

---

## DEFINITIONS

---

*In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms"*

"Application Form(s)"	white application form(s) and yellow application form(s), or where the context so requires, any of them
"Board of Directors" or "Board"	the board of directors of our Company
"Business Day"	a day that is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"Bye-laws"	the bye-laws of our Company, to be adopted pursuant to the Reorganisation on the Listing Date, a summary of which is set out in Appendix V of this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Broker Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"Chartered Fleet"	those vessels which, from time to time, are chartered in by us
"China"	the People's Republic of China. Except where the context requires, references in this prospectus to China do not apply to the Hong Kong and Macau Special Administrative Regions or to Taiwan
"Companies Act"	the Companies Act 1981 of Bermuda

---

## DEFINITIONS

---

“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “we” and “us”	Pacific Basin Shipping Limited, an exempted company incorporated in Bermuda with limited liability on 10 March 2004 under the Companies Act, or where the context refers to any time prior to its incorporation, those businesses and operations which its predecessors were engaged in and which were subsequently assumed by it pursuant to the Reorganisation in contemplation of the Global Offering
“Contracted Newbuildings”	the five vessels that our Company has contracted to purchase for delivery in 2004 and 2005, further details of which are contained in the section headed “Business — Our Fleet” in this prospectus
“Controlling Group”	Pembroke, the Initial Investors and their respective shareholders, and certain companies controlled by or in common control with such shareholders, further details of which are contained in the section headed “Business — The Reorganisation” in this prospectus
“Directors”	the directors of our Company
“Epic”	Epic Shipping (BVI) Limited, a company that will own the Excluded Activities on completion of the Reorganisation
“Fleet”	all vessels which, from time to time, form part of our Owned Fleet, our Chartered Fleet and our Managed Fleet
“GBP”	pounds sterling, the lawful currency of the United Kingdom
“GDP”	gross domestic product
“General Mandate”	the general unconditional mandate granted to the Board of Directors by the Company’s shareholders, further details of which are contained in the section headed “Further Information about our Company — Resolutions in writing of the Shareholders of the Company passed on 10 June 2004” in Appendix VI
“Global Coordinator”	Goldman Sachs (Asia) L.L.C.
“Global Offering”	the Public Offering and the International Placing

---

## DEFINITIONS

---

“Group”	the Company and its subsidiaries as reorganised on the Listing Date and, in respect of the period before the Company became the holding company of such subsidiaries, the entities which carried on the business of the Group prior to the Reorganisation
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HK GAAP”	accounting principles generally accepted in Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong” or “HK”	The Hong Kong Special Administrative Region of China
“IHCM”	International Handybulk Carriers Management Limited, a wholly owned subsidiary of the Company, which operates the IHC Pool
“IHC Pool”	the International Handybulk Carriers pool established in October 2001, which is a contractual arrangement for the sharing of revenues earned by vessels entered by its members. As at the Latest Practicable Date, vessels in the pool comprise 18 of the 19 vessels comprising our Owned Fleet, six of the seven vessels comprising our Chartered Fleet and 15 of the 16 vessels comprising our Managed Fleet. The IHC Pool is operated by IHCM
“Initial Companies”	<p>the companies described in the section headed “Business — The Structure of our Business prior to the Reorganisation” and being the following 16 BVI incorporated single purpose ship-owning companies (which own one vessel or one Contracted Newbuilding each) namely:</p> <p>Bernard (BVI) Limited, Caterina (BVI) Limited, Delphic Shipping (BVI) Limited, Everclear Shipping (BVI) Limited, Francesca Shipping (BVI) Limited, Gwenyth Shipping (BVI) Limited, Judith Shipping (BVI) Limited, Kia Shipping (BVI) Limited, Labrador Shipping (BVI) Limited, Mirs Shipping (BVI) Limited, Newman Shipping (BVI) Limited, Othello Shipping (BVI) Limited, Quincy Shipping (BVI) Limited, Spencer Shipping (BVI) Limited, Thompson Shipping (BVI) Limited, Wharton Shipping Limited; and</p>

---

## DEFINITIONS

---

the following 3 companies which are parties to long-term charters, namely:

Helen Shipping (BVI) Limited, Uhland Shipping (BVI) Limited, Verner Shipping (BVI) Limited; and

Alderran Shipping (BVI) Limited and Iliad Shipping (BVI) Limited which are dormant companies

“Initial Investors”	the investors described in the section headed “Business — The Structure of our Business prior to the Reorganisation” and being, IDB Carriers (BVI) Limited, Dry Bulk Shipping (BVI) Limited and Plymouth Shipping Investments Limited which are companies incorporated under the laws of the British Virgin Islands and which were the registered shareholders of the Initial Companies prior to the Reorganisation
“International Placing”	the conditional placing by the International Underwriters of the International Placing Shares with institutional and professional investors and other investors, as further described in the section headed “Structure and Conditions of the Global Offering”
“International Placing Shares”	393,300,000 Offer Shares comprising 225,000,000 New Shares and 168,300,000 Sale Shares (subject to adjustment as described in the section headed “Structure and Conditions of the Global Offering”) offered for subscription and purchase under the International Placing
“International Underwriters”	the group of underwriters of the International Placing, whose names are set out in the section headed “Underwriting — International Underwriters”
“International Underwriting Agreement”	the purchase agreement relating to the International Placing and to be entered into among our Company, the Selling Shareholders, the International Underwriters and the Global Coordinator on or around 7 July 2004
“Latest Practicable Date”	30 April 2004, being the latest practicable date for the purposes of ascertaining certain information contained in this prospectus
“LIBOR”	London Inter-Bank Offer Rate

---

## DEFINITIONS

---

“Listing Date”	the date, expected to be on or about Wednesday, 14 July 2004, on which the Shares are listed and from which dealings in the Shares are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Managed Fleet”	those vessels which, from time to time, are operated by us through the IHC Pool or are commercially managed by us on behalf of third party owners
“Management Companies”	the companies described in the section headed “Business — The Structure of our Business prior to the Reorganisation” and being, Pacific Basin Shipping (HK) Limited (previously known as Pacific Basin Agencies Limited), Pacific Basin (HK) Limited, PB Supervisory Limited, Pacific Basin (UK) Limited, Pacific Basin Chartering Limited, Pacific Basin Logistics Limited (50% of its issued share capital is owned by us), Pacific Basin Shipping & Trading Company Limited, PBST Co. Ltd, International Handybulk Carriers Management Limited, IHC Chartering Limited, The London Shipping Consultancy Limited (49% of its issued share capital is owned by us), IndoChina Ship Management Limited, IndoChina Marine Services Limited, IndoChina Ship Management (HK) Limited, Majestic Carriers, Inc., Pacific Basin Shipping (USA) Inc. (previously known as IndoChina Ship Management (USA) Inc.), IndoChina Ship Management, Inc., IndoChina Marine Services, Inc., PacMarine Services Limited, PacMarine Services Pte Ltd. (previously known as PMS Surveying Services (Pte) Limited), PacMarine Services (UK) Limited, PacMarine Services (HK) Limited and Taylor Shipping (BVI) Limited
“Memorandum of Association”	the memorandum of association of our Company
“New Shares”	the 250,000,000 newly issued Shares to be offered by us in the Global Offering
“Offer Price”	the final Hong Kong dollar price per Share (exclusive of brokerage, SFC transaction levy, investor compensation levy and Stock Exchange trading fee) at which the Offer Shares are to be sold pursuant to the Public Offering, to be determined as further described in “Structure and Conditions

---

## DEFINITIONS

---

	of the Global Offering — Pricing and Allocation” in this prospectus
“Offer Shares”	the Public Offering Shares and the International Placing Shares together, where relevant, with any additional Shares sold pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option to be granted by the Selling Shareholders to the International Underwriters, exercisable by the Global Coordinator on behalf of the International Underwriters, within 30 days from the last day for the lodging of applications under the Public Offering, to require the Selling Shareholders to sell up to an aggregate of 63,000,000 additional Shares, representing in aggregate approximately 14.4% of the initial Offer Shares, at the Offer Price, solely to cover over-allotments in the International Placing
“Owned Fleet”	vessels which, from time to time, are wholly or majority owned by us
“PB Handysize Segment”	Handysize bulk carriers in the 25,000 to 35,000 dwt range
“Pembroke”	Pembroke Shipping Limited incorporated under the laws of the British Virgin Islands (formerly known successively as Pacific Basin Shipping Investments Limited, Pacific Basin Shipping Limited and Epic Shipping Limited)
“Price Determination Date”	the date, expected to be on or around Wednesday, 7 July 2004 but no later than Monday, 12 July 2004, on which the Offer Price is fixed for the purposes of the Global Offering
“Public Offering”	the offer of Public Offering Shares for sale in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offering Shares”	43,700,000 Offer Shares comprising 25,000,000 New Shares and 18,700,000 Sale Shares (subject to adjustment as described in the section headed “Structure and Conditions of the Global Offering”) being offered for subscription and purchase under the Public Offering
“Public Offering Underwriters”	the underwriters of the Public Offering listed in the section headed “Underwriting — Public Offering Underwriters” in this prospectus

---

## DEFINITIONS

---

“Public Offering Underwriting Agreement”	the underwriting agreement dated 29 June 2004 relating to the Public Offering entered into among our Company, the Selling Shareholders, the Public Offering Underwriters and the Global Coordinator
“QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Regulation S”	Regulation S under the US Securities Act
“Reorganisation”	the reorganisation relating to our business which shall be completed on the morning of the Listing Date and is more particularly described in the section headed “Further Information about our Company — Corporate Reorganisation” in Appendix VI to this prospectus
“Repurchase Mandate”	the repurchase mandate granted to the Board of Directors by the Company’s shareholders, further details of which are contained in the section headed “Further Information about our Company — Repurchase by the Company of Shares” in Appendix VI
“RMB”	Renminbi, the lawful currency of China
“Rule 144A”	Rule 144A under the US Securities Act
“Sale Shares”	the 187,000,000 Shares being offered for sale by the Selling Shareholders at the Offer Price in the Global Offering
“Selling Shareholders”	the 11 shareholders listed in the section headed “Substantial and Selling Shareholders — Selling Shareholders”
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	ordinary shares issued by the Company, with a nominal value of US\$0.10 each, traded in HK dollars and for which applications have been made for the grant of listing, and permission to deal, on the Stock Exchange
“Share Option Scheme”	the share option scheme conditionally adopted by the Company pursuant to a resolution passed by the shareholders of the Company at an extraordinary general meeting on 10 June 2004, a summary of the principal terms of which is set out in the section headed “Share Option Scheme” in Appendix VI to this prospectus

---

## DEFINITIONS

---

“Sponsor”	Goldman Sachs (Asia) L.L.C., being the sponsor of the Public Offering
“Stock Borrowing Agreement”	a stock borrowing agreement expected to be entered into on or about 7 July 2004 between Goldman Sachs International and IDB Carriers (BVI) Limited, one of the Selling Shareholders, pursuant to which IDB Carriers (BVI) Limited will agree to lend 63,000,000 Shares to Goldman Sachs International on the terms set out therein, further details of which are set out in “Information about this Prospectus and the Global Offering — Over-allotment and Stabilization”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UK”	the United Kingdom
“Underwriters”	the Public Offering Underwriters and the International Underwriters
“Underwriting Agreements”	the Public Offering Underwriting Agreement and the International Underwriting Agreement
“United States” or “US”	the United States of America, including its territories and possessions
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“US Securities Act”	the US Securities Act of 1933, as amended
“Vessel Companies”	the companies described in the section headed “Business — The Structure of our Business prior to the Reorganisation” (each of which owns a vessel) and being, Beckley Enterprises Limited, Eastern Venture Corporation, Foreview Holdings Limited, Investors Choice Limited (which has two wholly owned subsidiaries each of which owns a vessel under construction), Keswick Holdings Limited, New Majestic International Limited and Riley Shipping (BVI) Limited
“Yen”	Japanese Yen, the lawful currency of Japan