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**If you have sold** all your shares in Pacific Basin Shipping Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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## **Pacific Basin Shipping Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

**GENERAL MANDATE TO REPURCHASE SHARES  
GENERAL MANDATE TO ISSUE SHARES  
AMENDMENTS TO THE BYE-LAWS  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the 2005 annual general meeting of Pacific Basin Shipping Limited to be held at Grand Hyatt Hotel at No.1 Harbour Road, Wanchai, Hong Kong on Friday, 29 April 2005 at 11.00 a.m. is set out on pages 14 to 17 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

|                           |   |
|---------------------------|---|
| “AGM”                     | the 2005 annual general meeting of the Company to be held at Grand Hyatt Hotel at No.1 Harbour Road, Wanchai, Hong Kong on Friday, 29 April 2005 at 11.00 a.m., notice of which is set out on pages 14 to 17 of this circular |
| “associate”               | has the meaning ascribed thereto in the Listing Rules   |
| “Board”                   | the board of Directors or a duly authorised committee thereof   |
| “business day”            | any day on which the Stock Exchange is open for the business of dealing in securities   |
| “Bye-laws”                | the bye-laws of the Company   |
| “Company”                 | Pacific Basin Shipping Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange  |
| “Companies Act”           | the Companies Act 1981 of Bermuda (as amended)  |
| “connected person”        | has the meaning ascribed thereto in the Listing Rules   |
| “Directors”               | the directors of the Company  |
| “Group”                   | the Company and its subsidiaries  |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Issue Mandate”           | the general mandate enabling the Company to allot, issue and deal in Shares   |
| “Latest Practicable Date” | 24 March 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular   |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time   |
| “Notice”                  | the notice of the AGM set out on pages 14 to 17 of this circular  |
| “Repurchase Mandate”      | the general mandate enabling the Company to repurchase Shares   |
| “Shareholder(s)”          | holders of Share(s) in issue  |
| “Share(s)”                | share(s) of US\$0.10 each in the share capital of the Company   |
| “Share Option Scheme”     | the share option scheme of the Company adopted on 10 June 2004  |

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## DEFINITIONS

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|                  |   |
|------------------|---|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited                                   |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers                               |
| “HK\$ and cents” | Hong Kong dollar and cents respectively, the lawful currency of Hong Kong |



# Pacific Basin Shipping Limited

*(incorporated in Bermuda with limited liability)*

(Stock Code: 2343)

*Executive Directors:*

Christopher Richard Buttery  
Mark Malcolm Harris  
Paul Charles Over

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-Executive Directors:*

Lee Kwok Yin, Simon  
James John Dowling  
Brian Paul Friedman

*Hong Kong Principal Office:*

7/F Hutchison House  
10 Harcourt Road  
Central  
Hong Kong

*Independent Non-Executive Directors:*

Robert Charles Nicholson  
Patrick Blackwell Paul  
The Earl of Cromer

31 March 2005

*To Shareholders,*

**GENERAL MANDATE TO REPURCHASE SHARES  
GENERAL MANDATE TO ISSUE SHARES  
AMENDMENTS TO THE BYE-LAWS  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide the Shareholders with the Notice at which ordinary and special resolutions will be proposed to consider and, if thought fit, to approve, among other things, the re-election of directors, the grant of general mandates to repurchase and issue Shares and the amendments to the Bye-laws.

**GENERAL MANDATE TO REPURCHASE SHARES**

Pursuant to a resolution in writing passed by the Shareholders on 17 June 2004, a general and unconditional mandate was given to the Directors to repurchase Shares of the Company on the Stock Exchange of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at 14 July 2004. A further general mandate was also given to the Directors to allot and issue Shares repurchased by the Company pursuant to the Repurchase Mandate. No Shares have been repurchased pursuant to the Repurchase Mandate.

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## LETTER FROM THE CHAIRMAN

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Under the terms of the Repurchase Mandate and the Listing Rules, the Repurchase Mandate will lapse at (i) the conclusion of the AGM; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act or the Company's Bye-laws to be held; or (iii) the revocation by ordinary resolution of Shareholders in general meeting, whichever is the earliest, unless renewed at the AGM.

The Directors believe that a renewal of these mandates are in the interest of the Company and Shareholders as a whole as these mandates will expire at the conclusion of the AGM. Accordingly, an ordinary resolution will be proposed at the AGM which will give the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase Shares at any time until the earlier of (i) the conclusion of the next annual general meeting of the Company following the passing of such resolution or; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company's Bye-laws to be held; or (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting, as stated in the ordinary resolution up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing such resolution. The explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate is set out in Appendix I to this circular.

The full text of the ordinary resolution to be proposed at the AGM in relation to the Repurchase Mandate is set out in resolution 6 in the Notice set out on pages 14 to 17 of this circular.

### **GENERAL MANDATE TO ISSUE SHARES**

Pursuant to a resolution in writing passed by the Shareholders on 17 June 2004, a general and unconditional mandate was also given to the Directors to allot, issue and deal with additional Shares of the Company up to a limit of 20% of the aggregate nominal amount of the issued share capital of the Company as at 14 July 2004. As noted above, a further general mandate was also given to the Directors to allot and issue Shares repurchased by the Company pursuant to the Repurchase Mandate.

The Directors believe that the renewal of the general mandate is in the best interests of the Company and Shareholders as a whole as this mandate will expire at the conclusion of the AGM. Accordingly, a renewal of the general mandate will be sought from the Shareholders at the AGM to authorise the Directors to allot, issue and deal with additional Shares of the Company up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant resolution, which if passed shall be 29 April 2005.

The full text of the ordinary resolutions to be proposed at the AGM in relation to the Issue Mandate are set out in resolution 5 in the Notice set out on pages 14 to 17 of this circular.

### **DIVIDENDS**

The Board has recommended a final dividend for the year ended 31 December 2004 of HK\$0.16 per Share and if such dividend is approved by the Shareholders at the AGM, it is expected to be paid on or about 6 May 2005 for those Shareholders whose names appear on the Register of Shareholders on 29 April 2005.

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## LETTER FROM THE CHAIRMAN

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The Register of Shareholders will be closed from 27 April 2005 to 29 April 2005 (both days inclusive) during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 26 April 2005. The ex-dividend date for the final dividend will be on 25 April 2005.

### RE-ELECTION OF DIRECTORS

In relation to resolution 3 in the Notice regarding re-election of Directors, Mark M. Harris will retire at the AGM by rotation pursuant to the Company's Bye-laws and, being eligible, will offer himself for re-election. He has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. In addition, Richard M. Hext, the Deputy Chairman and executive Director who joins the Company on 5 April 2005, Patrick B. Paul, Robert C. Nicholson and The Earl of Cromer, all independent non-executive Directors, will retire and will be subject to re-election. None of them has any relationship with any directors, senior management or substantial or controlling shareholders of the Company. Under resolution 3, the re-election of Directors will be individually voted on by Shareholders.

Subject to the Shareholders' approval, it is proposed to modify the Company's Bye-laws so that, inter alia, the chairman and managing director of the Company shall in the future be subject to the same rotation requirements as applicable to other Directors. A special resolution shall be proposed (resolution 8) in the Notice to amend the existing Bye-law 87 to such effect.

The biographical details and interests in Shares of all the executive Directors and independent non-executive Directors to be re-elected at the AGM are contained in the particulars concerning Directors seeking election and re-election at the AGM set out in Appendix II below.

### AMENDMENTS TO THE BYE-LAWS

As mentioned in the section headed "Re-election of Directors" above, the Directors will propose to amend the Bye-laws to the effect that all Directors will be subject to retirement by rotation.

The proposed amendment to the Bye-laws is set out in resolution 8 of the Notice.

### RIGHT TO DEMAND A POLL

Pursuant to Bye-law 66, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting; or
- (b) at least three members present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) any member(s) present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

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## LETTER FROM THE CHAIRMAN

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- (d) member(s) present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Pursuant to Bye-law 66, the chairman will demand a poll on each of the questions submitted for determination at the forthcoming AGM. The results of the poll will be published in the local newspapers and on the Company's and the Stock Exchange's websites on the business day following the AGM.

### NOTICE OF ANNUAL GENERAL MEETING

The Notice is set out on pages 14 to 17 of this circular.

There is enclosed a form of proxy for use at the AGM. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to Computershare Hong Kong Investor Services Limited, 46th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. The completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM should you so wish.

### RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the grant of the Repurchase Mandate, the grant of the Issue Mandate and the amendments to the Bye-laws are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all of these resolutions to be proposed at the AGM.

Yours faithfully,  
By order of the Board  
**Christopher R. Buttery**  
*Chairman*

This appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to accompany the Notice at which a resolution is to be proposed in relation to the Repurchase Mandate.

**REPURCHASE MANDATE**

The relevant sections of the Listing Rules which permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange, subject to certain restrictions, are summarised below:

**(a) Shareholders' approval**

The Listing Rules provide that all proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction. The Listing Rules require an explanatory statement such as is contained herein to be sent to shareholders to give shareholders adequate information to enable them to decide whether to approve the grant of such a mandate.

**(b) Source of funds**

In repurchasing its Shares, the Company may only apply funds entirely from the Company's available cashflow or working capital facilities which will be funds legally available for such purpose in accordance with its memorandum of association and Bye-laws and laws of Bermuda.

Under Bermuda law, purchases may only be effected out of the capital paid up on the purchased Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's Share premium account.

**(c) Maximum number of shares to be repurchased**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,267,010,609 Shares. Subject to the passing of resolution 6 approving the Repurchase Mandate as set out in the Notice appearing on pages 14 to 17 of this circular and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 126,701,060 Shares until (i) the conclusion of the next annual general meeting; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act or the Company's Bye-laws to be held; or (iii) the revocation or variation of the authority given under resolution 6 by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

**REASONS FOR REPURCHASE**

The Directors believe that it is in the best interests of the Company and its Shareholders as a whole to seek a general authority from Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such repurchases, depending on market conditions and funding arrangements at

the time, may lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will be made only when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

### **FUNDING OF REPURCHASES**

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's Memorandum of Association and Bye-laws and the laws of Bermuda.

The Directors have no present intention to repurchase any Shares of the Company and they would exercise the power to repurchase in circumstances only where they consider that the repurchase would be in the best interests of the Company and its Shareholders as a whole and in circumstances where they consider that the Shares of the Company can be repurchased on terms favourable to the Company. As compared with the position as disclosed in the Company's most recent published audited account for the year ended 31 December 2004, and taking into account the current working capital position of the Company, the Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it could have a material adverse impact on the working capital position of the Company.

### **DISCLOSURE OF INTERESTS**

None of the Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates of Directors have a present intention, in the event that the proposed Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

No connected persons of the Company have notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares to the Company in the event that the Repurchase Mandate is granted by the Shareholders.

### **DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Bye-laws of the Company and the applicable laws of Bermuda.

**SHARE PRICE**

As the Shares only became listed on the Stock Exchange on 14 July 2004, the highest and lowest prices at which Shares were traded on the Stock Exchange in each of the nine months prior to the Latest Practicable Date were as follows:

|             | <b>Highest</b><br>(HK\$) | <b>Lowest</b><br>(HK\$) |
|-------------|--------------------------|-------------------------|
| <b>2004</b> |                          |                         |
| July        | 2.5                      | 2.00                    |
| August      | 2.525                    | 2.35                    |
| September   | 3.40                     | 2.35                    |
| October     | 3.975                    | 3.35                    |
| November    | 3.8                      | 3.45                    |
| December    | 3.925                    | 3.30                    |
| <b>2005</b> |                          |                         |
| January     | 3.45                     | 3.175                   |
| February    | 3.85                     | 3.15                    |
| March       | 4.075                    | 3.725                   |

**TAKEOVERS CODE**

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the company with the largest holding of our Shares, Dry Bulk Shipping (BVI) Limited, is interested in 114,774,692 Shares (representing approximately 9.10% of the Company's issued share capital). Based on the said interests of Dry Bulk Shipping (BVI) Limited in the issued share capital of the Company as at the Latest Practicable Date, in the event that the Directors exercise in full the power to repurchase Shares of the Company in accordance with the terms of the resolution to be proposed at the AGM, the interests of Dry Bulk Shipping (BVI) Limited in the issued share capital of the Company will be increased from approximately 9.10% to approximately 10.07% which is below the 30% threshold prescribed under the Takeovers Code and Dry Bulk Shipping (BVI) Limited would not be obliged to make a mandatory general offer under Rule 26 of the Takeover Code as a result of such increase. The Directors have no intention to exercise the Repurchase Mandate in such a way and to such extent that would give rise to an obligation on the part of Dry Bulk Shipping (BVI) Limited or any other Shareholder to make a mandatory general offer under Rule 26 of the Takeover Code.

**SHARE REPURCHASE MADE BY THE COMPANY**

No purchase has been made by the Company of its Shares (on the Stock Exchange or otherwise) in the six months prior to the date of this document.

## EXECUTIVE DIRECTORS

**Richard Maurice Hext — age 47, Deputy Chairman**

Mr Hext will be joining Pacific Basin's senior management team on 5 April 2005 as the Company continues to build on its leading position in Handysize bulk shipping in the Pacific region. He has been involved in shipping for over 25 years and his experience in the industry combined with his depth of skills in all aspects of the shipping business and his extensive relationships are expected to help propel the Company's growth and profitability in 2005 and beyond.

Mr Hext has most recently served as Chief Executive Officer of the Marine Services Division of the V. Ships Group, which is the world's largest ship management group, managing a vessel portfolio worth over US\$2 billion. From late 2000 to early 2003, Mr Hext was Chief Executive Officer of LevelSeas Limited, a B2B internet start-up whose purpose was to help take online the seaborne freight dealings of its shareholders (including BP, Shell, Rio Tinto, BHP Billiton and Cargill) and their counterparties.

Mr Hext served with John Swire & Sons Limited from 1978 to 2000, during which time he held senior management positions with a number of Swire subsidiaries and joint ventures including P&O Swire Containers in Sydney, Swire Pacific Offshore in the Middle East and The China Navigation Company Limited in Hong Kong where he was Managing Director from 1996.

From early 2000, he was a director of John Swire & Sons (HK) Limited, which controls a number of Hong Kong companies, including Hong Kong-listed Swire Pacific Limited. Mr Hext has also served on the boards of Modern Terminals Limited, Hong Kong Salvage and Towage and Hong Kong United Dockyards<sup>1</sup>.

Mr Hext graduated from Worcester College, Oxford University in 1978 with a Master of Arts degree in Modern History and Economics and has since attended executive programmes at INSEAD, Oxford University and Stanford University.

Mr Hext has entered into a service agreement with the Company under which he will hold office for a period of three years (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company) commencing 5 April 2005. Mr Hext will receive a one-off payment of £316,781 after the service of the first 30 days of his employment with the Company. Mr Hext will receive from the Company an emolument at the rate of £250,000 per annum, which is inclusive of salary and retirement scheme contribution. He is also eligible to receive a bonus of up to 50% of his emolument (the "Target Bonus") with effect from the commencement date of his employment. For the first two years of Mr Hext's employment, a bonus of £125,000 per annum will be paid to him. Thereafter, the Target Bonus will be calculated based on a combination of the Company's earnings for each fiscal year and the discretion of the Remuneration Committee. In addition, 5,000,000 share options will be granted to Mr Hext under the Share Option Scheme subject to the rules of the Share Option Scheme and compliance with the Listing Rules. These options will vest and be exercisable at the rate of one million share options for each completed year of service over a period of five years. Mr Hext is also contractually entitled to a further grant of long term incentives of up to a further 15 million share options or an appropriate grant of restricted shares if the Company should introduce a restricted share plan, subject to approval by the Remuneration Committee and compliance with the Listing Rules.

<sup>1</sup> As far as the Company is aware, none of the companies described (except where specifically stated) are listed companies. Further, as far as the Company is aware, Mr Hext is not and has not been a director of Swire Pacific Limited.

Mr Hext does not have any relationship with any other directors or senior management or any substantial or controlling shareholders of Pacific Basin and he does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in the shares of the Company.

**Mark Malcolm Harris — age 44, Group Chief Executive**

Mr Harris has worked in Asia for over 15 years. He joined Pacific Basin in 1994 serving as Chief Financial Officer until the end of 1997. He was finance director of Celsis International plc, a UK biotech company listed on The London Stock Exchange, from 1997 to 1999 and rejoined the current Pacific Basin in 2000 as Managing Director of the Group's headquarters in Hong Kong, becoming Group Chief Executive in 2002. He is a Chartered Director of the Institute of Directors in the UK, an Associate of the Institute of Chartered Accountants of England & Wales and a director of The West of England Shipowners Association.

Mr Harris has entered into a service agreement with the Company dated 1 April 2004 under which he has agreed to hold office for a period of three years (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company) commencing on 1 April 2004. Mr Harris will receive from the Company an emolument at the rate of US\$575,000 per annum, which is inclusive of salary and retirement scheme contribution. He is also eligible to receive a bonus of up to 100% of his emolument (the "Target Bonus"). The Target Bonus will be calculated based on a combination of the Company's earnings for each fiscal year and the discretion of the Remuneration Committee. In addition, Mr Harris is interested in Share options granted to him under the Share Option Scheme pursuant to which he is entitled to subscribe for 4.8 million Shares of the Company exercisable at HK\$2.50 per Share and they vest in equal tranches on the first, second and third anniversary of the date of grant on 14 July 2004 and all expiring on 14 July 2014.

Mr Harris does not have any relationship with any other directors or senior management or any substantial or controlling shareholders of Pacific Basin and save as disclosed in the paragraph below relating to Directors' and Chief Executives' interests, he does not have any interest (within the meaning of Part XV of the Securities Futures Ordinance) in the Shares of the Company.

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Robert Charles Nicholson, age 49**

Mr Nicholson qualified as a solicitor in England and Wales in 1980 and in Hong Kong in 1982 and has broad experience in corporate finance and cross-border transactions. He was the senior advisor to the board of directors of PCCW Limited between 2001 and 2003. He became an executive director of First Pacific Company Limited in 2003 and has been an independent non-executive director of QPL International Holdings Limited since 1994. Both companies are listed on the Main Board of the Hong Kong Stock Exchange.

Mr Nicholson was appointed as independent non-executive director of the Company on 25 March 2004 and he has agreed to hold office for a period of three years (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company) commencing on 25 March 2004. Mr Nicholson's remuneration during the initial term of appointment shall be at the rate of HK\$200,000 per annum, payable in arrears in quarterly instalments at the rate of HK\$50,000 on 30 June, 30 September, 31 December and 31 March, with the first payment being made on 30 June 2004. In addition, Mr Nicholson is entitled to a fee of

HK\$50,000 per annum, for being a member of the Company's audit committee, and a further fee of HK\$200,000 per annum for being appointed as Chairman of the remuneration and nomination committees.

Mr Nicholson does not have any relationship with any other directors or senior management or any substantial or controlling shareholders of Pacific Basin and he does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in the Shares of the Company.

**Patrick Blackwell Paul, age 57**

Mr Paul is a qualified accountant. In a 33 year career with PricewaterhouseCoopers ("PwC"), he held a number of senior management positions in Hong Kong, including Chairman and Senior Partner of the firm for seven years. Since retiring from PwC in 2002, he has taken up a number of independent non-executive directorships, including Johnson Electric Holdings Limited, The Hongkong and Shanghai Hotels, Limited and Kingsway International Holdings Limited. He is also a member of the Managing Board of Kowloon-Canton Railway Corporation.

Mr Paul was appointed as independent non-executive director of the Company on 25 March 2004 and he has agreed to hold office for a period of three years (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws) commencing on 25 March 2004. Mr Paul's remuneration during the initial term of appointment shall be at the rate of HK\$200,000 per annum, payable in arrears in quarterly instalments at the rate of HK\$50,000 on 30 June, 30 September, 31 December and 31 March, with the first payment being made on 30 June 2004. In addition, Mr Paul is entitled to a fee of HK\$100,000 per annum for being a member of the Company's remuneration and nomination committees, and a further fee of HK\$100,000 per annum for being appointed as Chairman of the audit committee.

Mr Paul does not have any relationship with any other directors or senior management or any substantial or controlling shareholders of Pacific Basin and he does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in the shares of the Company.

**The Earl of Cromer, age 58**

The Earl of Cromer has spent over 35 years working in and advising on managing businesses and investments in China and other parts of Asia and holds positions on the boards of various China and Asia related investment trusts including the Chairmanship of Jardine Fleming China Regional Fund Limited and LG China Fund Limited. In 1994, he established Cromer Associates Limited advising European and American companies seeking to invest in Asia as well as Asian companies looking to invest in Europe. He is currently Chairman of the Philippine Discovery Investment Co. Ltd. and is on the board of Schroder Asia Pacific Fund both of which are public companies. He is also a board member of Western Provident Association which is a medium-size British insurance company.

The Earl of Cromer was appointed as independent non-executive director of the Company on 25 March 2004 and he has agreed to hold office for a period of three years (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company) commencing on 25 March 2004. The Earl of Cromer's remuneration during the initial term of appointment shall be at the rate of HK\$200,000 per annum, payable in arrears in quarterly instalments at the rate of HK\$50,000 on 30 June, 30 September, 31 December and 31 March, with

the first payment being made on 30 June 2004. In addition, he is entitled to a further fee of HK\$150,000 per annum for being a member of the Company's audit, remuneration and nomination committees.

The Earl of Cromer does not have any relationship with any other directors or senior management or any substantial or controlling shareholders of Pacific Basin and he does not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in the shares of the Company.

**Directors' and Chief Executives' interests and long position in the Shares, underlying Shares and debentures of the Company or any associated corporation**

The interests of the to be re-elected directors in the Shares underlying Shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

| Name of Director |                | Personal Interests     | Family interests | Corporate interests | Trust & Similar interests | Total Share interests | Approximate percentage of issued share capital of the Company |
|------------------|----------------|------------------------|------------------|---------------------|---------------------------|-----------------------|---|
| Mark M Harris    | Long Positions | 4,800,000 <sup>2</sup> | —                | —                   | —                         | 4,800,000             | 0.38%   |

At no time during the year was the Company, its subsidiaries, or its associated companies a party to any arrangement to enable the Directors and Chief Executive of the Company to hold any interests or short positions in the Shares or underlying Shares in, or debentures of, the Company or its associated corporation.

<sup>2</sup> Personal interests held by Mark M Harris constitute interests in share options of the Company only.



# Pacific Basin Shipping Limited

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Pacific Basin Shipping Limited (the “Company”) for the year 2005 will be held at Grand Hyatt Hotel at No. 1 Harbour Road, Wanchai, Hong Kong on Friday, 29 April 2005 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited accounts and the reports of the directors and auditors for the year ended 31 December 2004;
2. To declare a final dividend for the year ended 31 December 2004;
3. To re-elect directors and to authorise the board of directors of the Company to fix their remuneration;
4. To re-appoint Messrs. PricewaterhouseCoopers, Certified Public Accountants, as the auditors of the Company and to authorise the board of directors of the Company to fix their remuneration;

As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

5. **“THAT:**
  - (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue or otherwise deal with new shares of US\$0.10 each in the capital of the Company (the “Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers be generally and unconditionally approved;
  - (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and warrants which would or might require the exercise of such power after the end of the Relevant Period;
  - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to Shares issued as a result of a Rights Issue (as defined below), the exercise of the subscription or conversion rights attaching to any warrants issued by the Company or the exercise of options granted under the share option scheme of the Company or any script dividend providing for the allotment of

Shares in lieu of the whole or part of a dividend on Shares, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company’s Bye-laws to be held; and
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders of the Company in general meeting; and

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of shares open for a period fixed by the directors of the Company to holders of Shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase or repurchase shares of US\$0.10 each in the capital of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange be generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which may be purchased or repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during that Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly;
- (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company’s Bye-laws to be held; and

(iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting.”

7. “**THAT** subject to the passing of Ordinary Resolutions No. 5 and 6 set out in the notice convening this meeting, the aggregate nominal amount of the shares of the Company which may be purchased or repurchased by the Company pursuant to the authority granted to the directors of the Company by Ordinary Resolution No. 6 set out in the notice convening this meeting shall be added to the aggregate nominal amount of share capital of the Company that may be allotted or issued or agreed conditionally or unconditionally to be allotted or issued by the directors of the Company pursuant to Ordinary Resolution No. 5 set out in the notice convening this meeting, provided that such shares shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution.”

8. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:

“**THAT** the Bye-laws of the Company be amended by deleting the existing Bye-law 87.(1) in its entirety and replacing it with the following new Bye-law 87.(1):

“87.(1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.”

By Order of the Board  
**Andrew T. Broomhead**  
*Company Secretary*

Hong Kong, 31 March 2005

**Notes:**

1. Every member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons as their proxy to attend and vote on behalf of themselves. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other document of authority, if any, under which the form is signed, or a certified copy thereof, must be deposited with the Company’s Hong Kong branch registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof (as the case may be).
3. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjourned meeting or upon the poll concerned if Shareholders so wish. In such event, the instrument appointing the proxy shall be deemed to be revoked.

4. The Board of Directors has recommended a final dividend for the year ended 31 December 2004 of HK\$0.16 per share and, if such dividend is declared by the members passing Resolution No. 2, it is expected to be paid on or about 6 May 2005 to those Shareholders whose names appear on the Company's register of members on 29 April 2005.
5. The register of members of the Company will be closed from 27 April 2005 to 29 April 2005 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4 p.m. on 26 April 2005. The ex-dividend date for the final dividend will be 25 April 2005.
6. The Bye-laws of the Company are written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of Resolution 8 above on amendments of Bye-laws is purely a translation only. Should there be any discrepancies, the English version will prevail.
7. A circular containing the information regarding, inter alia, the directors proposed to be re-elected, the general mandate to issue securities, the mandate to repurchase shares of the Company and amendment to the Bye-laws of the Company will be sent to Shareholders of the Company together with the Company's 2004 Annual Report.

\* *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 The Earl of Cromer.*