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Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

DISCLOSEABLE TRANSACTIONS: ACQUISITION OF A NEWBUILDING HANDYSIZE VESSEL

On 21 February 2014, the Board approved the acquisition of a newbuilding handysize vessel, V1, from the Seller at a consideration of US\$23.9 million.

The acquisition of V1 is 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 the Seller, all these acquisitions constitute discloseable transactions under the Listing Rules and are therefore subject to this announcement.

THE ACQUISITIONS

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

	Acquisition approved on 21 February 2014	Acquisitions previously disclosed by the Company on 28 November 2013 due to aggregation under the Listing Rules				
Vessel type	Newbuilding Handysize vessel ("V1")	Newbuilding Handysize vessel ("V2")	Newbuilding Handysize vessel ("V3")	Newbuilding Handysize vessel ("V4")	Newbuilding Handysize vessel ("V5")	Newbuilding Handysize vessel ("V6")
Date/Intended date of the entering into the relevant ship contract	By February 2014	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")					
Total consideration	US\$23.9 million	US\$23 million	US\$23 million	US\$23.75 million	US\$23 million	US\$23 million

	Acquisition approved on 21 February 2014	Acquisitions previously disclosed by the Company on 28 November 2013 due to aggregation under the Listing Rules				
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\$1.17 million will be payable upon signing of the ship contract	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\$1.17 million	US\$20.7 million	US\$1.15 million	US\$1.19 million	US\$20.7 million	US\$20.7 million
2016	US\$21.56 million	–	US\$20.7 million	US\$21.37 million	–	–
Expected delivery date	Between August 2016 and March 2017	Second half 2015	Within 2016	Second half 2016	Second half 2015	Second half 2015
Funding of consideration	The consideration of all the above vessels is expected to 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 the Seller has entered into a guarantee with the respective buyers of V5 and V6 in connection with the purchase of V5 and V6, and will enter into separate guarantees with the respective buyers of V1, V2, V3 and V4 in connection with the purchase of these vessels, to guarantee the performance of the Seller of its entire obligation, duties and liabilities under the relevant ship contracts.</p> <p>Similarly, PBVH has entered into a guarantee with the Seller in connection with the purchase of V5 and V6, and will enter into separate guarantees with the Seller in connection with the purchase of V1, V2, V3 and V4, 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 SELLER AND ITS ULTIMATE BENEFICIAL OWNER

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

- (i) the Seller, together with its ultimate beneficial owner, 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 activity of the Seller is the owning of shipping vessels; and
- (iii) 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 the Seller or its ultimate beneficial owner 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 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 are 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 four 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 3,000 seafarers and 380 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;
“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;

“Stock Exchange”

means The Stock Exchange of Hong Kong Limited; and

“Vessels”

means collectively V1, V2, V3, V4, V5 and V6, which are all of approximately 37,500 dwt and Japanese-built vessels.

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

Hong Kong, 21 February 2014

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