



Pacific Basin Shipping Limited

太平洋航運集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

Trading Activities Update

- Official opening of Shanghai office.
- Completed or covered over 90% of the 6,200 expected vessel revenue days in the second half of 2004 at an average rate in excess of US\$17,500 per day.
- Fleet expansion brings our expected vessel revenue days from the Handysize fleet as it currently stands for 2005 to over 13,700 (2004 expected: 10,000) with contract cover for 50% of those 2005 vessel revenue days at an average rate of US\$15,300 per day.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Directors of Pacific Basin Shipping Limited (“Pacific Basin” or the “Company”) are pleased to provide a summary update on trading activities of the Company since the announcement of the Interim Results on 15 September 2004.

Since that date, we have announced the acquisition of two vessels on 7 October 2004 and one vessel on 24 November 2004 bringing the size of our Handysize fleet to 45 vessels. Of these, 33 are owned (average age 4.7 years), seven are chartered in and five are operated by us through the IHC pool on behalf of independent third parties. We have a further six Handysize newbuildings on order for delivery in 2005 and 2006. We have also taken delivery of our first Handymax vessel, which is on a five year period charter to a major Chinese shipping group, with a second Handymax vessel due for delivery in January 2005 also on a five year period charter to the same group. The total capacity of our delivered fleet totalling 46 vessels is approximately 1.3 million deadweight tonnes (comprising 1.0 million dwt for the owned fleet, 0.2 million dwt for the chartered in fleet and 0.1 million dwt for the managed fleet).

The office of our subsidiary in Shanghai was officially opened on 18 November 2004 and continues to grow rapidly under the leadership of Mr. Ben Lee who joined us in September 2004 as President of our China activities; he had previously been the chief executive of a major Chinese state-owned foreign trade enterprise. The Shanghai office is already responsible for the technical management of ten of our vessels and for all crewing activities for the Company’s fleet. Increasingly the office is providing support to the commercial operations of the Group as we expand the number of vessel load and discharge calls at Chinese ports. Currently we have some 20 staff located in Shanghai and expect this to reach 50 staff by the end of 2005 as that office absorbs our on-going fleet expansion and as it takes on additional activities for the Group. Looking forward, Mr. Lee’s experience gained over many years in China will be invaluable to us as we seek to develop our overall business in China.

In the past several weeks, we have been working closely with our customers as we progress through the cargo renewal season and we have now concluded a number of new cargo contracts (known as contracts of affreightment) which have contributed to the increase in the level of our contract cover for our 2005 vessel revenue days from 22% as at the date of our interim results announcement on 15 September 2004 to 50% as at the date of this announcement. We are pleased with the level of interest that has been shown in developing longer-term cargo contracts which help to reduce our customers' exposure to the present market environment and allow us to secure firm earnings for a significant portion of our fleet capacity going forward. The fact that shippers are prepared to book more cargo contracts for longer periods also underpins our confidence in the continued strength of the market as we look towards next year.

As at 25 November 2004 (being the latest practicable date for the purposes of this announcement), we had completed or covered over 90% of the 6,200 expected vessel revenue days in the second half of 2004 at an average rate in excess of US\$17,500 per day. This rate reflects both earnings from our cargo contracts and earnings from spot market voyages, as well as the benefits of efficiencies derived from operating a large fleet of modern, uniformly-sized vessels and the increased asset utilisation that we can achieve by combining front haul and back haul voyages.

The further fleet expansion outlined above brings our expected vessel revenue days from the Handysize fleet as it currently stands for 2005 to over 13,700 (2004 expected: 10,000). We have now put in place contract cover for 50% of those 2005 vessel revenue days at an average rate of US\$15,300 per day. Whilst this rate reflects the averaging of the basic contract rates in all our existing front haul and back haul cargo contracts (including those that extend beyond 2005), it does not include any projected amount for future spot market fixtures or the benefits of enhanced asset utilisation to be achieved when contract cargoes are linked together or are combined with other spot market fixtures, which should have a meaningful impact on actual revenues achieved.

Following the sharp rebound in the dry bulk market in the summer, the Baltic Dry Index ("BDI") has remained strong — consistently above 4,000 since the end of July and above 5,000 since early November. In the last two weeks the market has risen further, with the BDI reaching a record level of over 6,000 this week. These increases are, we believe, largely influenced by continuing robust bulk commodity demand from China. Consequently, rates for Handysize vessels have also strengthened with earnings in excess of US\$22,000 per day achievable at times on the spot market.

Given these developments, we remain optimistic about the prospects for the remainder of 2004 and 2005.

By Order of the Board

Christopher R. Buttery

Chairman

Mark M. Harris

Chief Executive Officer

Hong Kong, 1 December 2004

* *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 Rt. Hon. The Earl of Cromer.

Please also refer to the published version of this announcement in the (South China Morning Post)