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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, after trading hours, entered into a placing agreement dated 12 May 2009 with the Placing Agent to place in aggregate up to 174,731,010 Shares at HK\$4.36 per Share on a fully underwritten basis, representing 10.0% of the existing issued share capital of the Company and 9.1% of the enlarged share capital of the Company.

The proceeds from the placing of Placing Shares will provide equity financing for the Company’s expansion initiatives. We expect the difficult shipping market to present opportunities to the Company and are therefore expanding our capital with a view to purchasing assets – mainly dry bulk vessels or companies – at attractive prices at the right time.

PLACING

The Company has, after trading hours, entered into the Placing Agreement dated 12 May 2009 with the Placing Agent on the terms summarised below.

The placing was fully underwritten by the Placing Agent. It is expected that no placee will as a result of the placing become a substantial shareholder (as 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 in the Listing Rules) of the Company.

NUMBER OF PLACING SHARES

The Placing Agent has agreed to place in aggregate up to 174,731,010 Shares at HK\$4.36 per Share on a fully underwritten basis, representing 10.0% of the existing issued share capital of the Company and 9.1% of the enlarged share capital of the Company. The aggregate value of the Placing Shares is HK\$761.8 million (approximately US\$97.7 million).

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 in the Listing Rules) of the Company.

PLACING PRICE

The placing price of HK\$4.36 per Placing Share was agreed after arm's length negotiations between the Company and the Placing Agent and represents a discount of approximately 5.2% to the closing price of HK\$4.60 per Share as quoted on the Stock Exchange on 12 May 2009 and a discount of approximately 7.8% to the average closing price of HK\$4.73 for the last five trading days immediately prior to this announcement and a premium of approximately 0.2% to the average closing price of HK\$4.35 for the last 10 days immediately prior to this announcement. The Directors consider that the Placing Agreement (including the placing price and the basis for determining the same) is fair and reasonable based on current market conditions and the placing of the Placing Shares is in the interests of the Company and its shareholders as a whole.

The net placing price for the placing is approximately HK\$4.30 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 21 April 2009. Under such general mandate, the Directors are allowed to allot and issue up to 174,731,010 Shares. As at the date of this announcement, no Shares have 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 and allotment of the Placing Shares are set out below:

<i>Name of shareholder</i>	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>
Public shareholders with a notifiable interest under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong):–				
Compagnie de Navigation Canadian Forest Ltee. Canadian Forest Navigation Co. Ltd.	176,849,000	10.12	176,849,000	9.20
JP Morgan Chase & Co.	159,810,706 (<i>Note 1</i>)	9.15	159,810,706	8.32
	7,700,000 (<i>Note 2</i>)	0.44	7,700,000	0.40
<i>Sub-total</i>	<u>344,359,706</u>	<u>19.71</u>	<u>344,359,706</u>	<u>17.92</u>
Other public shareholders:–				
Other shareholders	1,402,950,403	80.29	1,402,950,403	72.99
Placees	–	–	174,731,010	9.09
<i>Sub-total</i>	<u>1,402,950,403</u>	<u>80.29</u>	<u>1,577,681,413</u>	<u>82.08</u>
TOTAL	<u>1,747,310,109</u>	<u>100.00</u>	<u>1,922,041,119</u>	<u>100.00</u>

Notes:

1. Represents long positions and are held in the capacities as beneficial owner (relating to 21,346,769 Shares), investment manager (relating to 85,294,053 Shares) and custodian corporation/approved lending agent (relating to 53,169,884 Shares).
2. Represents short positions.

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 for a period from the date of the Placing Agreement up to 90 days after the completion of the placing of the Placing Shares, neither the Company nor any of its subsidiaries or affiliates over which it exercises management or voting control, nor any person acting on its or their behalf will, except for the Placing Shares and save pursuant to (1) the terms of the Company's Long Term Incentive Scheme or (2) any outstanding subscription warrants or (3) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association or (4) conversion of outstanding convertible bonds or (5) the terms of any specific issue mandate granted by the shareholders of the Company, (i) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agent.

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 20 May 2009 but in any events, no later than 3 June 2009, or such other date as may be agreed by the Company and the Placing Agent in writing.

Further announcements shall be made by the Company if the placing is terminated or does not complete by 3 June 2009.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The gross proceeds and the net proceeds from the placing of the Placing Shares will amount approximately to HK\$761.8 million and HK\$751.9 million respectively.

The proceeds from the placing of Placing Shares will provide equity financing for the Company's expansion initiatives. The Company anticipates a continued volatile and challenging dry bulk market throughout 2009. We expect the difficult shipping market to present opportunities to the Company and are therefore expanding our capital with a view to purchasing assets – mainly dry bulk vessels or companies – at attractive prices at the right time.

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 currently has vessel capital commitments of US\$363 million (approximately HK\$2,840 million) to acquire four handysize, one post-panamax, five tugs and four Roll-on Roll-off vessels (all are newbuildings) and non-vessel capital commitments of US\$16 million (approximately HK\$120 million). The Company also has options to purchase another two Roll-on Roll-off newbuildings, which if exercised, will result in additional capital expenditure of US\$134 million (approximately HK\$1,040 million).

FUND-RAISING ACTIVITY BY THE COMPANY IN THE PAST 12 MONTHS

Date of announcement	Date of closing	Fund-raising activity	Net proceeds raised	Intended use of proceeds
8 May 2008	20 May 2008	Placing of new Shares	HK\$2,112 million	Providing capital for the Company's expansion initiatives and general corporate and working capital purposes

Since the above placing of new Shares, the Company has incurred capital expenditure of approximately US\$200 million on 10 dry bulk vessels, 15 tugs and barges and three Roll-on Roll-off vessels, and has also incurred US\$40 million to secure purchase options on another two Roll-on Roll-off vessels.

Save as disclosed above, the Company has not issued any equity securities to raise funds in the past 12 months immediately before the date of this announcement.

GENERAL INFORMATION

The Directors believe, having made all reasonable enquiries, that the placing of the Placing Shares 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 of the Placing Shares.

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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“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”	UBS AG;
“Placing Shares”	174,731,010 Shares to be placed by the Placing Agent, representing 10.0% of the existing issued share capital of the Company;
“Placing Agreement”	placing agreement dated 12 May 2009 between the Company and the Placing Agent;
“Share(s)”	ordinary share(s) 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, 12 May 2009

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 David Muir Turnbull, 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 Robert Charles Nicholson, Patrick Blackwell Paul, and Alasdair George Morrison.