



Pacific Basin

**Deutsche Bank
Asian CB Conference
11 June 2014**

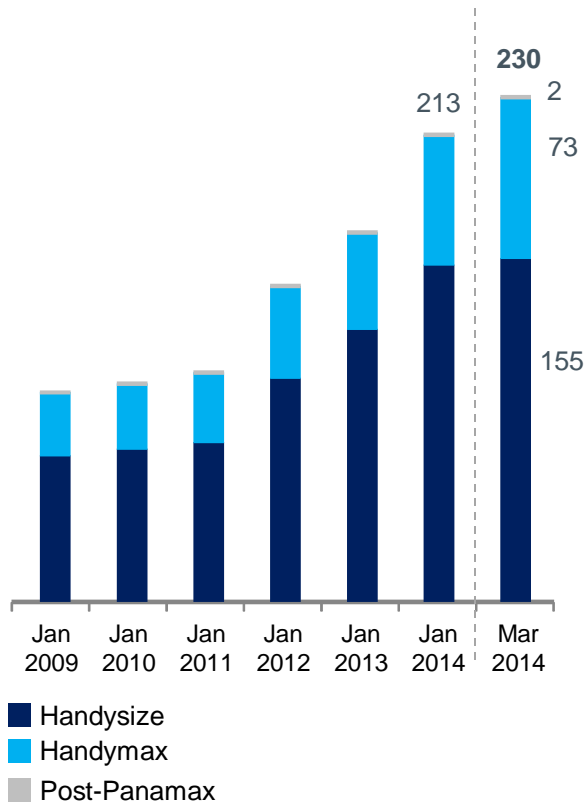


Pacific Logger departing Tauranga past Mount Maunganui



PB Dry Bulk Fleet Development

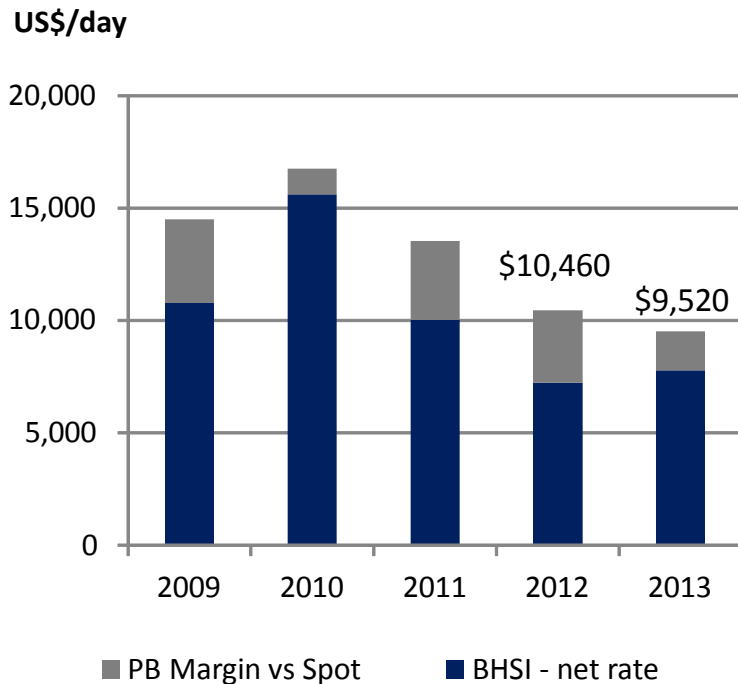
Average number of ships on the water



- With a growing Handymax fleet
- Listed in Hong Kong
- US\$1.2bill market cap
- Global geographically
- Diversified customers & cargo
- Focus & growth of core business, exit non-core activities

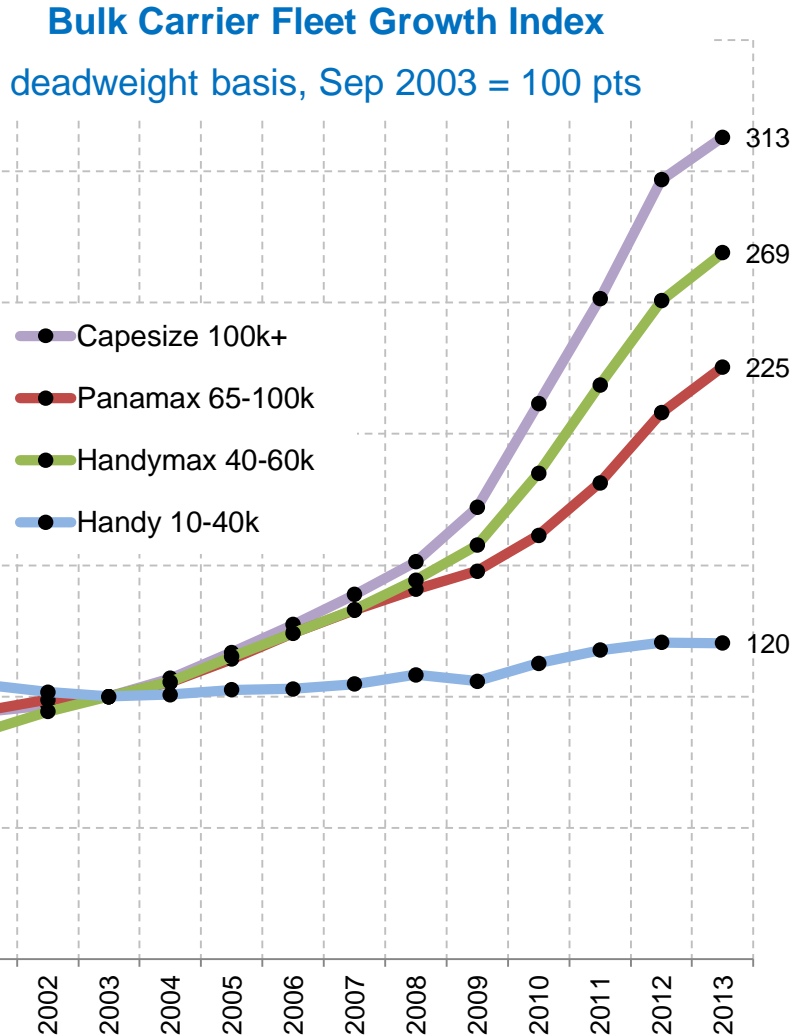
Cargo Contract Business Model

Pacific Basin Handysize – Outperformance Compared to Market



- Large portfolio of cargo contracts – No outward timecharters
- Large fleet of high-quality substitutable ships
- High laden percentage
- Model allows for both/either owning or chartering in ships
- Average premium last 5 years = US\$2,665/day

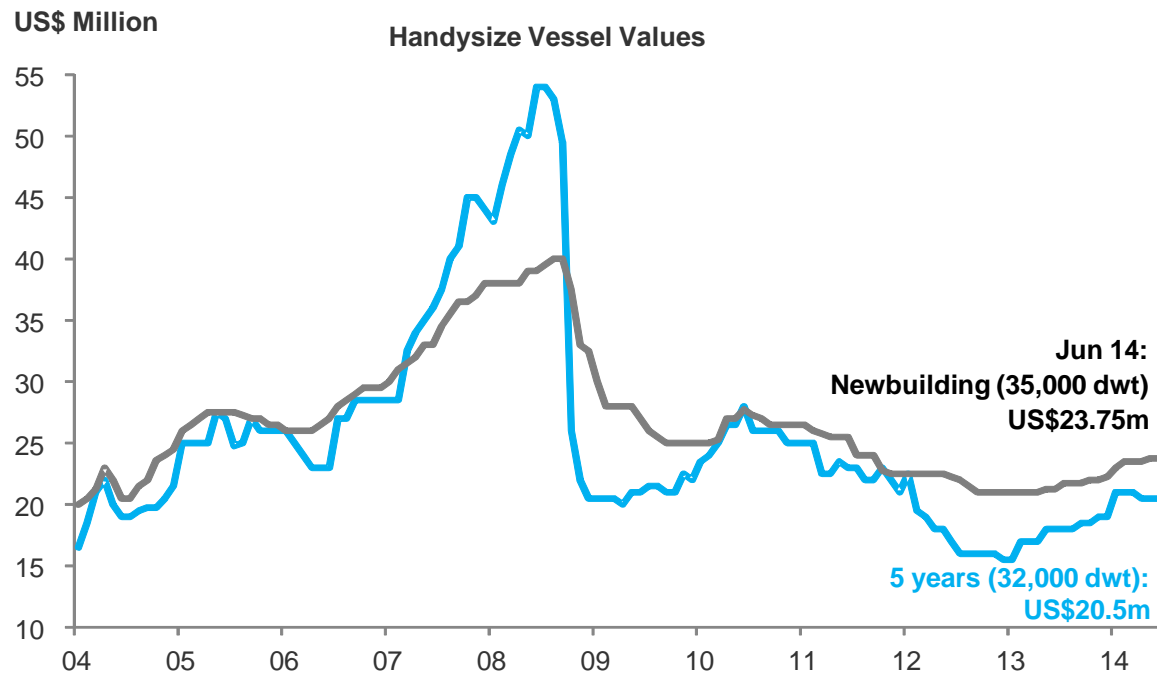
Why Handysize?



- Modest Handysize fleet growth
- Older age profile – higher scrapping
- Robust minor bulk demand
- A segment in which scale & operations make a difference

Why Secondhand Ships?

- More volatility in second hand ships
- A slow steaming strategy
- Well designed secondhand Japanese ships remain operationally competitive

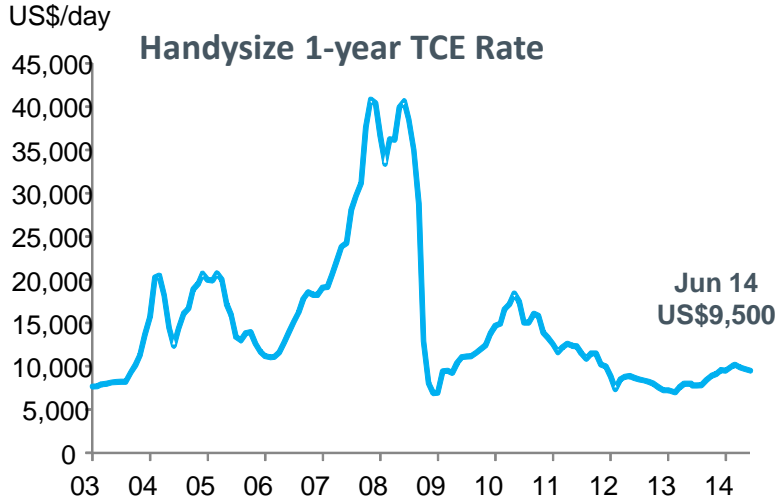


Source: Clarksons

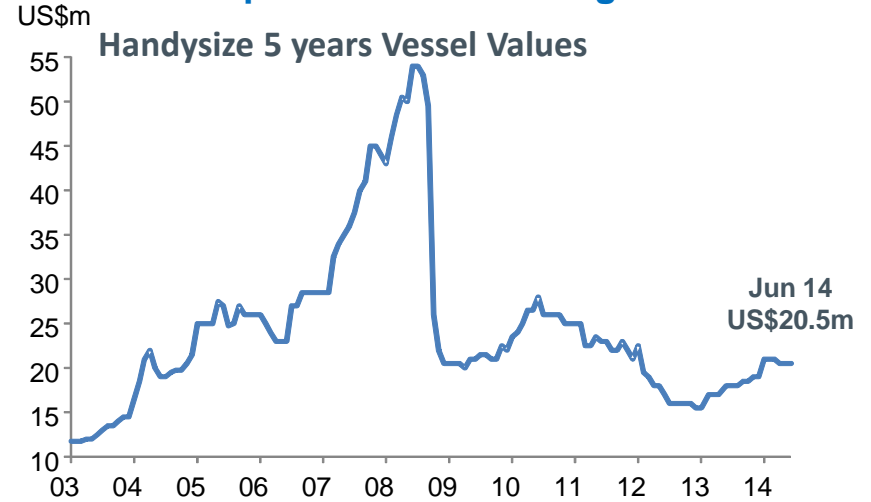


Dry Bulk Market Situation

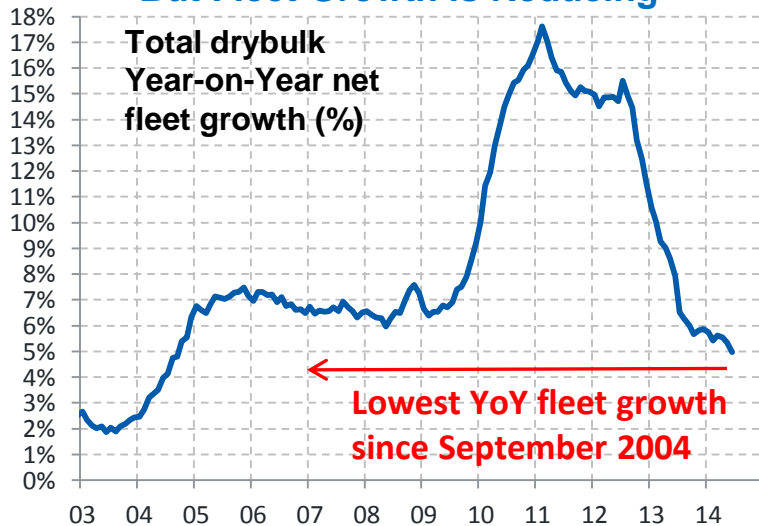
The Market is Weak



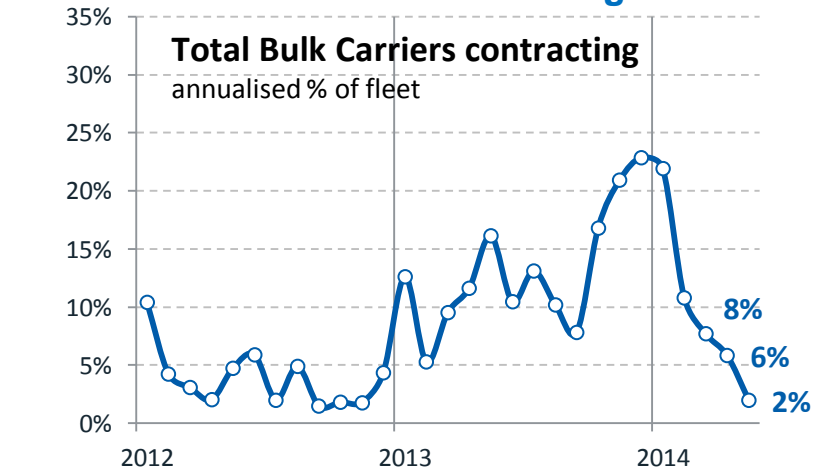
The Optimism is Hesitating



But Fleet Growth is Reducing



And New Vessel Ordering is Down



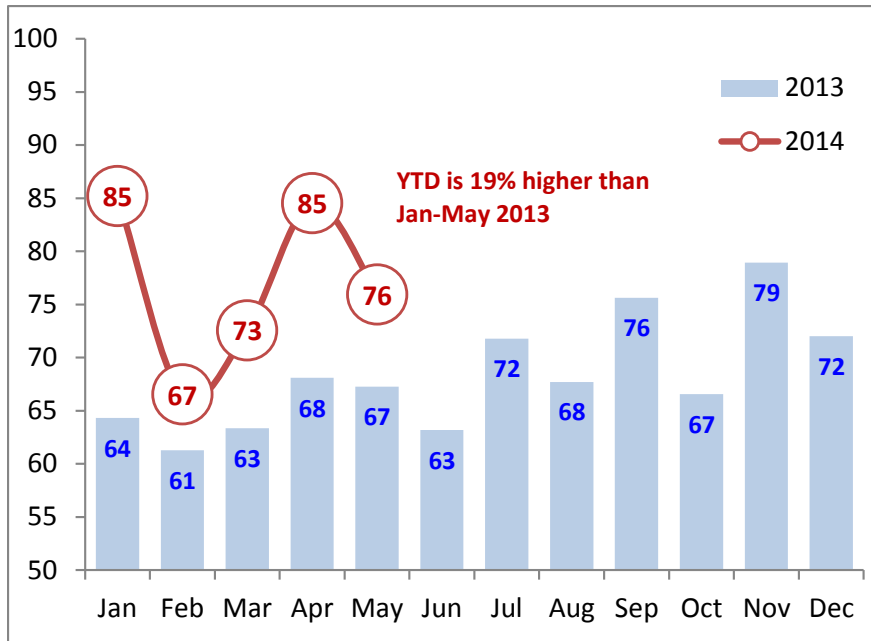
Source: Clarksons

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Demand Remains Robust

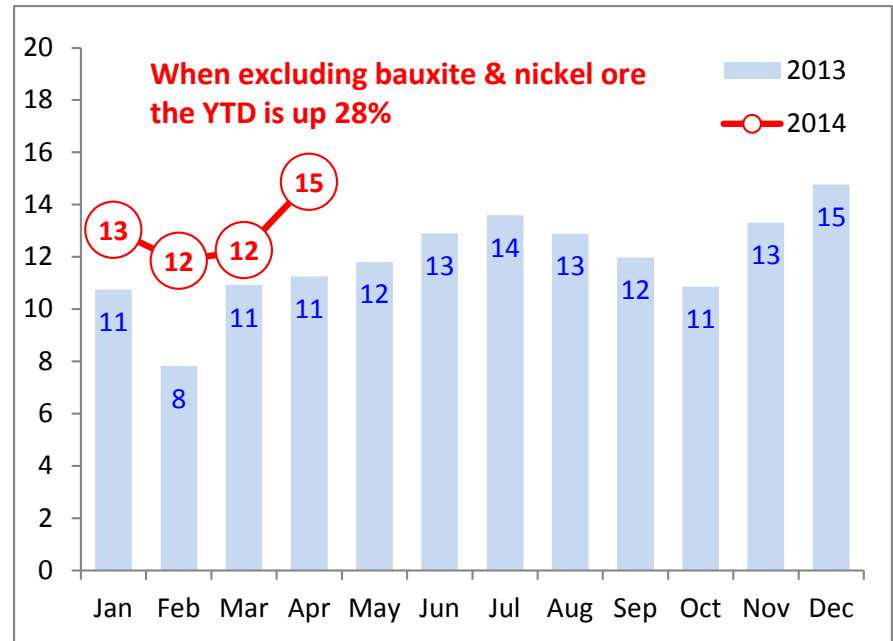
Chinese Iron Ore Import

Mt/month 365/12 basis



Chinese Imports 7 Minor Bulks less Bauxite and Nickel ore

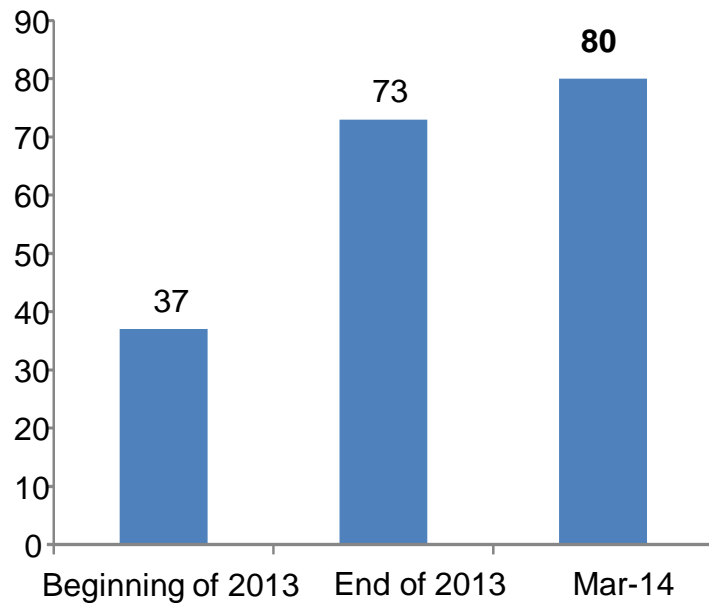
mill tonnes 365/12 bss



Source: Bloomberg

Taking Advantage of Strong Cash Position & Historically Low Prices

Pacific Basin Dry Bulk
Owned Fleet on the Water



- Owned fleet of bulkers is growing from 37 to 73 during 2013 and now 80 YTD
- Ships acquired are Japanese built
- Access to Japanese export credit financing of total US\$485 mil
- Balance sheet remains strong with net gearing of 34% and cash of US\$486 mil in 2013
- 2013 underlining profit of US\$16 mil (2012: US\$48mil)
- 2013 EBITDA of US\$130 mil (2012: US\$145mil)

This presentation contains certain forward looking statements with respect to the financial condition, results of operations and business of Pacific Basin and certain plans and objectives of the management of Pacific Basin.

Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of Pacific Basin to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding Pacific Basin's present and future business strategies and the political and economic environment in which Pacific Basin will operate in the future.

Our Communication Channels:

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 - Sell-side conferences
 - Investor/analyst calls and enquiries
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 - financial reports, news & announcements, excel download, awards, media interviews, stock quotes, dividend history, corporate calendar and glossary
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2014 First Quarter Highlights

Pacific Basin Dry Bulk

- PB Handysize vessel earnings at US\$10,390/day
 - Outperformed the weak first quarter spot market (avg. US\$9,470/day net)
- Handymax daily earnings reflect our large seasonal programme of low-paying positioning voyages to benefit from higher paying front-haul voyages we anticipate later this year
- Expect minor bulk freight earnings to improve in 2H14 on increasing cargo volumes and low vessel delivery
- 4 new owned ships delivered YTD
- 80 owned ships on the water (vs. 37 in Jan13)

PB Towage

- Harbour towage job numbers increased 18% yoy in 1Q14
- Offshore towage business continues to seek contract renewals and new contracts
- Unusually heavy rainfall and physical location difficulties affected our barging operation in Northern Territory, resulting in contract restructuring

Financing & Corporate

- US\$20.4m face value of US\$230m 2016 Convertible Bonds put back, repaid on 14 April 14
- In documentation stage of a US\$350m, 12-year Japanese export credit agency loan
- Mrs. Irene Basili appointed INED with effect from 1 May 2014

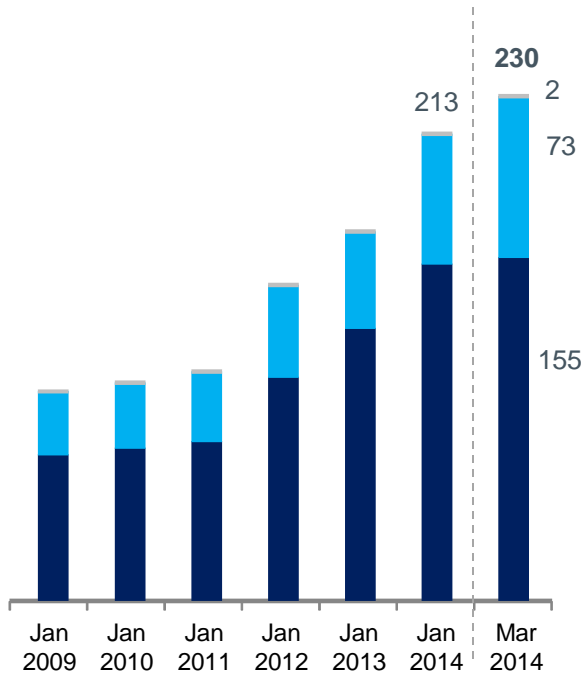


Pacific Basin Dry Bulk – Earnings Coverage

As at 7 Apr 2014

PB Dry Bulk Fleet Development

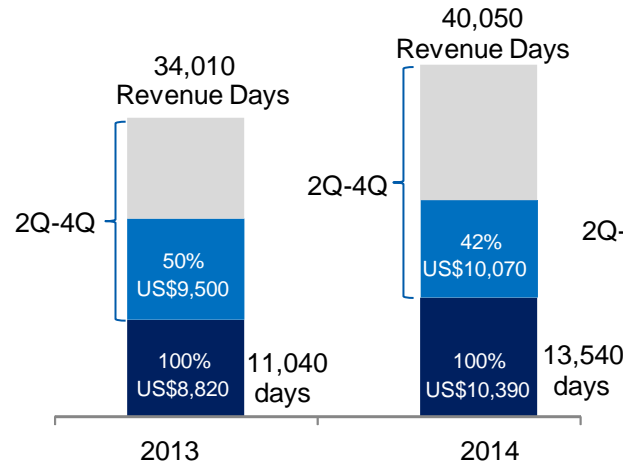
Average number of ships operated



■ Handysize
■ Handymax
■ Post-Panamax

■ 2Q-4Q Uncovered
■ 2Q-4Q Covered
■ Q1 Completed

Handysize

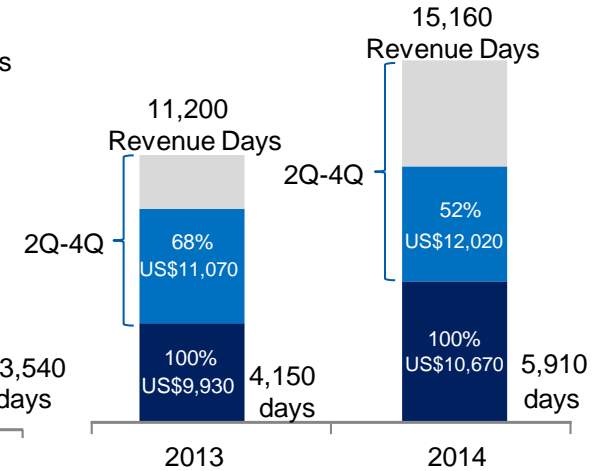


Market Rate (US\$ Net)

2013 Avg. \$7,770

11 Apr: \$7,868

Handymax



2013 Avg. \$9,760

11 Apr: \$9,211

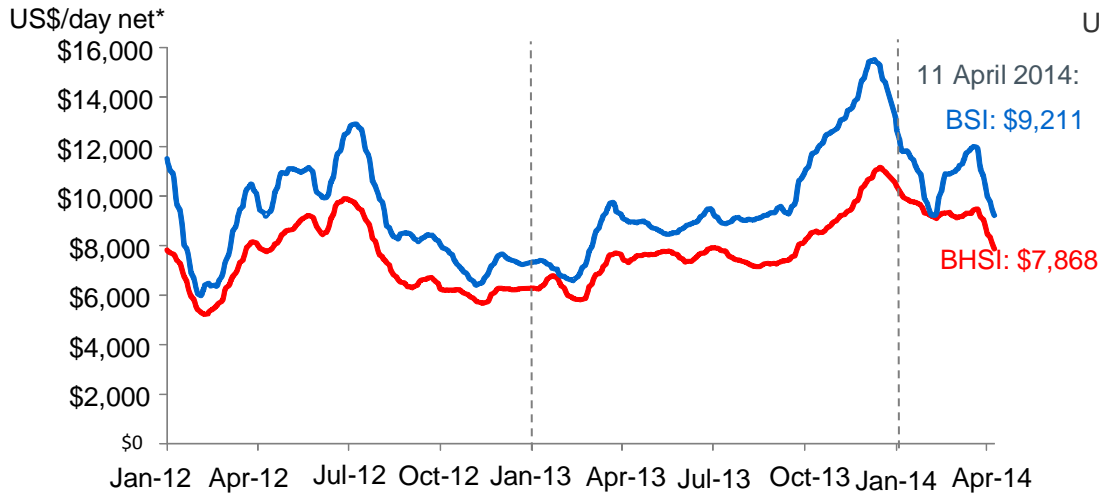
- Uncovered capacity exposed to expected stronger spot market rates ahead
- 19,820 uncovered days excludes capacity chartered in on index-linked basis (2014 - Handysize: 5,370 days; Handymax: 1,650 days)



Dry Bulk Market Information

- Indices were improved compared to 1Q13, but freight rates declined from end 2013 and weakened further into 2Q
- Strong increase in secondhand ship prices with freight earnings lagging asset value appreciation
- Freight market was characterised by:
 - Imbalances in demand → geographic differences in vessel earnings
 - Regional strength in US Gulf → significantly stronger Atlantic market
 - Delayed S. American grain season
- Ship values improved:
 - 5 year old Handysize value: US\$21m (+24% YOY / +35% since start of 2013)
 - Renewed interest in dry bulk driven by expectations of freight market recovery

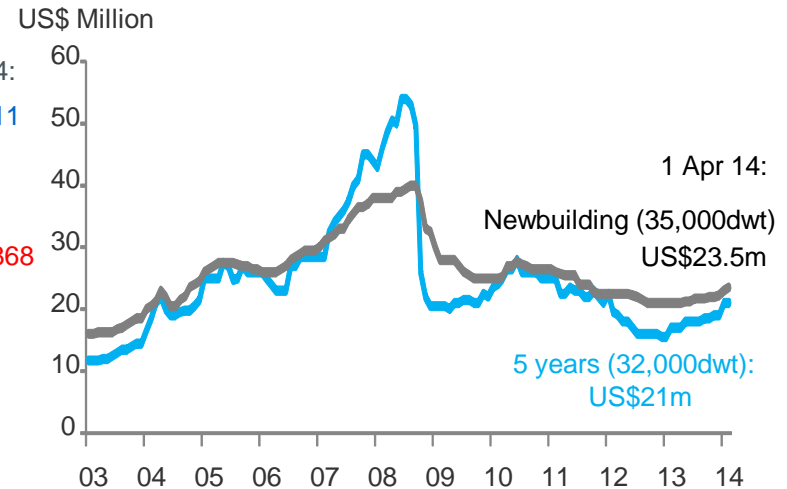
Baltic Handysize Index (BHSI) & Baltic Supramax Index (BSI)



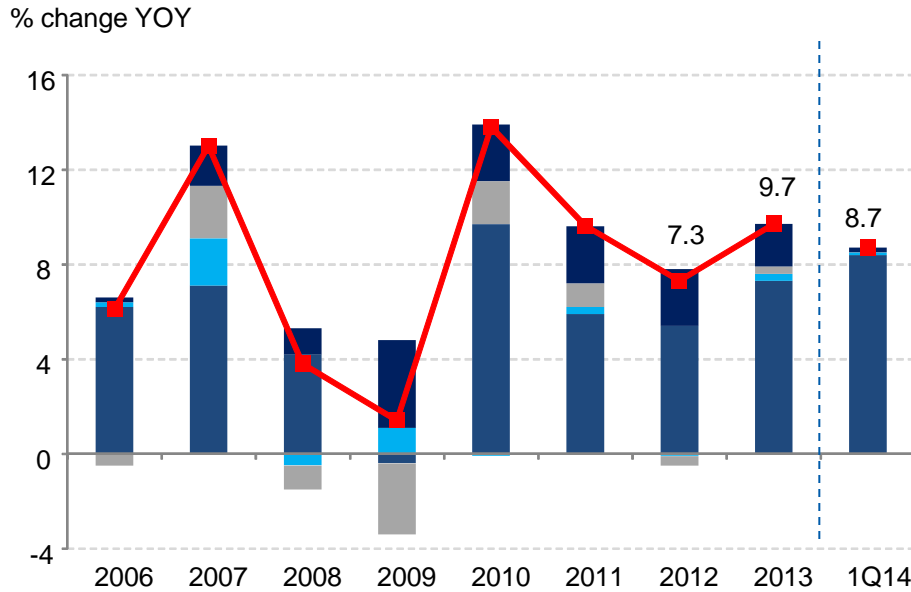
* US\$ freight rates are net of 5% commission

Source: The Baltic Exchange, Clarksons

Handysize Vessel Values

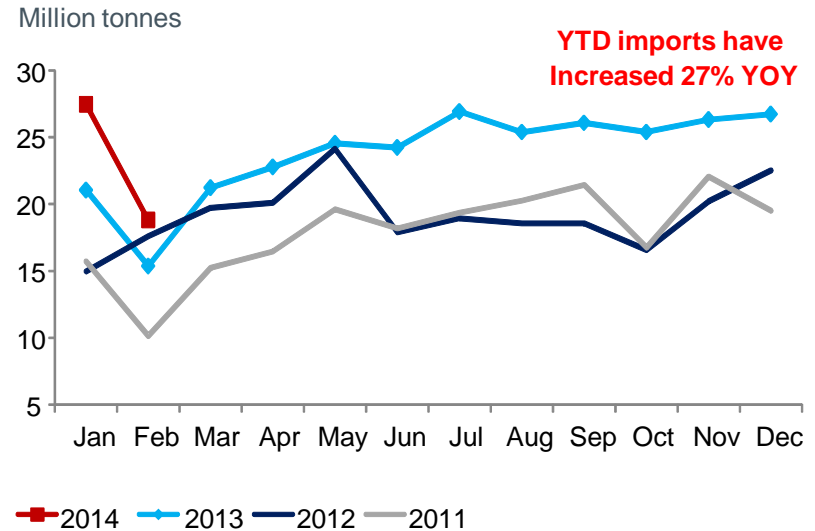


Dry Bulk Effective Demand



- International cargo volumes
- Congestion effect
- Tonne-mile effect
- China coastal cargo, off-hire & ballast effect
- Net demand growth

Chinese Minor Bulk Imports



These 7 commodities make up over one third of the cargo volumes we carry
 China imports of a basket of 7 important minor bulks:
 logs, soyabean, fertiliser, bauxite, nickel, copper concs & manganese ore

- R.S Platou forecasts 8% YOY growth in dry bulk demand in 2014
- First two months of 2014, minor bulk demand growth influenced by:
 - +27% Chinese imports of 7 important minor bulks
 - +33% excluding bauxite and nickel ore imports (unusually low due to Indonesian export ban)

Source: R.S. Platou, Bloomberg

Global Dry Bulk Fleet Development

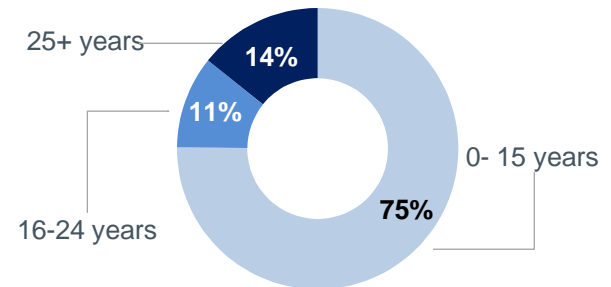
net fleet growth	Handysize	Dry Bulk overall
1Q14	+1.1%	+1.7%
YOY	+2.1%	+5.5%

Dry bulk net fleet growth:

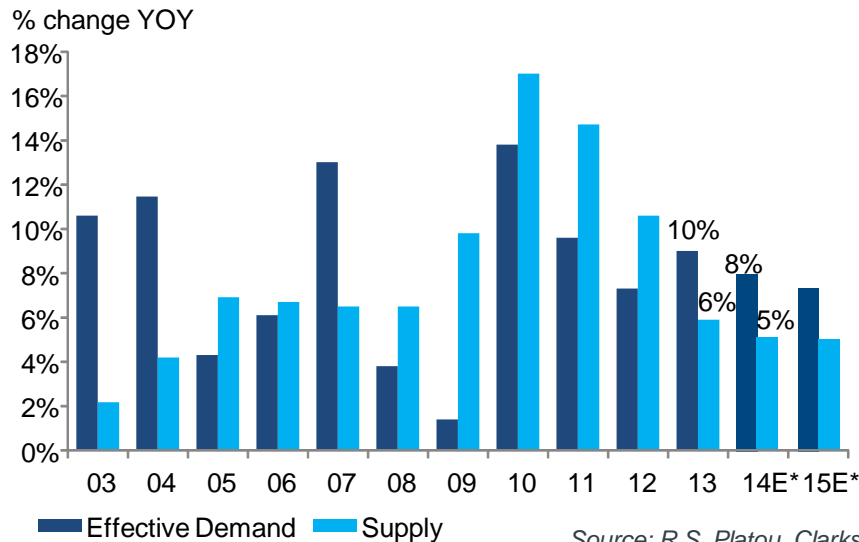
- Driven by 15.5m tonnes of new capacity in 1Q14 after 42% shortfall
- Partially offset by 3m tonnes of scrapping
- Slower pace of newbuilding deliveries in all four dry bulk segments
- R.S. Platou forecasts 5% overall dry bulk net fleet growth in 2014

Handysize Age Profile (25,000-39,999 dwt)

2,207 vessels (71m dwt)

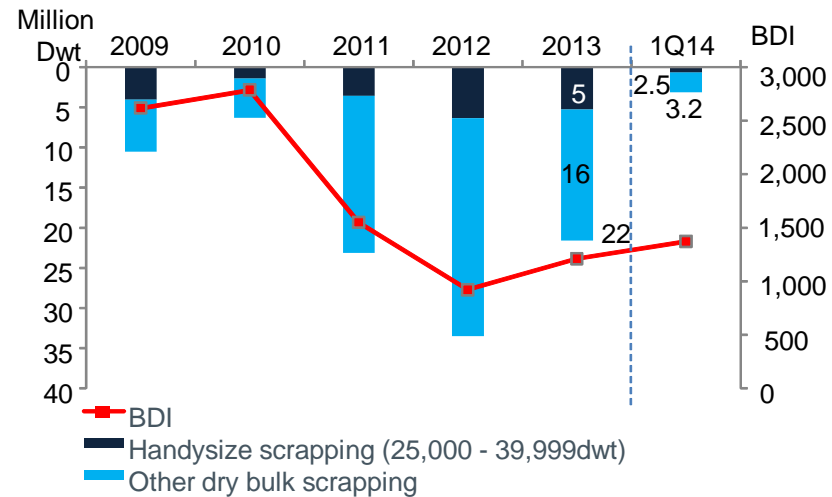


Dry Bulk Supply & Demand



Source: R.S. Platou, Clarksons, Bloomberg, as at 1 Apr 2014
* Estimated by R.S. Platou

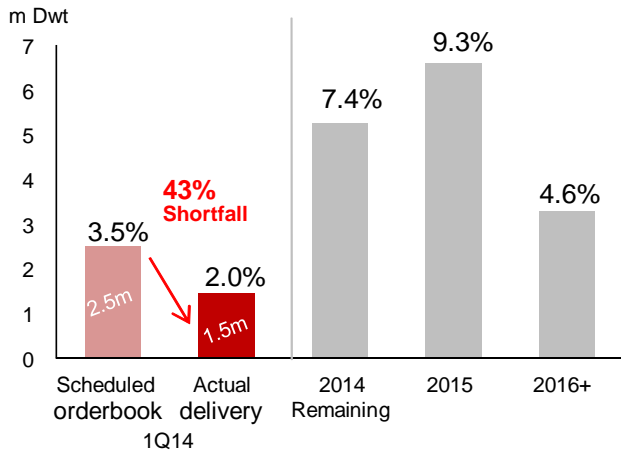
Dry Bulk Scrapping versus BDI



Dry Bulk Orderbook

Handysize Orderbook

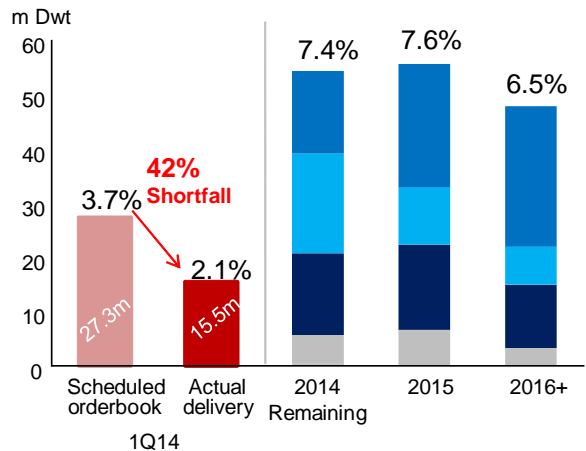
418 vessels (15m dwt)



- Dry bulk orderbook reached its lowest of 18% in Aug 2013
- Current orderbook: 22%
- New orders generally not possible for deliveries before:
 - 2017 in Japan
 - 2016 in China

Total Dry Bulk Orderbook

1,924 vessels (158m dwt)



Total Dry Bulk >10,000 dwt

- Handysize (25,000-39,999 dwt)
- Handymax (40,000-64,999 dwt)
- Panamax (65,000-119,999 dwt)
- Capesize (120,000+ dwt)



Orderbook as % of Existing Fleet	Average Age	Over 25 Years	Annualised Scrapping as % of Existing Fleet
22%	10	4%	2%
21%	10	14%	4%
26%	8	5%	1%
18%	8	2%	1%
22%	8	1%	2%

Source: Clarksons, as at 1 Apr 2014 DB CB Asian Conference



- China's continued strong demand for minor bulks despite slower economic growth
- Increased overseas mining output and lower commodity prices
- Continued US economic recovery and reviving industrialisation in North America + stronger than expected recovery in Europe
- Moderate newbuilding deliveries in 2014 and continued scrapping



- Shipowner optimism resulting in less scrapping and increased vessel ordering
- Credit squeeze in China leading to slower economic and industrial growth and slower growth in dry bulk imports
- Lower fuel prices causing vessels to speed up
- Increased national protectionism

PB Outlook:

- Cyclical upturn has started: strong increase in secondhand ship prices with freight earnings lagging asset value appreciation
- Expect graduate recovery in the remainder of the year
- Healthy trade + marked slow-down in newbuilding deliveries → healthier supply/demand balance
- Weak first 2 months of 2014 → weak 1H and a stronger 2H
- Well positioned for season + cyclical recovery expected in 2H14

Strategy:

- We remain selectively open to acquisition of Handysize and Handymax ships at appropriate prices
- Expand our customer and cargo portfolio

PB Towage – 1Q14 Performance

Harbour Towage

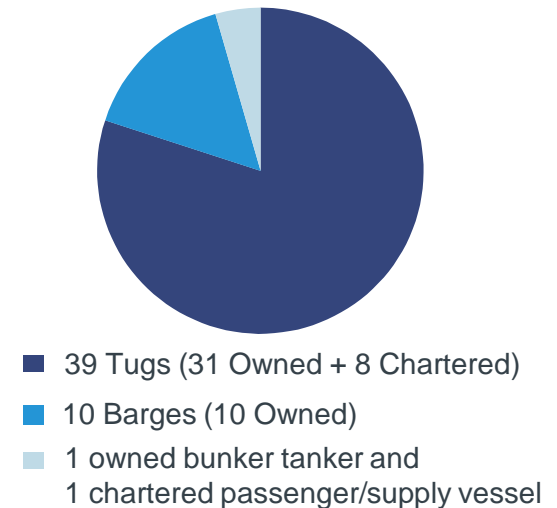
- +18% YOY increase in PB Towage job numbers in Australian ports despite disruptive cyclone season
- Steadily expanding volumes and market share in Newcastle

Offshore Towage

- Continue to seek contract renewals and new offshore construction and project transportation contracts
- Barging operation in Australian Northern Territory affected by:
 - unusually heavy rainfall cyclone season
 - physical location difficulties resulting in contract restructuring
 - Mobilisation and related costs and weather-impacted revenue are expected to result in unrecoverable project costs of approx. US\$3.5m in 1H14

-
- Following a review of third-party acquisition interest in PB Towage, we announced on 10 March our decision to:
 - Discontinue this exercise for our offshore towage business
 - Enter into exclusive discussion with PSA Marine regarding possible sale of our harbour towage business

PB Towage Fleet: 51 vessels
(as at 15 April 2014)

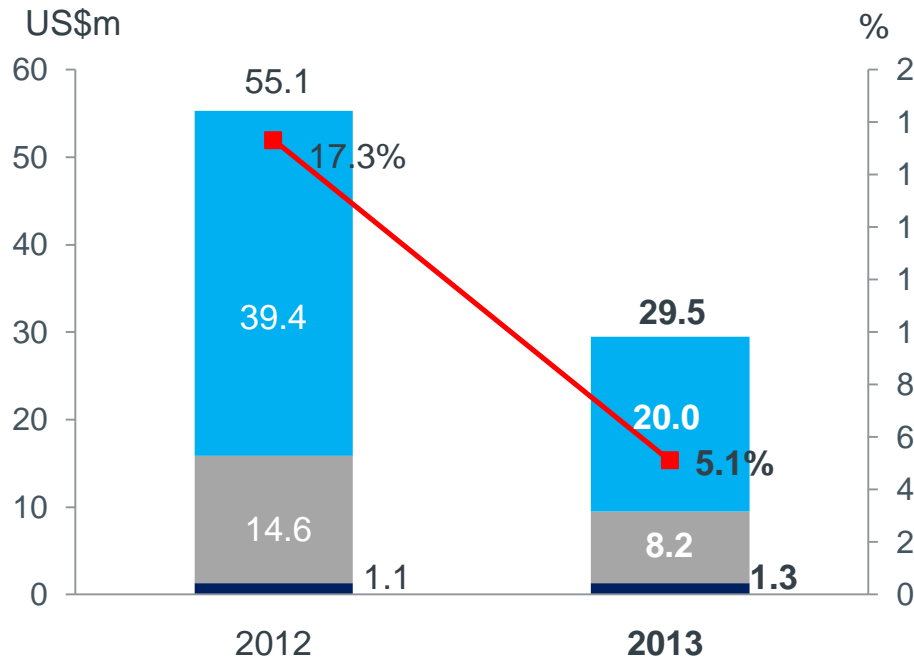


	2013 US\$ million
Towage net profit	10.5
EBITDA	24.2
Return on net assets	5%

Towage Segment Operating Performance Before Overheads

As at 31 December 2013

Towage Operating Performance



- Offshore & Infrastructure projects
- Harbour Towage
- Middle East & others
- Total segment return on net assets (annualised)

US\$ million	2013
Operating performance	29.5
Direct overheads	(19.0)
Segment net profit	10.5
EBITDA	24.2

- One-off Newcastle start-up costs in 2H13
- Declining Gorgon towage activity



PB Towage – Outlook



- Continued project activity in Australasia providing further demand for project and construction cargo logistics
- Growth in Australian bulk exports, containerised trade and port infrastructure development supporting continued growth of our harbour towage activity
- Exclusive licences in a number of bulk ports up for tender in 2015 onwards



- Labour market shortages and cost pressures in Australia impacting project economics and timelines
- Increased competition from other operators
- Credit squeeze in China, impacting growth in dry bulk trades and Australian port activity

PB Outlook:

- Harbour towage activities expected to provide relatively stable earnings
- Challenging outlook for offshore towage
 - Expect weak short-term results due to restructuring of Northern Territory contract
 - Future performance depends on speed of securing new employment of assets following wind-down of completed projects

Strategy:

- Continue to look for new projects and growth opportunities

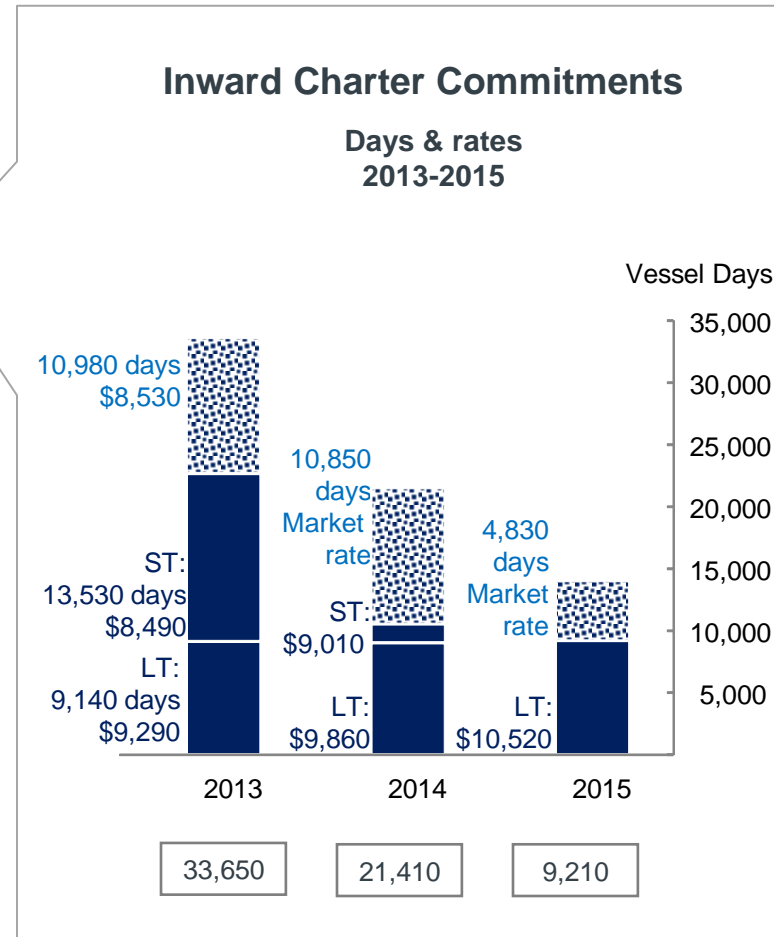
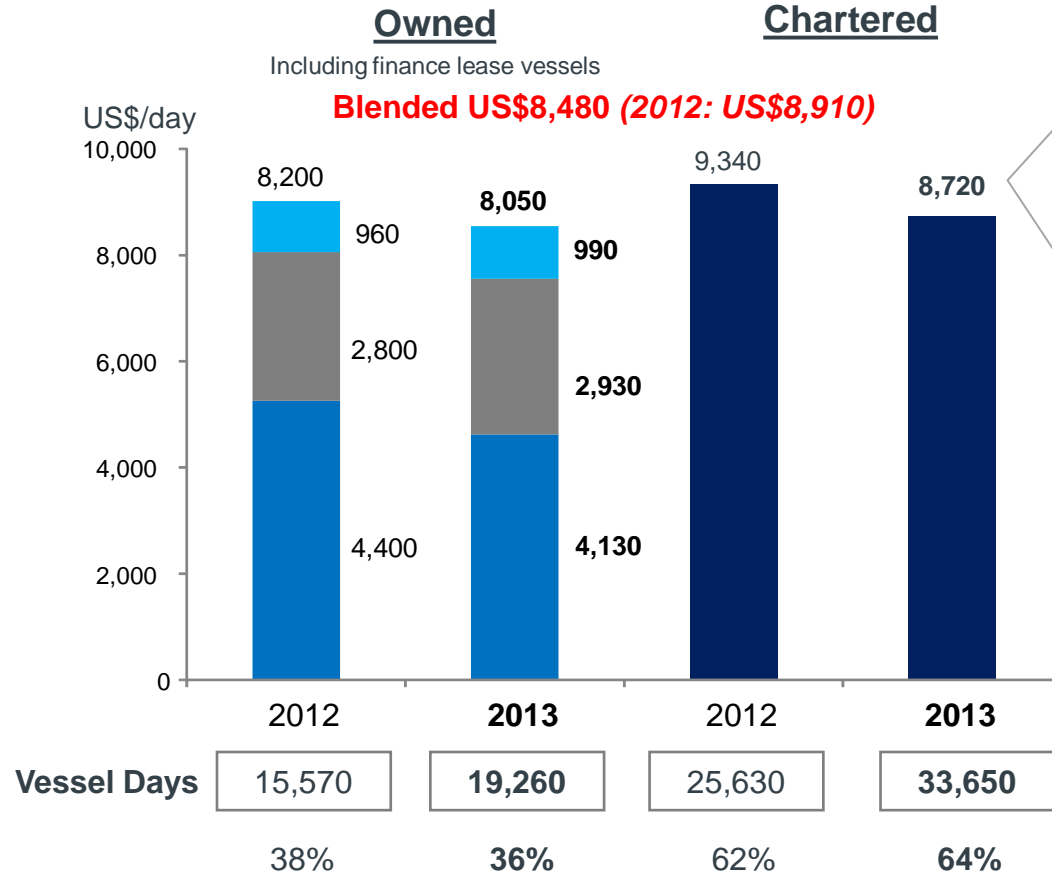
Offshore towage: i) Secure contract renewal opportunities
ii) New offshore construction developments
iii) Project transportation solutions

Harbour towage: expand into other ports ... subject to sale discussion with PSA Marine

Daily Vessel Costs – Handysize

As at 31 December 2013

- Finance cost
- Charter-hire : Short-term (ST) / Long-term (LT)
- Depreciation
- Opex
- Charter-hire : Index-linked



- Overall direct overheads for Handysize and Handymax vessels: US\$540 per day
- Currently estimate 23,750 owned vessel days in 2014

Daily Vessel Costs – Handymax

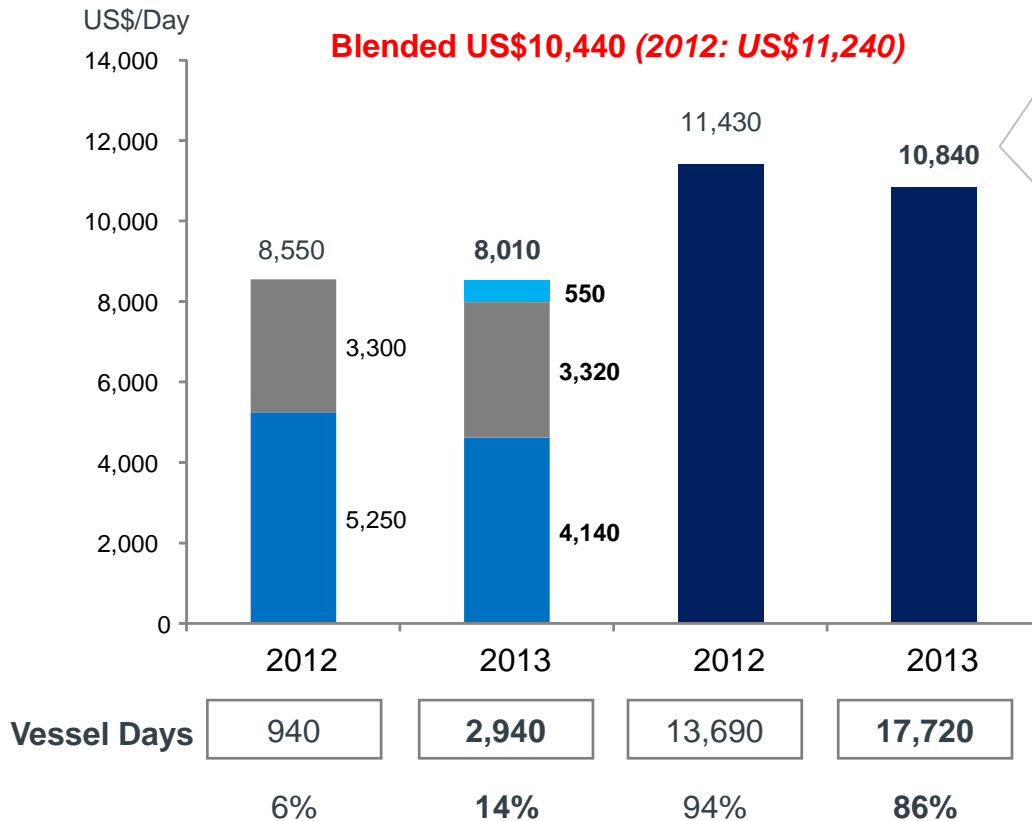
As at 31 December 2013

- Finance cost
- Charter-hire : Short-term (ST) / Long-term (LT)
- Depreciation
- Charter-hire : Index-linked
- Opex

Owned

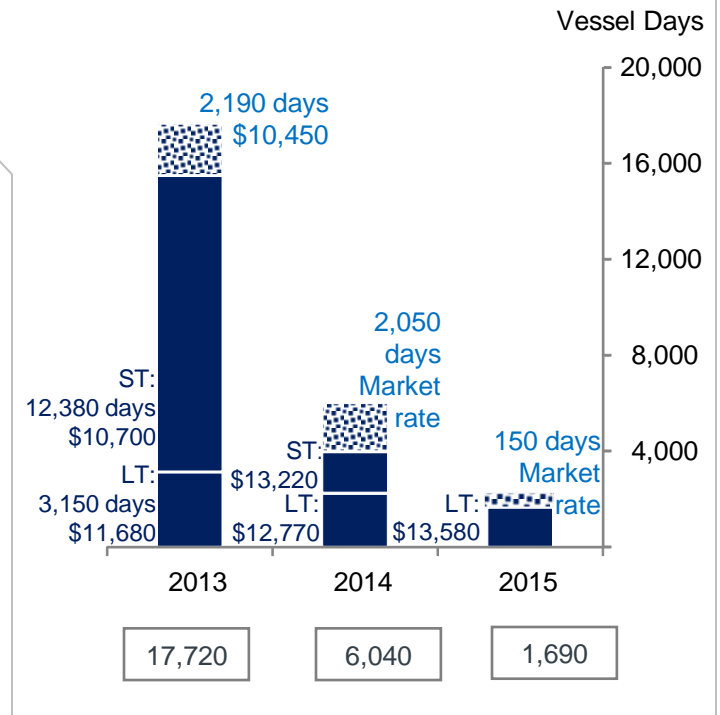
Chartered

Blended US\$10,440 (2012: US\$11,240)



Inward Charter Commitments

Days & Rates
2013-2015



- Currently estimate 5,000 owned vessel days in 2014



Balance Sheet

US\$m	PB Dry Bulk	PB Towage	Treasury	Discontinued RoRo	31 Dec 13	31 Dec 12
Vessels & other fixed assets	1,436	183	-	-	1,622	1,270
Total assets	1,655	244	579	32	2,537	2,470
Long term borrowings	1,015	22	-	-	1,037	931
Total liabilities	1,160	40	12	4	1,233	1,138
Net assets	495	204	567	28	1,304	1,332
Net borrowings (after total cash of US\$442m)					551	178
Net borrowings to net book value of property, plant and equipment KPI					34%	14%

- Vessel average net book value: Handysize \$16.7m, 7.6 years
Handymax \$24.8m, 5.1 years
- US\$314m bank borrowing facilities arranged in 2013 and US\$24m undrawn
- KPI: net gearing below 50%
- Subsequently \$20m of 2016 Convertible Bonds put in April 2013, balance to be re-classified as due 2016

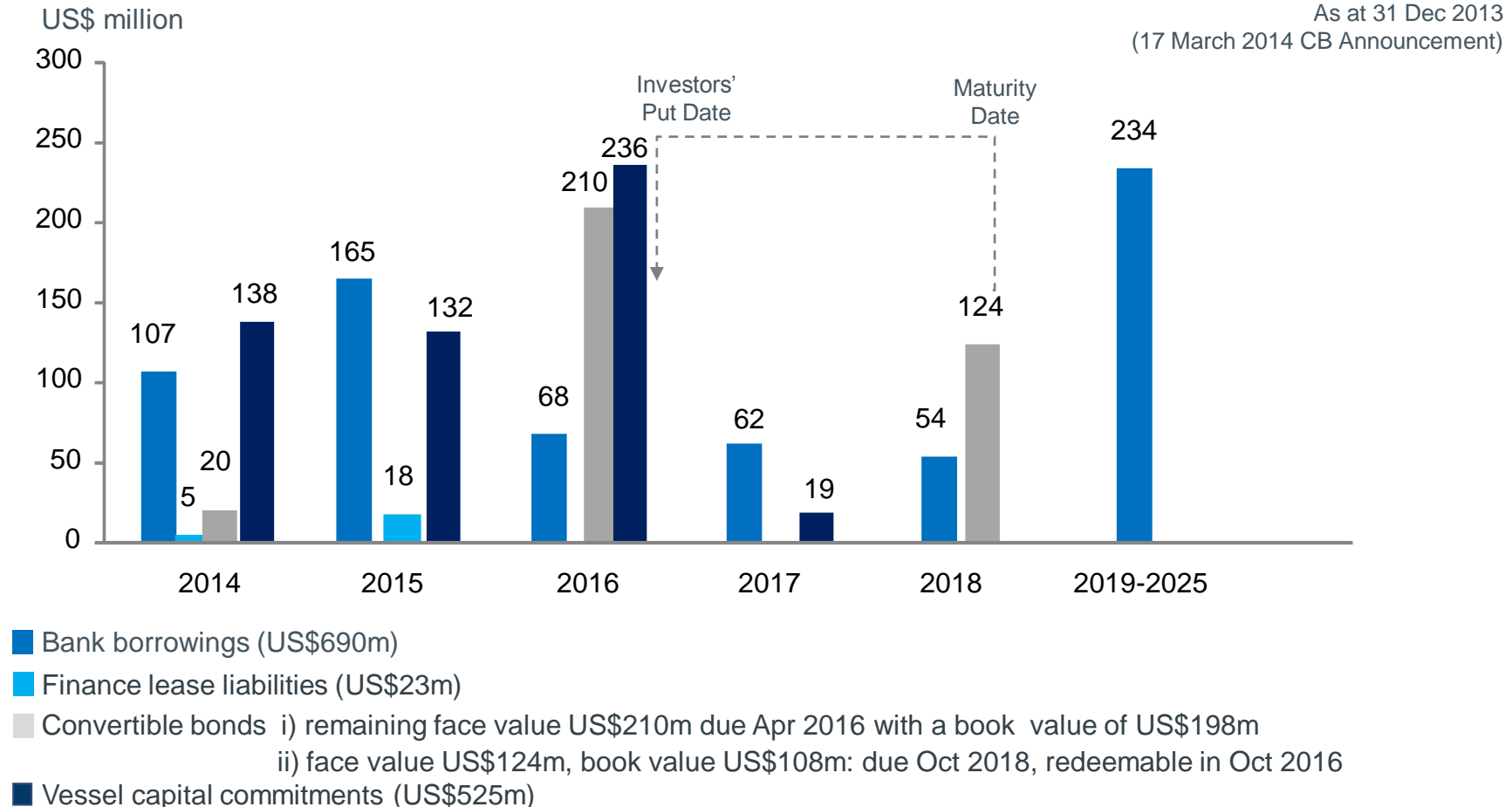
Note: 31 December 2013 total includes other segments and unallocated

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Borrowings and Capex

The Group had cash balances of US\$486m, borrowings of US\$1,037m and a net borrowings ratio of 34% against the Net Book Value of property, plant and equipment



Dry Bulk

- Cyclical upturn has started – supply and demand balance continues to improve... expect a stronger, volatile dry bulk market in 2014
- We remain selectively open to appropriately priced ship acquisitions to further position ourselves for a expected stronger market
- **Strategy:** i) Expand our fleet of owned and chartered Handysize and Handymax fleet
ii) Grow our customer and cargo portfolio in tandem with fleet expansion

Towage

- Challenging and weak results for offshore towage as contracts wind down and we compete for new business
- Underlying harbour towage demand drivers remain positive
- **Strategy:** Continue to look for new projects and growth opportunities
 - Harbour towage - Expand into other ports
 - Offshore towage - i) Secure contract renewal opportunities
ii) New offshore construction developments
ii) Project transportation solutions



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Appendix: Pacific Basin Overview

- A leading dry bulk owner/operator of Handysize & Handymax dry bulk ships
- Flexible Pacific Basin Dry Bulk business model
 - Large fleet of uniform, interchangeable, modern ships
 - Mix of owned and long-term, short-term chartered ships
 - Operating mainly on long term cargo contract (COA) and spot basis
 - Diversified customer base of mainly industrial producers and end users
 - Extensive network of offices positions PB close to customers
- Also owning/operating offshore and harbour tugs
- >300 vessels serving major industrial customers around the world
- Hong Kong headquarters, 16 offices worldwide, 380 shore-based staff, 3,000 seafarers*
- Our vision: To be a shipping industry leader and the partner of choice for customers, staff, shareholders and other stakeholders



www.pacificbasin.com

Pacific Basin business principles



Pacific Basin Dry Bulk



PB Towage

OUR LARGE VERSATILE FLEET

Fleet scale and interchangeable high-quality dry bulk ships facilitate service flexibility to customers, optimised scheduling and maximised vessel utilisation

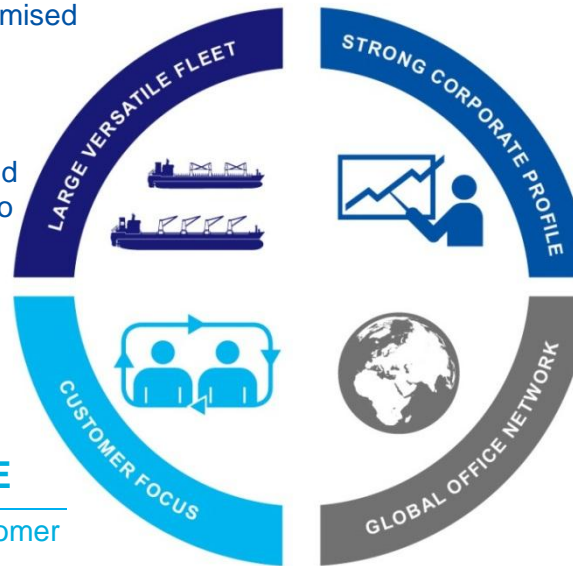
In-house technical operations facilitate enhanced health & safety, quality and cost control, and enhanced service reliability and seamless, integrated service and support to customers

OUR MARKET LEADING CUSTOMER FOCUS & SERVICE

Priority to build and sustain long-term customer relationships

Solution-driven approach ensures accessibility, responsiveness and flexibility towards customers

Close partnership with customers generates enhanced access to spot cargoes and long-term cargo contract opportunities of mutual benefit



OUR STRONG CORPORATE & FINANCIAL PROFILE

Striving for best-in-class internal and external reporting, transparency and corporate stewardship

Robust balance sheet through conservative financial structure sets us apart as a preferred counterparty

Well positioned to deploy capital through selective investment in our core market when conditions are right

Responsible observance of stakeholder interests and our commitment to good corporate governance and CSR

OUR COMPREHENSIVE GLOBAL OFFICE NETWORK

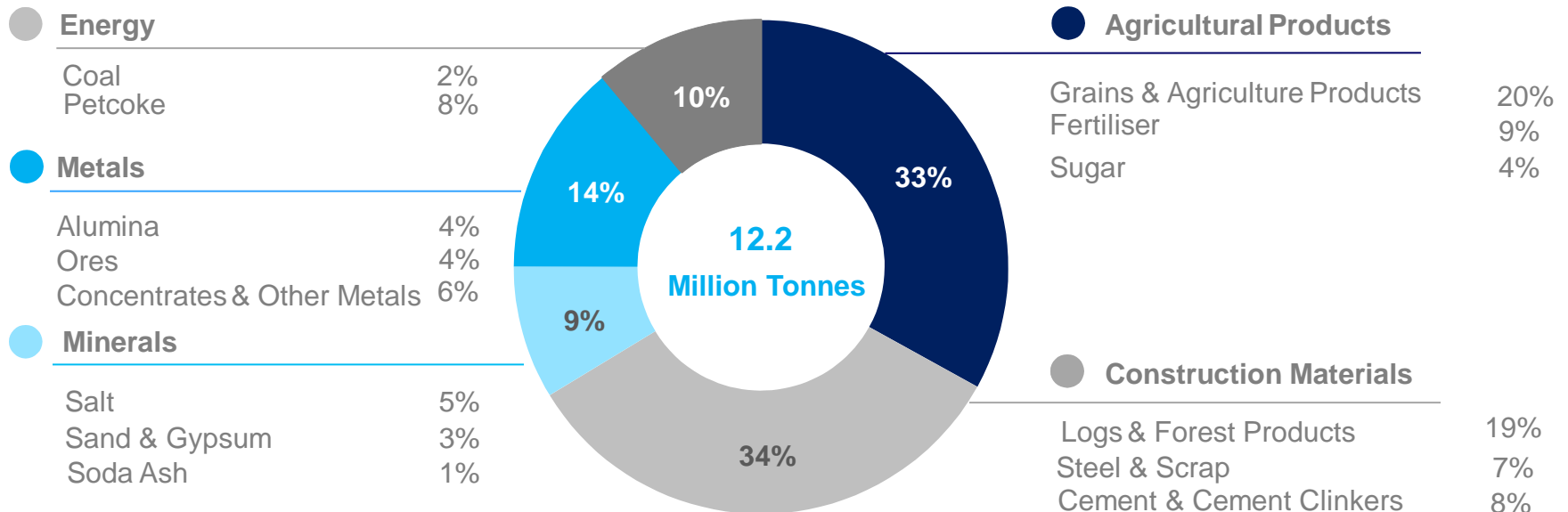
Integrated international service enhanced by commercial and technical offices around the world

Being local facilitates clear understanding of and response to customers' needs and first-rate personalised service

Being global facilitates comprehensive market intelligence and cargo opportunities, and optimal trading and positioning of our fleet

Appendix: Pacific Basin Dry Bulk – Diversified Cargo

Pacific Basin Handysize and Handymax Cargo Volume 1Q 2014



- Diverse range of commodities reduces product risk
- China and North America were our largest market
- 60% of business in Pacific and 40% in Atlantic

Appendix: Fleet List – Mar 2014*

Pacific Basin Dry Bulk Fleet: 230 vessels operated in Mar 2014

	Owned		Chartered		Total
	Delivered *	Newbuilding	Delivered *	Newbuilding	
Handysize	64	13	91	15	183
Handymax	15	6	58	4	83
Post-Panamax	1	0	1	0	2
Total	80	19	150	19	268



Fleet Details
www.pacificbasin.com

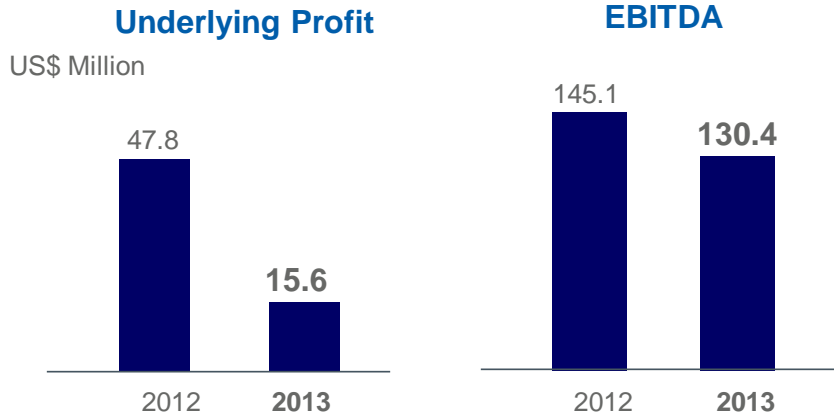
PB Towage : 52

	Owned		Chartered		Total
	Delivered	Newbuilding	Delivered	Newbuilding	
Tugs	31	0	8	0	39
Barges	10	0	0	0	10
Others	1	0	1	0	2
Total	42	0	9	0	51

* Excluding 4 RoRo ships

Average number of vessels operated in Mar 2014
Dry Bulk average age of core fleet: 6.6 years old

Appendix: 2013 Annual Results – Group Highlights



	2013	2012
Net Profit / (Loss)	US\$1.5m	US\$(159)m
Earnings per Share	HK¢0.6	HK¢(64)
Cash Position	US\$486m	US\$754m
Dividend per Share	HK¢5 (proposed)	HK¢5

- Group results were affected by:
 - + valuable business model → 22% outperformance
 - + Good control over our vessel costs
 - + Stronger, volatile market in 2H
 - weakest 1H dry bulk market since 1986
 - significantly reduced 2H contribution from PB Towage
 - one-off finance lease break costs
- Balance sheet remains healthy:
 - US\$486m total cash and deposits
 - 34% group net gearing

Appendix: Pacific Basin Dry Bulk – 2013 Performance

Handysize		Outperformed Market by: 22%	
Daily Earnings	US\$9,520		-9% YOY
Daily Costs	US\$8,480		-5% YOY
Handymax		Outperformed Market by: 11%	
Daily Earnings	US\$10,880		-7% YOY
Daily Costs	US\$10,440		-7% YOY

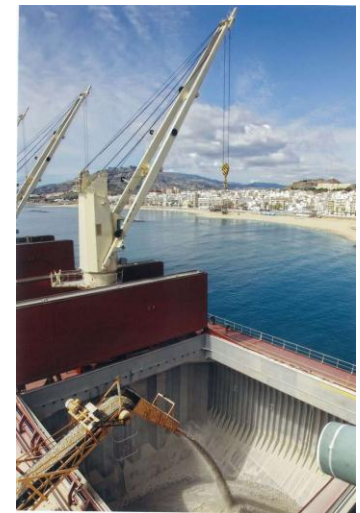
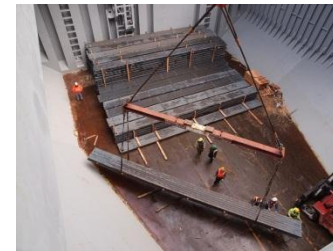
US\$ million	2013
Dry Bulk net profit	26.1
▪ Handysize contribution	51.9
▪ Handymax contribution	8.5
▪ Direct overheads	(40.0)
EBITDA	115.0
	1H: 51.0
	2H: 64.0
Return on net assets	5%

- Reduced vessel operating margins were partly offset by increased revenue days
- Outperformance reflects value of our industrial and customer-focused business model

2013 Investment in Dry Bulk

- Purchased 43 high-quality vessels:
 - 26 secondhand ships
 - 17 Japanese newbuildings
- Long-term chartered vessels:
 - 3 secondhand ships
 - 15 newbuildings

Started to deliver over 2013
→ larger earning capacity gradually kicking in





Appendix: 2013 Financial Highlights

US\$m

	2013	2012
Segment net profit	36.0	78.0
▪ Treasury	(4.4)	(6.1)
▪ Discontinued Operations - RoRo	(0.5)	(12.1)
▪ Non direct G&A	(15.5)	(12.0)
<hr/>	<hr/>	<hr/>
Underlying profit	15.6	47.8
▪ Unrealised derivative income/(expenses)	1.8	(3.3)
▪ RoRo exchange loss & vessel impairment	(7.8)	(198.6)
▪ Expenses relating exercising 10 finance lease purchase options	(15.3)	-
▪ Towage exchange gain & others	7.2	(4.4)
<hr/>	<hr/>	<hr/>
Profit/(Loss) attributable to shareholders	1.5	(158.5)

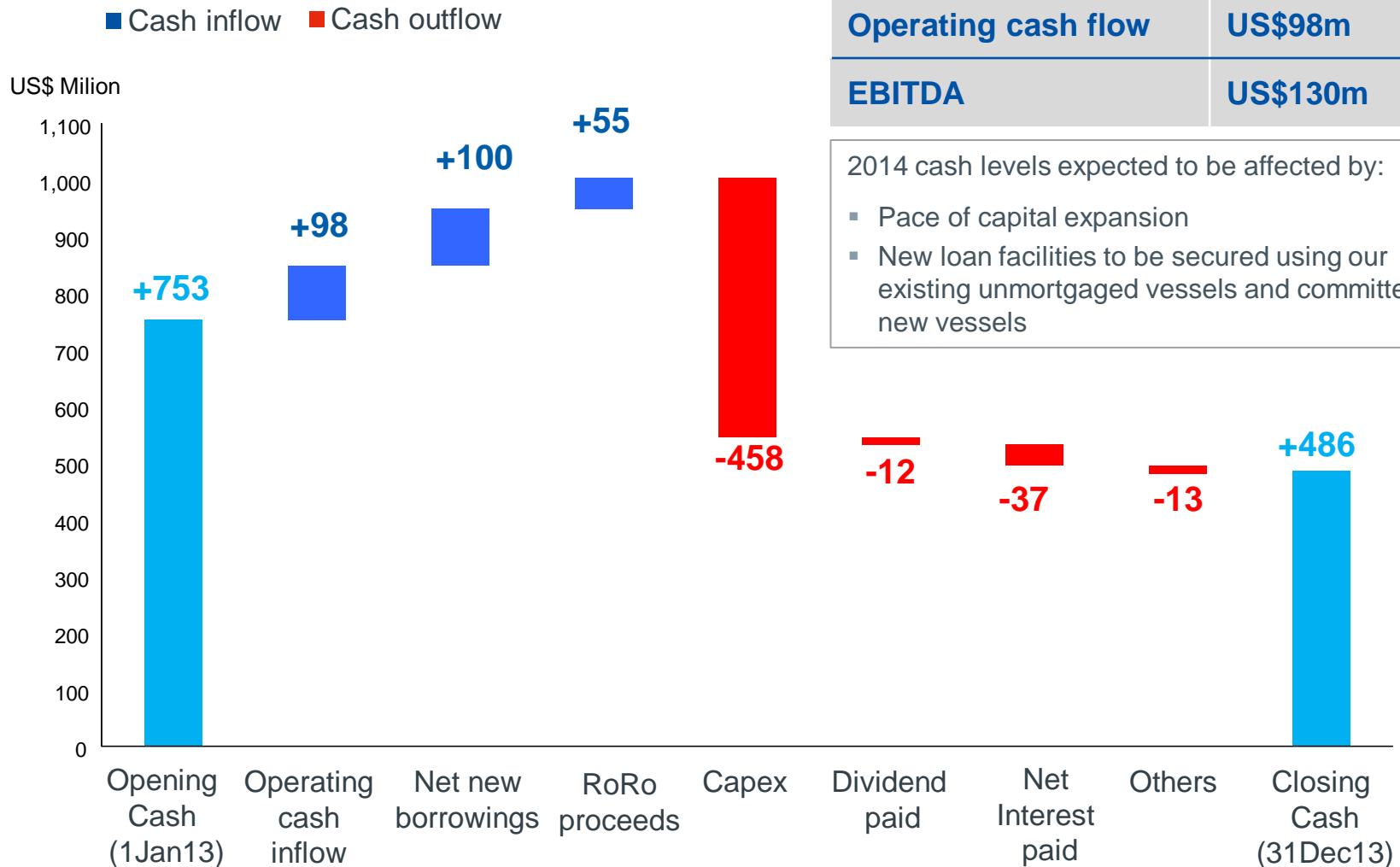
- Underlying profit affected by significantly weaker second half towage results
- 3 RoRo bareboats commenced resulting in FX reserve transfer
- Secured ownership of 10 vessels by exercised options but associated break costs.

Appendix: Pacific Basin Dry Bulk

<i>Handysize</i>		2013	2012	Change
Revenue days	(days)	52,550	41,000	+28%
TCE earnings	(US\$/day)	9,520	10,460	-9%
Owned + chartered costs	(US\$/day)	8,480	8,910	-5%
Handysize contribution	(US\$m)	51.8	62.0	-16%
Handymax contribution	(US\$m)	8.5	6.7	+27%
Post Panamax contribution	(US\$m)	5.7	5.9	-3%
Direct overhead	(US\$m)	(40.0)	(35.3)	+13%
Dry Bulk Net profit	(US\$m)	26.1	39.3	-34%
Annualised return on net assets (%)		5%	5%	-

- Revenue days reflects delivery of cyclically low priced vessel purchases starting to deliver
- Daily costs reduction reflects lower market rates for chartered-in vessels

Appendix: Cash Flow – 2013 Sources and Uses of Group Cash Flow



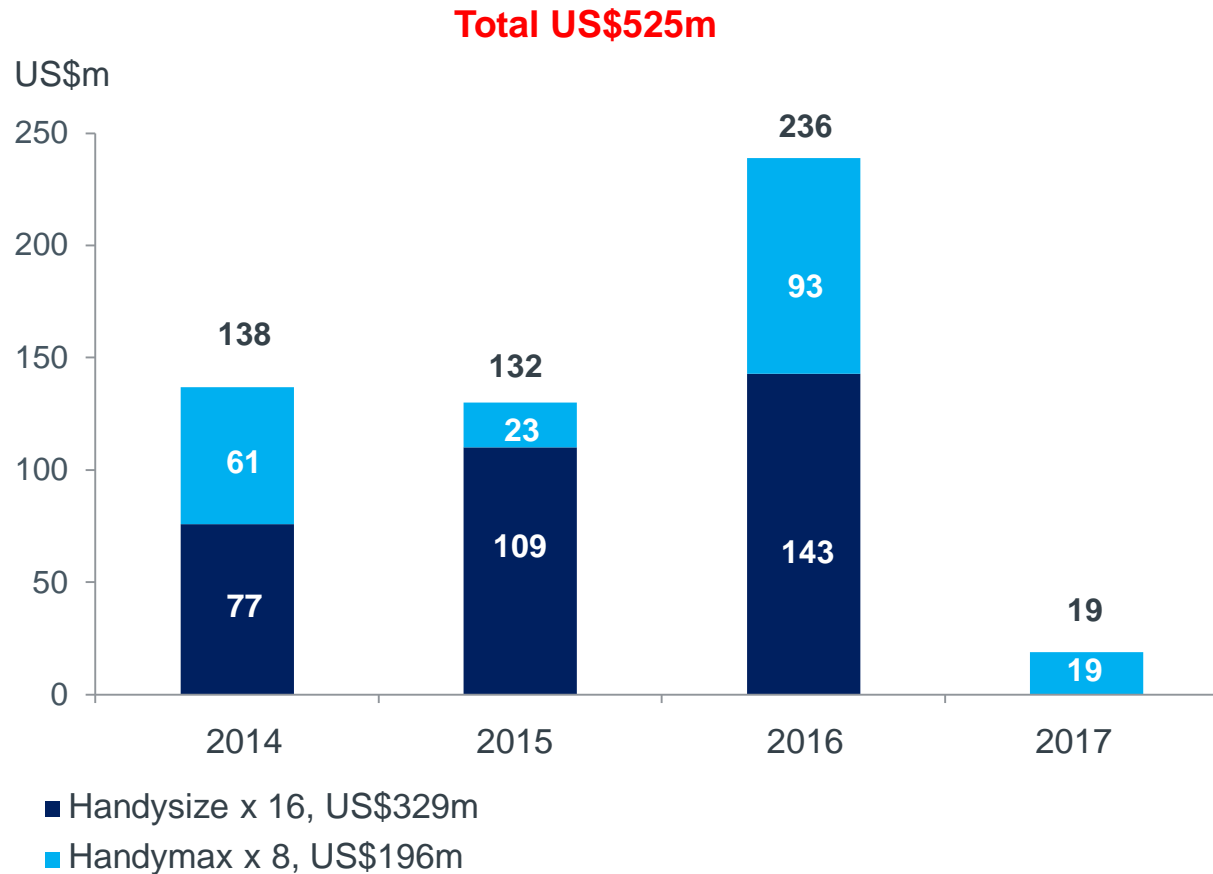
Operating cash flow	US\$98m
EBITDA	US\$130m

2014 cash levels expected to be affected by:

- Pace of capital expansion
- New loan facilities to be secured using our existing unmortgaged vessels and committed new vessels

Appendix: Vessels Commitments

As at 31 December 2013

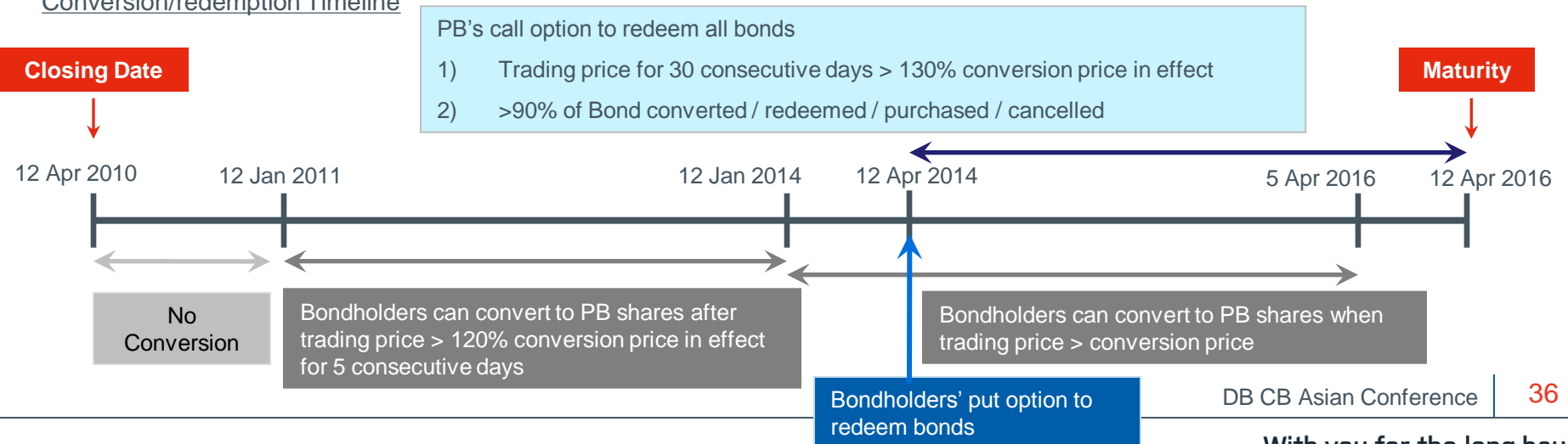


- Further commitments expected in Dry Bulk

Appendix: Convertible Bonds Due 2016

Issue size	US\$230 million (US\$20.5m face value put back and repaid on 14 April 2014; Remaining: US\$210m)	
Maturity Date	12 April 2016 (6 years)	
Investor Put Date and Price	12 April 2014 (4 years) at par	
Coupon	1.75% p.a. payable semi-annually in arrears on 12 April and 12 October	
Redemption Price	100%	
Initial Conversion Price	HK\$7.98 (Current conversion price: HK\$ 7.1 with effect from 23 April 2014)	
Conversion Condition	Before 11 Jan 2011:	No Conversion is allowed
	12 Jan 2011 – 11 Jan 2014:	Share price for 5 consecutive days > 120% conversion price
	12 Jan 2014 – 5 Apr 2016:	Share price > conversion price
Intended Use of Proceeds	To purchase the 3.3% Existing Convertible Bonds due 2013, then redeem the 2013 Convertible Bonds (now all redeemed & cancelled)	
Conditions	<ul style="list-style-type: none"> Shareholders' approval at SGM to approve the issue of the New Convertible Bonds and the specific mandate to issue associated shares. If the specific mandate is approved by the shareholders at the SGM, the Company would not pursue a new general share issue mandate at the forthcoming AGM on 22 April 2010 	

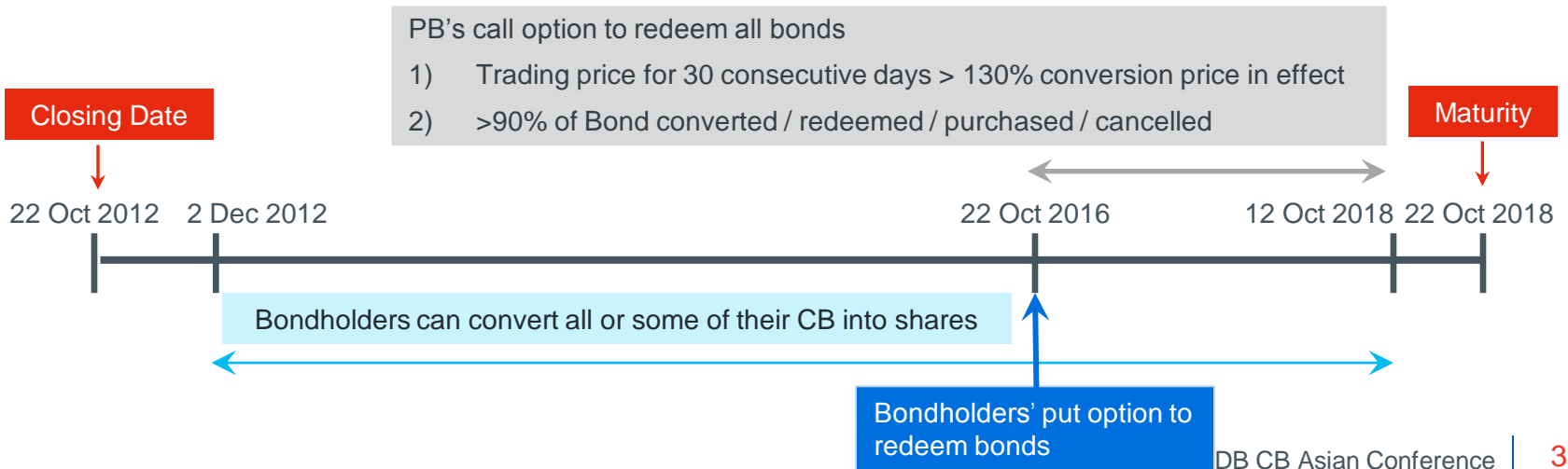
Conversion/redemption Timeline



Appendix: Convertible Bonds Due 2018

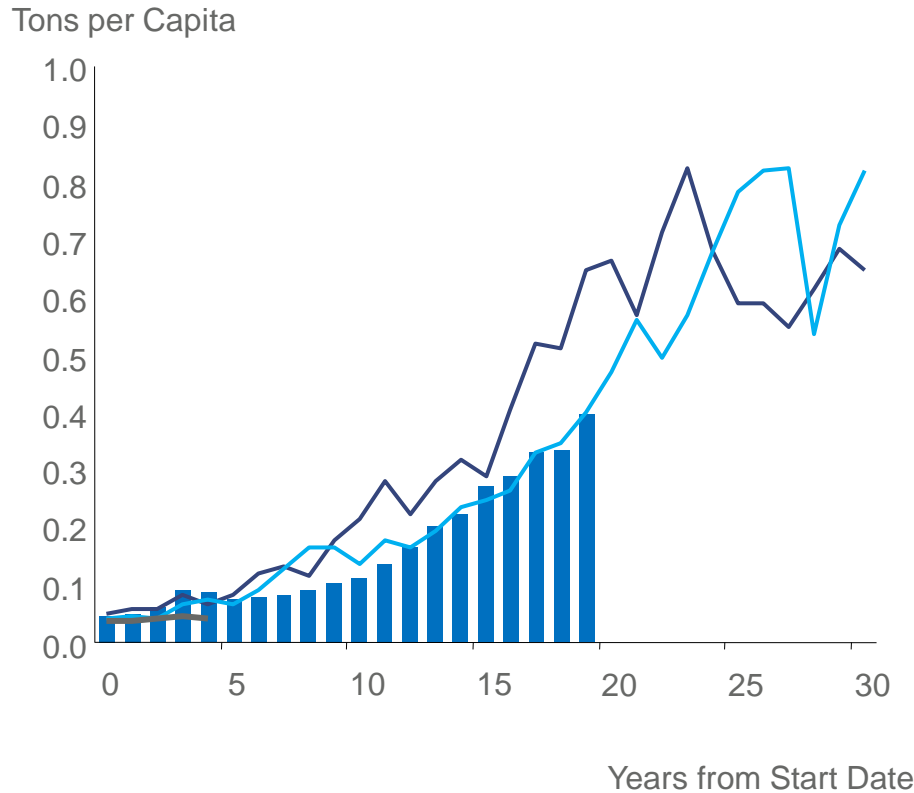
Issue size	US\$123.8 million
Maturity Date	22 October 2018 (6 years)
Investor Put Date and Price	22 October 2016 (4 years) at par
PB's Call Option	1) Trading price for 30 consecutive days > 130% conversion price in effect 2) >90% of Bond converted / redeemed / purchased / cancelled
Coupon	1.875% p.a. payable semi-annually in arrears on 22 April and 22 October
Redemption Price	100%
Initial Conversion Price	HK\$4.96 (current conversion price: HK\$4.84 with effect from 23 April 2014)
Intended Use of Proceeds	To acquire additional Handysize and Handymax vessels, as well as for general working capital

Conversion/redemption Timeline



Appendix: China at late-Industrialisation Stage

Steel Consumption Per Capita

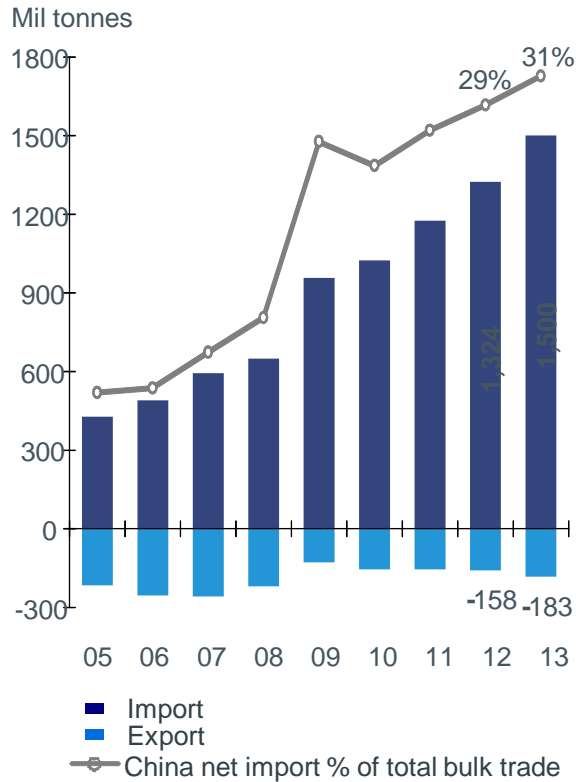


- China growth matches historical trend in Japan and Korea
- Suggests strong growth in dry bulk segment to remain for medium term
- Similar trend for electricity and cement

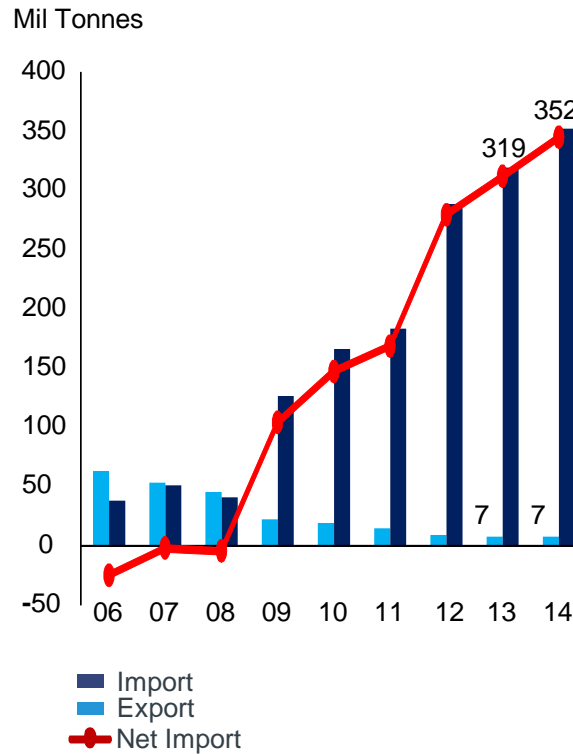
■ China (from 1990)
 ■ Japan (from 1950)
 ■ Korea (from 1970)
 ■ India (from 2005)

Appendix: China Dry Bulk Trade, Iron Ore & Coal Demand

Chinese Dry Bulk Trade Volume



China is a significant net importer of coal



China Iron Ore Sourcing for Steel Production

