

I. LETTER FROM THE REPORTING ACCOUNTANTS ON THE STATEMENT OF
ADJUSTED PRO FORMA COMBINED NET TANGIBLE ASSETS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

30 June 2004

The Directors
Pacific Basin Shipping Limited

Dear Sirs,

We report on the statement of adjusted pro forma combined net tangible assets set out in section II of Appendix IIB of the prospectus of Pacific Basin Shipping Limited (the "Company") dated 30 June 2004 (the "Prospectus") in connection with the placing and public offer of the shares of the Company on the main board of The Stock Exchange of Hong Kong Limited (the "Global Offering"). The unaudited adjusted pro forma combined net tangible assets has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Global Offering might have affected the relevant financial information of the Group as at 31 December 2003.

Responsibilities

It is the responsibility solely of the directors of Pacific Basin Shipping Limited to prepare the statement of adjusted pro forma combined net tangible assets in accordance with paragraph 21 of appendix IA and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

It is our responsibility to form an opinion, as required by paragraph 29 of Chapter 4 of the Listing Rules, on the statement of adjusted pro forma combined net tangible assets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the statement of adjusted pro forma combined net tangible assets beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work with reference to the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and

**I. LETTER FROM THE REPORTING ACCOUNTANTS ON THE STATEMENT OF
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discussing the statement of adjusted pro forma combined net tangible assets with the directors of the Company.

Our work does not constitute an audit or review in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants, and accordingly, we do not express any such assurance on the statement of adjusted pro forma combined net tangible assets.

The statement of adjusted pro forma combined net tangible assets has been prepared based on the bases set out in section II of Appendix IIB for illustrative purposes only and, because of its nature, it may not be indicative of the financial position of the Group at any future date.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion:

- (a) the statement of adjusted pro forma combined net tangible assets has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of Pacific Basin Shipping Limited; and
- (c) the adjustments are appropriate for the purposes of the statement of adjusted pro forma combined net tangible assets as disclosed pursuant to paragraph 29 of Chapter 4 of the Listing Rules.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

II. UNAUDITED ADJUSTED PRO FORMA COMBINED NET TANGIBLE ASSETS STATEMENT

The following statement of unaudited adjusted pro forma combined net tangible assets of the Group is based on information extracted from the unaudited pro forma combined balance sheet of the Group as at 31 December 2003, as shown in Appendix IIA of the Prospectus and adjusted as follows:

	Unaudited pro forma combined assets and liabilities as at 31 December 2003	Exclusion of intangible assets	Estimated net proceeds from Global Offering	Use of IPO proceeds	Unaudited adjusted pro forma combined net tangible assets
	US\$'000	US\$'000 (note a)	US\$'000 (note b)	US\$'000 (note c)	US\$'000
Non-current assets . . .	313,300	(25,794)		118,500	406,006
Current assets	41,509		74,486	(47,400)	68,595
Current liabilities	(80,522)				(80,522)
Non-current liabilities	<u>(156,263)</u>			(71,100)	<u>(227,363)</u>
	<u>118,024</u>				<u>166,716</u>
Unaudited adjusted pro forma combined net tangible asset value per Share (note d)					<u>HK\$1.03 (US\$0.132)</u>

Notes:

- Being exclusion of goodwill.
- The estimated net proceeds from the Global Offering are derived after deduction of the underwriting fees and other related expenses payable by the Company. The estimated net proceeds from the Global Offering are calculated based on an Offer Price of HK\$2.55 per Share, being the mid-point of the proposed Offer Price range of HK\$2.20 to HK\$2.90 per Share.
- The Group has entered into agreements to purchase several vessels for an aggregate consideration of approximately US\$118,500,000, conditional upon the completion of the listing of the Shares. The consideration will be satisfied partly from proceeds of the Global Offering and partly from new bank borrowings.
- The unaudited adjusted pro forma combined net tangible asset value per Share is calculated on the basis that 1,267,010,609 Shares will be in issue and that the Over-allotment Option is not exercised.