise.

The sale and time charter back of the Vessel will not have any effect upon the number of handysize revenue days nor have a significant effect upon the earnings of the Company during the charter period of the Vessel. In addition, the sale of the Vessel will result in a disposal gain of approximately US\$18,218,000 (approximately HK\$142,100,400), which is expected to accrue to the consolidated income statement of the Company in the financial year ending 31 December 2008. The simultaneous time charter of the Vessel back into the Company's chartered fleet will allow the Company to retain commercial control and hence the revenues over the Vessel during the charter period.

The Directors believe that the terms of the MOA and the Charterparty, which were determined after arm's length negotiation, on normal commercial terms, are fair and reasonable so far as the Company and the Shareholders are concerned, and the transactions to sell and time charter back the Vessel are in the interests of the Company and the Shareholders as a whole.

THE FLEET

Handysize Fleet

Following the completion and delivery of the Vessel from the owned fleet to the chartered fleet in respect of the Vessel and the delivery of a vessel in the second quarter of 2008 which the Company has agreed to charter-in on a long-term basis, the Company's core handysize fleet will comprise 65 vessels (approximately 1.92 million dwt), including 18 owned vessels and 47 chartered-in vessels. All handysize vessels, with the exception of one vessel, are employed in a mixture of voyage charters and time charters through the Pacific Basin-IHC pool. Outside the core handysize fleet, the Pacific Basin-IHC pool also operates a number of short-term chartered-in vessels, amounting to 4 vessels as at the date of this announcement.

In addition, the Company has 10 newbuilding vessels on order (approximately 0.31 million dwt in aggregate), 4 of which are scheduled to deliver in 2008 and 6 in 2009. 9 of these newbuilding vessels will enter into the Company's owned fleet and the other vessel will enter into the Company's chartered fleet upon their respective deliveries.

Handymax Fleet

Following the delivery of 2 vessels in the second quarter of 2008 which the Company has agreed to charter-in on a long-term basis, the Company's core handymax fleet will comprise 17 vessels (approximately 0.84 million dwt), including 3 owned vessels and 14 chartered-in vessels. All handymax vessels, with the exception of two vessels which are employed on long-term time charters, are employed in a mixture of voyage charters and time charters through the Pacific Basin-IHX pool. Outside the core handymax fleet, the Pacific Basin-IHX pool also operates a number of short-term chartered-in vessels, amounting to 23 vessels as at the date of this announcement.

In addition, the Company has a newbuilding vessel on order (approximately 54,000dwt) which will enter into the Company's owned fleet in 2008 upon delivery.

Post Panamax Vessels on Order

The Company has placed an order for a 115,000dwt newbuilding bulk carrier with an expected delivery in the third quarter of 2011. In addition, the Company has a 50% interest in another 115,000dwt newbuilding bulk carrier and in a long-term charter of a 95,000dwt newbuilding bulk carrier, both with an expected delivery in the first quarter of 2011 through a joint venture.

Roll On Roll Off Vessels on Order

The Company has placed orders for four 3,663 lane metres roll on roll off newbuilding vessels with deliveries currently scheduled between the third quarter of 2009 and the first quarter of 2011.

Tug and Barge Fleet

The Company currently owns 2 tugs and one barge and charters in 6 tugs on a long-term basis. 7 of such tugs are operated by the Company's 90.1% owned subsidiary for the provision of harbour towage services in Australia. The remaining tug and the barge are long-term chartered to the Company's joint venture in the Middle East for transporting aggregates and rock.

In addition, the Company has placed orders for 6 newbuilding tugs, which are expected to enter into the Company's owned tug fleet upon their deliveries between 2008 and 2010.

REASON FOR THE ANNOUNCEMENT

The transaction under the MOA itself is not discloseable. As the ultimate beneficial owner of K/S Danskib 72 is the same as that of K/S Danskib 61, K/S Danskib 64, K/S Danskib 69 and K/S Danskib 68 to whom the Company sold "Castle Peak", "Lake Joy", "Mount Cook" and "Amazonia" respectively in the past 12 months period (the sale of the first two vessels was previously disclosed in the Company's announcement dated 14 August 2007 whilst the sale of the latter two vessels was previously disclosed in the Company's announcement dated 3 October 2007), the transaction contemplated under the MOA, when aggregated with these previously announced transactions, constitutes a discloseable transaction of

the Company under the Listing Rules and is required to be disclosed by way of this announcement. A circular containing further details of the transaction will be issued to Shareholders shortly.

DEFINITIONS

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

- “Board” means the board of directors of the Company;
- “Charterparty” means the time charterparty that will be entered into between Pacific Basin Chartering Limited, a wholly-owned subsidiary of the Company, and K/S Danskib 72 for the time charter of the Vessel at agreed charter rates for a fixed period of four years, which will commence upon the completion and delivery of the Vessel to K/S Danskib 72;
- “Classification Society” means an independent society which certifies that a vessel has been built and maintained in accordance with the rules of such society and in compliance with the applicable rules and regulations of the vessel’s flag state and the international conventions of which that flag state is a signatory;
- “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 deadweight tonnes, the unit of measurement of weight capacity of vessels, which is the total weight (usually in metric tonnes) the ship can carry, including cargo, bunkers, water, stores, spares, crew etc. at a specified draft;
- “Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;
- “HK Dollars” or “HK\$” means Hong Kong dollars, the lawful currency of Hong Kong;
- “Listing Rules” means The Rules Governing the Listing of Securities on the Stock Exchange;

“MOA”	means the legally binding unconditional memorandum of agreement dated 20 March 2008 entered into between Pacific Basin Chartering (No.15) Limited and K/S Danskib 72 for the sale of the Vessel to K/S Danskib 72;
“Pacific Basin-IHC”	formerly known as the International Handybulk Carriers Pool, established in October 2001, which is a contractual arrangement for the sharing of revenue earned by vessels entered into by its members. The Pacific Basin-IHC pool is operated by Pacific Basin IHC Limited, a wholly-owned subsidiary of the Company;
“Pacific Basin-IHX”	formerly known as the International Handymax Carriers Pool, established in July 2006, which is a contractual arrangement for the sharing of revenue earned by vessels entered into by its members. The Pacific Basin-IHX pool is operated by Pacific Basin IHX Limited, a wholly-owned subsidiary of the Company;
“Shareholders”	means the shareholders of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“US Dollars” or “US\$”	means United States dollars, the lawful currency of the United States; and
“Vessel” or “Pitt Island”	means a 1997 built handysize dry bulk carrier of 28,611dwt named “Pitt Island”. The present flag of the Vessel is Hong Kong and the place of registration is Hong Kong. The Classification Society of the Vessel is Nippon Kaiji Kyokai.

By Order of the Board
Andrew T. Broomhead
Company Secretary

Hong Kong, 20 March 2008

Note: An exchange rate of US\$1.00 to HK\$7.80 has been used for the conversion of US Dollars into HK Dollars for the purpose of this announcement.

As at the date of this announcement, the executive Directors of the Company are Christopher Richard Buttery, Richard Maurice Hext, Klaus Nyborg, Wang Chunlin and Jan Rindbo, the non-executive Directors of the Company are Daniel Rochfort Bradshaw and Dr. Lee Kwok Yin, Simon, and the independent non-executive Directors of the Company are David Muir Turnbull, Robert Charles Nicholson, Patrick Blackwell Paul and Alasdair George Morrison.