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Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)
(Stock Code: 2343)

DISCLOSEABLE TRANSACTIONS: ACQUISITION OF SEVEN NEWBUILDINGS

On 28 November 2013, the Board approved the acquisition of:

- (i) two newbuilding handymax vessels from Seller A at a total consideration of US\$53 million;
- (ii) two newbuilding handysize vessels from Seller B at a total consideration of US\$45.84 million; and
- (iii) three newbuilding handysize vessels from Seller C at a total consideration of US\$69.75 million.

It is expected that legally binding ship contracts in relation to the above acquisitions will be entered into (i) within 2013 with Seller B; and (ii) by February 2014 with Seller A and Seller C.

Save for the acquisition from Seller C, the above acquisitions are not discloseable under the Listing Rules on a stand-alone basis. However, due to aggregation with certain previous acquisitions of vessels by the Group within the past 12 months from sellers whose ultimate beneficial owner is the same as that of Seller A, Seller B or Seller C (as the case may be), all these acquisitions constitute discloseable transactions under the Listing Rules and are therefore subject to this announcement.

The acquisitions are not inter-conditional and the principal terms thereof are set out below.

1. THE NEWBUILDING HANDYMAX VESSELS FROM SELLER A

Vessel type and dead weight tonnes ("dwt")	Acquisitions approved on 28 November 2013		Acquisitions previously disclosed by the Company on 29 August 2013 due to aggregation under the Listing Rules		
	Newbuilding Handymax of 55,000 dwt ("A1")	Newbuilding Handymax of 55,000 dwt ("A2")	2005-built Handymax vessel of 56,025 dwt ("A3")	Newbuilding Handymax of 55,000 dwt ("A4")	Newbuilding Handymax of 55,000 dwt ("A5")
Date/Intended date of entering into the relevant ship contract	By February 2014	By February 2014	11 March 2013	9 May 2013	29 August 2013
Buyer	PBVH or its nominee		Swan River Limited (an indirect wholly-owned subsidiary of the Company)	PBVH or its nominee	
Seller or beneficiary	Sumitomo Corporation ("Seller A") or its subsidiary				
Total consideration	US\$26.50 million	US\$26.50 million	US\$16.65 million	US\$25.50 million	US\$26.50 million

	Acquisitions approved on 28 November 2013		Acquisitions previously disclosed by the Company on 29 August 2013 due to aggregation under the Listing Rules		
Payment terms					
2013	–	–	US\$3.33 million was paid upon signing of the ship contract, with the balance settled upon delivery on 29 May 2013	US\$2.55 million was paid upon signing of the ship contract	US\$2.55 million was paid upon signing of the ship contract
2014	US\$2.65 million will be payable upon signing of the ship contract	US\$2.65 million will be payable upon signing of the ship contract	–	US\$2.55 million	US\$2.55 million
2015	US\$2.65 million	US\$2.65 million	–	US\$20.4 million	–
2016	US\$21.2 million	US\$2.65 million	–	–	US\$21.4 million
2017	–	US\$18.55 million	–	–	–
Actual/expected delivery date	Second half 2016	First half 2017	Delivered on 29 May 2013	Within 2015	Within 2016
Funding of consideration	The consideration of A3 was, and for A1, A2, A4 and A5 will be, funded by the cash reserves of the Group. It is expected that approximately 60% to 80% of such consideration will be eventually funded by new long-term bank borrowings which the Company intends to arrange after the delivery of these vessels.				
Performance guarantees	PBVH has entered into a guarantee with the seller of A3 in connection with the purchase of A3, and will enter into separate guarantees with the sellers of A1, A2, A4 and A5 in connection with the purchase of these vessels, to guarantee the performance of the respective buyers of their entire obligation, duties and liabilities under the relevant ship contract.				

2. THE NEWBUILDING HANDYSIZE VESSELS FROM SELLER B

Vessel type and dwt	Acquisitions approved on 28 November 2013		Previous acquisitions now disclosed due to aggregation under the Listing Rules	
	Newbuilding Handysize of 37,400 dwt ("B1")	Newbuilding Handysize of 37,400 dwt ("B2")	Newbuilding Handysize of 37,400 dwt ("B3")	Newbuilding Handysize of 37,400 dwt ("B4")
Date/Intended date of entering into the relevant ship contract	Within 2013	Within 2013	18 June 2013	18 June 2013
Buyer	PBVH or its nominee			
Seller or beneficiary	Mitsui & Co. Limited ("Seller B") or its subsidiary			
Total consideration	US\$22.92 million	US\$22.92 million	US\$22.42 million	US\$22.42 million
Payment terms				
2013	US\$2.29 million will be payable upon signing of the ship contract	US\$2.29 million will be payable upon signing of the ship contract	US\$2.24 million was paid upon signing of the ship contract	US\$2.24 million was paid upon signing of the ship contract
2014	–	–	–	–
2015	–	–	US\$4.48 million	US\$2.24 million
2016	US\$20.63 million	US\$20.63 million	US\$15.70 million	US\$17.94 million
Expected delivery date	Second half 2016	Second half 2016	First half 2016	First half 2016
Funding of consideration	The consideration of the above vessels will be funded by the cash reserves of the Group. It is expected that approximately 60% to 80% of such consideration will be eventually funded by new long-term bank borrowings which the Company intends to arrange after the delivery of these vessels.			
Performance guarantees	PBVH has entered into a guarantee with the seller of B3 and B4 in connection with the purchase of B3 and B4, and will enter into separate guarantees with the sellers of B1 and B2 in connection with the purchase of these vessels, to guarantee the performance of the respective buyers of their entire obligation, duties and liabilities under the relevant ship contract.			

3. THE NEWBUILDING HANDYSIZE VESSELS FROM SELLER C

	Acquisitions approved on 28 November 2013			Previous acquisitions now disclosed due to aggregation under the Listing Rules	
Vessel type and dwt	Newbuilding Handysize of 37,500 dwt ("C1")	Newbuilding Handysize of 37,500 dwt ("C2")	Newbuilding Handysize of 37,500 dwt ("C3")	Newbuilding Handysize of 37,500 dwt ("C4")	Newbuilding Handysize of 37,500 dwt ("C5")
Date/Intended date of entering into the relevant ship contract	By February 2014	By February 2014	By February 2014	24 July 2013	24 July 2013
Buyer	PBVH or its nominee			Impression Bay Limited (an indirect wholly-owned subsidiary of the Company)	Indigo Lake Limited (an indirect wholly-owned subsidiary of the Company)
Seller	Giant Line Inc., S.A. ("Seller C")				
Total consideration	US\$23 million	US\$23 million	US\$23.75 million	US\$23 million	US\$23 million
Payment terms					
2013	–	–	–	US\$1.15 million was paid upon signing of the ship contract	US\$1.15 million was paid upon signing of the ship contract
2014	US\$2.30 million, of which US\$1.15 million will be payable upon signing of the ship contract	US\$1.15 million will be payable upon signing of the ship contract	US\$1.19 million will be payable upon signing of the ship contract	US\$1.15 million	US\$1.15 million
2015	US\$20.7 million	US\$3.45 million	US\$1.19 million	US\$20.7 million	US\$20.7 million
2016	–	US\$18.4 million	US\$21.37 million	–	–
Expected delivery date	Second half 2015	Within 2016	Second half 2016	Second half 2015	Second half 2015
Funding of consideration	The consideration of all the above vessels will be funded by the cash reserves of the Group. It is expected that approximately 60% to 80% of such consideration will be eventually funded by new long-term bank borrowings which the Company intends to arrange after the delivery of these vessels.				
Performance guarantees	<p>The ultimate beneficial owner of Seller C has entered into a guarantee with the respective buyers of C4 and C5 in connection with the purchase of C4 and C5, and will enter into separate guarantees with the respective buyers of C1, C2 and C3 in connection with the purchase of these vessels, to guarantee the performance of Seller C of its entire obligation, duties and liabilities under the relevant ship contracts.</p> <p>Similarly, PBVH has entered into a guarantee with Seller C in connection with the purchase of C4 and C5, and will enter into separate guarantees with Seller C in connection with the purchase of C1, C2 and C3, to guarantee the performance of the respective buyers of their entire obligation, duties and liabilities under the relevant ship contract.</p>				

BASIS OF CONSIDERATION

The consideration for each of the Vessels was (i) determined by reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of build in the market; and (ii) determined after arm's length negotiation between the parties and is on normal commercial terms.

RELATIONSHIP WITH THE SELLERS AND THEIR ULTIMATE BENEFICIAL OWNERS

To the best of the knowledge, information and belief of the directors of the Company (the "**Directors**"), having made all reasonable enquiry,

- (i) the Sellers, together with their respective ultimate beneficial owners, are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company;
- (ii) the principal business activities of Seller A and Seller B include the owning of shipping vessels and the contracting of newbuilding vessels;
- (iii) the principal business activity of Seller C is the owning of shipping vessels; and
- (iv) save for the transactions disclosed in this announcement, during the 12-month period prior to the date of this announcement and the relevant ship contracts, the Company has not entered into any transaction with any of the Sellers or their respective ultimate beneficial owners or with parties connected or otherwise associated with one another which may require aggregation under Rule 14.22 of the Listing Rules.

REASONS FOR THE TRANSACTIONS

The Company is looking for opportunities to buy and charter both new and secondhand ships. The Board considers that the Vessels can be purchased or built at attractive prices and that they will be beneficially employed within the Group's fleet for the long term after they are delivered. The Directors believe that the terms of the acquisition of the Vessels, which were determined after arm's length negotiation, on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Pacific Basin Shipping Limited is one of the world's leading owners and operators of modern Handysize and Handymax dry bulk vessels. The Company is listed and headquartered in Hong Kong, and currently operates in two main maritime sectors under the banners of Pacific Basin Dry Bulk and PB Towage. We also own five specialised Roll-on Roll-off ships which have been sold with forward delivery by the end of 2015. Our fleet (including newbuildings on order) comprises approximately 300 vessels directly servicing blue chip industrial customers. With approximately 2,500 seafarers and 350 shore-based staff in 16 offices in key locations around the world, Pacific Basin provides a comprehensive quality service to a wide range of customers.

DEFINITIONS

The following terms shall have the following meanings in this announcement unless the context otherwise requires:

“Board”	means the board of directors of the Company;
“Company” or “Pacific Basin” or “Group”	means Pacific Basin Shipping Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange;
“dead weight tonnes” or “dwt”	means the weight capacity of vessels, which is the total weight (usually in metric tonnes) the ship can carry, including cargo, bunkers, water, stores, spares, crew, etc. at a specified depth of the ship in the water. The dwt disclosed in this announcement are approximate numbers;
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“PBVH”	means PB Vessels Holding Limited, a direct wholly-owned subsidiary of the Company;
“Sellers”	means collectively Seller A, Seller B and Seller C;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited; and
“Vessels”	means collectively A1, A2, A3, A4, A5, B1, B2, B3, B4, C1, C2, C3, C4 and C5.

By Order of the Board
Pacific Basin Shipping Limited
Mok Kit Ting, Kitty
Company Secretary

Hong Kong, 28 November 2013

As at the date of this announcement, the Directors of the Company are:

Executive Directors: David Muir Turnbull, Mats Henrik Berglund, Jan Rindbo, Andrew Thomas Broomhead and Chanakya Kocherla

Independent non-executive Directors: Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison and Daniel Rochfort Bradshaw