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B Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

DISCLOSEABLE TRANSACTION: ACQUISITION OF A VESSEL TO BE CONSTRUCTED

On 21 December 2007, an indirect wholly-owned subsidiary of the Company entered into the MOA with K.Y. Sea Shipping S.A. (the “Seller”) to acquire from it a newbuilding handysize vessel (the “Vessel”) for a consideration of JPY5,100,000,000 or approximately US\$45,737,000 (approximately HK\$356,748,600). The Vessel is currently constructed and equipped by a shipyard in Japan, with an expected delivery on or before 30 April 2008.

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

The acquisition of the Vessel is the result of the close relationship between the Company and the Seller, enabling the Company to secure this off-market purchase opportunity.

Such acquisition will enable the Company to secure a newbuilding vessel for its handysize fleet. The Directors consider the acquisition to be attractive taking into account the competitive US Dollar equivalent price achieved and the early delivery position of the Vessel and it is consistent with the Company’s strategy of maintaining a large, modern fleet of handysize vessels.

As the ultimate beneficial owner of the Seller is the same as that of Giant Line Inc., S.A. from whom the Company acquired a newbuilding handysize vessel as previously disclosed in our announcement dated 13 February 2007, the transaction contemplated under the MOA, only when aggregated with this previously announced discloseable transaction, 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.

BACKGROUND

On 21 December 2007, Summer Flourish Limited, an indirect wholly-owned subsidiary of the Company entered into the MOA as buyer with K.Y. Sea Shipping S.A. as seller to acquire from it a newbuilding handysize vessel for a consideration of JPY5,100,000,000 or approximately US\$45,737,000 (approximately HK\$356,748,600). The Vessel is currently constructed and equipped by a shipyard in Japan, with an expected delivery on or before 30 April 2008. Principal terms of the MOA are set out below.

THE MOA

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

Date : 21 December 2007

Parties : Purchaser : Summer Flourish Limited, which is an indirect wholly-owned subsidiary of the Company.

Seller : K.Y. Sea Shipping 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 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 the Seller is the owning of shipping vessels (including the Vessel) and the principal business activity of the ultimate beneficial owner of the Seller is the owning and operating of shipping vessels.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save for the transactions respectively disclosed in this announcement and in the announcement dated 13 February 2007 in relation to the purchase of a newbuilding handysize vessel, the Company has not entered into any transaction with the Seller or its ultimate beneficial owner or with parties connected or otherwise associated with one another and there are no other relationships amongst the Seller or its ultimate beneficial owner with whom the Company has entered into any transaction to acquire, dispose of, or charter in vessels during the 12 months prior to the date of the MOA.

- Asset to be acquired : A newbuilding handysize dry bulk carrier of approximately 28,050dwt. The Vessel, with hull no. S-H546, is currently constructed and equipped by a shipyard in Japan, with an expected delivery on or before 30 April 2008. The Company currently intends to operate the Vessel upon its delivery.
- Consideration : JPY5,100,000,000, or approximately US\$45,737,000 (approximately HK\$356,748,600).

Pursuant to the MOA, the consideration for the Vessel is denominated in Japanese Yen. The above consideration in US Dollars is converted according to the forward exchange rates stipulated in the Forward Contracts.

With the objective to mitigate the risks arising from the fluctuation of exchange rates between US Dollars and Japanese Yen during the construction of the Vessel, the Company has entered into certain forward foreign exchange contracts with a bank (the “Forward Contracts”) to buy a total of JPY5,100,000,000 and simultaneously sell approximately US\$45,737,000 (approximately HK\$356,748,600). The settlement dates of the Forward Contracts are set according to the payment terms of the MOA.

The consideration in US Dollar equivalent is considered by the Directors to be competitive. 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 newbuildings of comparable size and year of delivery 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 and year of scheduled delivery 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 of the consideration of the Vessel will be satisfied entirely in cash and the Company intends to fully fund the consideration using the cash reserves of the Company.

- Payment terms : Under the MOA, 10% of the consideration, being JPY510,000,000, or approximately US\$4,523,000 (approximately HK\$35,279,400) converted pursuant to the Forward Contracts, will be paid before 31 December 2007, with the balance payable in 2008 upon the delivery of the Vessel.
- Guarantee : In connection with the purchase of the Vessel, PB Vessels Holding Limited, a direct wholly-owned subsidiary of the Company, has entered into a guarantee with the Seller to guarantee the performance of Summer Flourish Limited of all its obligations, duties and liabilities under the MOA.
- Completion and delivery : Pursuant to the MOA, the latest date for completion is 30 April 2008 unless the parties otherwise agree. The Directors currently expect that the completion and delivery of the Vessel will take place on or before 30 April 2008.

REASONS FOR THE TRANSACTION

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 acquisition of the Vessel will enable the Company to secure a newbuilding vessel for its handysize fleet. The Directors consider the acquisition to be attractive taking into account the competitive US Dollar equivalent price achieved and the early delivery position of the Vessel and it is consistent with the Company's strategy of maintaining a large, modern fleet of handysize vessels.

The Directors believe that the terms of the MOA, 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 acquisition of the Vessel is in the interests of the Company and the Shareholders as a whole.

THE FLEET

Handysize Fleet

Following the delivery of two vessels in 2008 which the Company has agreed to charter-in on a long-term basis, the Company's core handysize fleet will comprise 64 vessels (approximately 1.88 million dwt), including 16 owned vessels and 48 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 IHC Pool. Outside the core handysize fleet, the IHC Pool also operates a number of short-term chartered-in vessels, amounting to four vessels as at the date of this announcement.

In addition, following the signing of the MOA, the Company shall have 12 newbuilding vessels on order (approximately 0.38 million dwt in aggregate), six of which are scheduled to be delivered in 2008 and six in 2009. 11 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 two vessels in 2008 which the Company has agreed to charter-in on a long-term basis, the Company's core handymax fleet will comprise 15 vessels (approximately 0.76 million dwt), including three owned vessels and 12 long-term 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 time charters and voyage charters through the IHX Pool. Outside the core handymax fleet, the IHX Pool also operates a number of short-term chartered-in vessels, amounting to 17 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 order for a post panamax newbuilding bulk carrier of approximately 115,000dwt with an expected delivery in the third quarter of 2011. In addition, the Company has a 50% interest in another post panamax newbuilding bulk carrier of approximately 115,000dwt with an expected delivery in the first quarter of 2011 through a joint venture.

REASONS FOR THE ANNOUNCEMENT

As the ultimate beneficial owner of the Seller is the same as that of Giant Line Inc., S.A. from whom the Company acquired a newbuilding handysize vessel as previously disclosed in our announcement dated 13 February 2007, the transaction contemplated under the MOA, only when aggregated with this previously announced discloseable transaction, 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.

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;
- “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;
- “Forward Contracts” means the forward foreign exchange contracts the Company entered into with a bank with the objective to mitigate the risks arising from the fluctuation of exchange rates between US Dollars and Japanese Yen during the construction of the Vessel, under which the Company will, in aggregate, buy JPY5,100,000,000 and simultaneously sell approximately US\$45,737,000. The settlement dates are set according to the payment terms of the MOA;
- “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;
- “IHC Pool” 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 IHC Pool is operated by International Handybulk Carriers Limited, a wholly-owned subsidiary of the Company;
- “IHX Pool” 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 IHX Pool is operated by International Handymax Carriers Limited, a wholly-owned subsidiary of the Company;
- “Japanese Yen” or “JPY” means Japanese yen, the lawful currency of Japan;

“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“MOA”	means the legally binding unconditional Memorandum of Agreement dated 21 December 2007 entered into between Summer Flourish Limited and the Seller for the acquisition of the Vessel by Summer Flourish Limited;
“Seller”	K.Y. Sea Shipping S.A.;
“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 of America; and
“Vessel”	means a newbuilding handysize dry bulk carrier of approximately 28,050dwt with hull no. S-H546 currently constructed and equipped by a shipyard in Japan with an expected delivery on or before 30 April 2008.

By Order of the Board
Andrew T. Broomhead
Company Secretary

Hong Kong, 21 December 2007

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 Mr. Christopher Richard Buttery, Mr. Richard Maurice Hext, Mr. Klaus Nyborg, Mr. Wang Chunlin and Mr. Jan Rindbo, the non-executive Directors of the Company are Mr. Daniel Rochfort Bradshaw and Dr. Lee Kwok Yin, Simon, and the independent non-executive Directors of the Company are Mr. Robert Charles Nicholson, Mr. Patrick Blackwell Paul, The Earl of Cromer and Mr. David Muir Turnbull.