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The securities described herein will be sold in accordance with all applicable laws and regulations.

Pacific Basin Shipping Limited

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

- (1) PROPOSED RIGHTS ISSUE
ON THE BASIS OF ONE RIGHTS SHARE FOR
EVERY ONE EXISTING SHARE HELD ON RECORD DATE;**
- (2) PROPOSED CAPITAL REORGANISATION;**
- (3) PROPOSED SPECIFIC MANDATE TO ISSUE SHARES UPON CONVERSION OF BONDS;**
- (4) CLOSURE OF REGISTER OF MEMBERS**

Underwriters to the Rights Issue

HSBC 

 **BNP PARIBAS**

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately US\$150.6 million before expenses (approximately HK\$1,168.1 million) and approximately US\$142.9 million after expenses (approximately HK\$1,108.6 million) by way of the Rights Issue of 1,946,823,119 Rights Shares at the subscription price of HK\$0.60 per Rights Share on the basis of one Rights Share for every one existing Share held at 5:00 p.m. on the Record Date.

If new Shares are issued on or before the Record Date pursuant to the full exercise of all the conversion rights attaching to the Existing Convertible Bonds by no later than the Latest Lodging Time, the Company is expected to raise approximately US\$184.6 million before expenses (approximately HK\$1,431.8 million) and approximately US\$175.6 million after expenses (approximately HK\$1,361.7 million) by way of the Rights Issue of 2,386,367,644 Rights Shares at the same subscription price per Rights Share and on the same basis.

The Rights Share Subscription Price of HK\$0.60 represents (i) a discount of approximately 58.3% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 41.2% to the theoretical ex-rights price of approximately HK\$1.02 per Share based on the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day; (iii) a discount of approximately 55.6% to the average closing price of approximately HK\$1.35 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and (iv) a discount of approximately 49.2% to the average closing price of approximately HK\$1.18 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at 5:00 p.m. on the Record Date and must not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company at 5:00 p.m. on the Record Date, all transfers of existing Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than the Latest Lodging Time. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus (without the PAL(s) and EAF(s)), for information only and only to the extent legally permitted, to the Non-Qualifying Shareholders and the respective trustee and agent of the holders of the Existing Convertible Bonds on the Posting Date.

In accordance with Rule 7.19(6) of the Listing Rules, as the Rights Issue will increase the number of issued shares of the Company by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the SGM by way of poll. Pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

The Rights Issue is fully underwritten by the Underwriters. Pursuant to the Underwriting Agreement, the Underwriters have severally in their respective proportions, and not jointly or jointly and severally, conditionally agreed to subscribe for all Underwritten Shares that are not taken up, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed "THE UNDERWRITING AGREEMENT" in this announcement.

The Rights Issue will be conditional upon the Capital Reorganisation having become effective, approval of the Rights Issue by the Shareholders at the SGM, the Underwriting Agreement having become unconditional and the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out under the section headed "Termination of the Underwriting Agreement".

PROPOSED CAPITAL REORGANISATION

The Rights Share Subscription Price is below the par value of the Existing Shares which would not be permissible under Bermudan law. In order to allow the Company to set the Rights Share Subscription Price at an appropriate discount to the current trading price of the Shares, the Directors propose to re-organise the share capital of the Company by way of the Capital Reorganisation, which involves the following:

- (1) cancelling paid-up capital in the amount of US\$0.09 on each of the issued Existing Shares in the issued share capital of the Company and applying the credit arising from such reduction (approximately US\$175.2 million) to the contributed surplus account of the Company or other account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the bye-laws of the Company and applicable laws in Bermuda;

- (2) sub-dividing each of the unissued Existing Shares of US\$0.10 each in the authorised share capital of the Company into 10 New Shares of US\$0.01 each; and
- (3) reducing the entire amount of approximately US\$604.8 million standing to the credit of the Company's share premium account and applying the credit arising from such reduction to the contributed surplus account of the Company or other account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the bye-laws of the Company and applicable laws in Bermuda.

Save for the relevant expenses to be incurred, the implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, business, operation, management or financial position of the Company and the Capital Reorganisation is not expected to have any material adverse effect on the financial position of the Company.

The Capital Reorganisation is subject to the following conditions:

- (1) the passing of a special resolution approving the Capital Reorganisation by the Shareholders at the SGM;
- (2) compliance by the Company with the applicable statutory requirements under the Bermuda Companies Act; and
- (3) the Stock Exchange granting the listing of, and permission to deal in, the New Shares.

PROPOSED SPECIFIC MANDATE

In order to accommodate the potential adjustment(s) to the conversion price of the Convertible Bonds due 2018 and/or the maximum number of Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds due 2018 in accordance with the terms and conditions thereof, the Board proposes to seek the approval of the Shareholders to grant the Specific Mandate at the SGM by way of an ordinary resolution.

The Specific Mandate is not conditional upon the completion of the Rights Issue or the Capital Reorganisation having become effective.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The net proceeds of the Rights Issue will add long term equity capital which will be used to:

- (1) strengthen the Company's balance sheet and liquidity position at a time when a number of companies in the industry are experiencing financial distress; and
- (2) allow the Group to reserve cash for potentially attractive acquisitions of second hand Handysize and Supramax vessels at historically depressed prices. Leveraging the Group's business model, the potential acquisitions would be able to generate an earnings premium compared to market indices.

The Board believes that the Rights Issue enhances the Group's position as a strong and reliable counterparty, and partner of choice for its customers and other stakeholders as the market eventually recovers from one of the weakest and most challenging periods in the dry bulk shipping market in over 30 years.

In addition, the Rights Issue is taking place in the year in which the Company expects to repay a total of US\$229.4 million of its convertible bonds, including US\$123.8 million of the Convertible Bonds due 2018 expected to be put back to the Group and repaid in October 2016.

The Company intends to use the proceeds of the Rights Issue as follows:

- (1) US\$123.8 million (approximately HK\$960.2 million) to repay the Convertible Bonds due 2018 that are expected to be put back to the Group in October 2016; and
- (2) the remaining proceeds to be used as general working capital, including for the potential acquisition of second hand Handysize and Supramax vessels.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been formed to make recommendations to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder. An independent financial adviser shall be appointed to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

Resolution(s) will be proposed in the SGM for the Shareholders to consider and, if thought fit, approve the Rights Issue and the transactions contemplated thereunder, the Capital Reorganisation and the Specific Mandate. To the best knowledge of the Directors, no Shareholder is required to abstain from voting at the SGM in respect of the resolution(s) relating to the Capital Reorganisation and the Specific Mandate.

A circular containing, among other things, (i) further details about the Rights Issue, the Capital Reorganisation and the Specific Mandate; and (ii) the notice convening the SGM, will be despatched to the Shareholders on or before Friday, 29 April 2016.

The Prospectus containing further information regarding, among other things, the Rights Issue, including information on application for and acceptance of the Rights Issue and application for excess Rights Shares, and other information in respect of the Group, the PAL(s) and the EAF(s) are expected to be despatched to the Qualifying Shareholders on or before Wednesday, 1 June 2016. A copy of the Prospectus will also be made available on the websites of the Company (<http://www.pacificbasin.com>) and the Stock Exchange (<http://www.hkexnews.hk>). The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus (without the PAL(s) and the EAF(s)) to the Non-Qualifying Shareholders for their information only.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27 May 2016 to Monday, 30 May 2016 (both days inclusive) for determining the entitlements to the Rights Issue, during which period no transfer of Shares will be registered.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue will be conditional upon the Capital Reorganisation having become effective, the Rights Issue having been approved by the Shareholders at the SGM, the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed "Termination of the Underwriting Agreement" above). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from 9:00 a.m. on Wednesday, 25 May 2016. Dealings in the Nil-paid Rights are expected to take place from Friday, 3 June 2016 to Monday, 13 June 2016 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Nil-paid Rights is advised to exercise caution when dealing in the Shares and/or Nil-paid Rights.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the Latest Time for Termination) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

(1) PROPOSED RIGHTS ISSUE

Basis of the Rights Issue:	One Rights Share for every one existing Share held on the Record Date
Rights Issue Subscription Price:	HK\$0.60 per Rights Share
Number of Shares in issue as at the date of this announcement:	1,946,823,119 Shares
Outstanding Existing Convertible Bonds as at the date of this announcement:	<p>An aggregate nominal value of US\$123.8 million of the Convertible Bonds due 2018 and an aggregate nominal value of US\$125 million of the Convertible Bonds due 2021, all of which may be converted into Shares before or after the Record Date</p> <p>The Convertible Bonds due 2016 matured and were fully redeemed on 12 April 2016</p>
Minimum number of Rights Shares:	1,946,823,119 Rights Shares (assuming no further Shares are allotted and issued or bought back on or before the Record Date) with an aggregate nominal value of US\$19,468,231 (after the Capital Reorganisation has become effective)
Maximum number of Rights Shares:	2,386,367,644 Rights Shares (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all the conversion rights attaching to the Existing Convertible Bonds by no later than the Latest Lodging Time, but otherwise no further Shares are allotted and issued or bought back on or before the Record Date) with an aggregate nominal value of US\$23,863,676 (after the Capital Reorganisation has become effective)
Minimum number of enlarged issued Shares upon completion of the Rights Issue:	3,893,646,238 Shares (based on the number of Shares in issue as at the date of this announcement and assuming no further Shares (other than the Rights Shares) are allotted and issued or bought back on or before the completion of the Rights Issue)
Maximum number of enlarged issued Shares upon completion of the Rights Issue:	4,772,735,288 Shares (based on the number of Shares in issue as at the date of this announcement and assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all the conversion rights attaching to the Existing Convertible Bonds, but otherwise no further Shares (other than the Rights Shares) are allotted and issued or bought back on or before the completion of the Rights Issue)
Underwriters:	HSBC and BNP Paribas
Amount to be raised:	Approximately US\$150.6 million before expenses (approximately HK\$1,168.1 million) and approximately US\$142.9 million after expenses (approximately HK\$1,108.6 million)

If new Shares are issued on or before the Record Date pursuant to the full exercise of all the conversion rights attaching to the Existing Convertible Bonds by no later than the Latest Lodging Time, then approximately US\$184.6 million before expenses (approximately HK\$1,431.8 million) and approximately US\$175.6 million after expenses (approximately HK\$1,361.7 million)

Right of excess application: Qualifying Shareholders will be able to apply for Rights Shares in excess of their provisional allotment

General

As at the date of this announcement, the Company has in issue: (i) the Convertible Bonds due 2018 with the outstanding principal amount of US\$123.8 million which is convertible into 202,059,844 Shares at the conversion price of HK\$4.75 per Share; and (ii) the Convertible Bonds due 2021 with the outstanding principal amount of US\$125 million which is convertible into 237,484,681 Shares at the conversion price of HK\$4.08 per Share. On the Last Trading Day, the closing price of the Shares as quoted on the Stock Exchange was HK\$1.44 per Share.

Save for the Existing Convertible Bonds, as at the date of this announcement, the Company has no other outstanding convertible securities, warrants, options, derivative or other securities convertible into or exchangeable for any Shares. The Company has no intention to issue or grant any warrants, options and/or convertible securities (including any Share Awards to be granted under the Share Award Scheme) on or before the Record Date.

Assuming there is no further issue of Shares pursuant to the Existing Convertible Bonds, the Share Award Scheme or otherwise and no buy-backs of Shares by the Company before 5:00 p.m. on the Record Date, 1,946,823,119 Rights Shares would be allotted and issued representing (i) 100% of the Company's issued share capital as at the date of this announcement; and (ii) 50% of the Company's enlarged issued share capital after the Rights Issue.

Assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all the conversion rights attaching to the Existing Convertible Bonds by no later than the Latest Lodging Time, but otherwise no further Shares are issued and there is no buy-backs of Shares on or before the Record Date, 439,544,525 Shares would be allotted and issued on or before the Record Date and as a result 439,544,525 additional Rights Shares would be allotted and issued. The total of 2,386,367,644 Rights Shares would represent 122.6% of the Company's issued share capital as at the date of this announcement and would represent 50% of the Company's enlarged issued share capital after the full exercise of all the conversion rights attaching to the Existing Convertible Bonds and the Rights Issue.

Qualifying Shareholder

To qualify for the Rights Issue, a Shareholder must:

- (1) be registered as a member of the Company at 5:00 p.m. on the Record Date; and
- (2) not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company at 5:00 p.m. on the Record Date, any relevant transfer documents (together with the relevant share certificate(s)) must be lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 26 May 2016.

Holders of the Existing Convertible Bonds who wish to participate in the Rights Issue should exercise their conversion rights attaching to the Existing Convertible Bonds in accordance with their respective terms and conditions so as to enable them to be registered as members of the Company on or before 4:30 p.m. on Thursday, 26 May 2016.

Basis of provisional allotment

The basis of the provisional allotment will be one Nil-paid Right for every one existing Share held by the Qualifying Shareholders as at 5:00 p.m. on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. If a Qualifying Shareholder wishes to accept part only of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholders will be required to split his/her/its PAL into the denominations required, details of which will be set out in the Prospectus.

Non-Qualifying Shareholders

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company is making enquiries regarding the feasibility of extending the Rights Issue to Shareholders and Beneficial Owners that are resident in a place outside Hong Kong. Save and except as provided below, if, after having made and on the basis of such enquiries, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Non-Qualifying Shareholders, they will not be entitled to participate in the Rights Issue. The basis for such exclusion, if any, from the Rights Issue will be set out in the Prospectus.

Shareholders and Beneficial Owners that are resident in a place outside Hong Kong should note that they may or may not be entitled to participate in the Rights Issue subject to the results of the enquiries made by the Company. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, they should exercise caution when dealing in the Shares.

Notwithstanding the foregoing, the Prospectus is expected to include provisions permitting certain categories of sophisticated and/or qualified investors in certain overseas jurisdictions to take up their rights under the Rights Issue, subject to complying with certain certification and other requirements (to be described in the Prospectus) which the Directors consider necessary or desirable in order to enable those investors to take part in the Rights Issue in compliance with their applicable local laws and regulations. The Company reserves the absolute discretion to determine whether to allow such participation as well as the identity of any person(s) who may be allowed to do so.

In respect of Non-Qualifying Shareholders whose addresses as shown in the register of members of the Company at 5:00 p.m. on the Record Date are in an Excluded Jurisdiction, arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to those Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Nil-paid Rights commence and before dealings in the Nil-paid Rights end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid on a pro-rata basis to the relevant Non-Qualifying Shareholders. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares, and any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders, will be made available for excess applications by Qualifying Shareholders under the EAF(s).

In respect of any Non-Qualifying Shareholder resident in an Excluded Jurisdiction but holding his/her/its interest through a registered owner having an address shown in the register of members of the Company at 5:00 p.m. on the Record Date which is not in an Excluded Jurisdiction (including where such Non-Qualifying Shareholder holds interests in Shares through CCASS), the Nil-paid Rights which would otherwise have been available to be taken up by such Non-Qualifying Shareholder will not be sold in the market and the relevant Non-Qualifying Shareholder will not receive the proceeds of any such sale. The reason for the different arrangement in respect of such Non-Qualifying Shareholders is that the Company will not have the necessary information in relation to such Non-Qualifying Shareholders who are Beneficial Owners but not registered holders of Shares to know who those Beneficial Owners are or to make a unilateral determination as to whether those Beneficial Owners are Qualifying Shareholders or Non-Qualifying Shareholders for the purposes of the Rights Issue.

The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus (which will include an explanation for their exclusion) to Non-Qualifying Shareholders for their information purposes only but will not send PAL(s) or EAF(s) to Non-Qualifying Shareholders. The Company will send the Prospectus (without the PAL(s) and EAF(s)), for information only, to the respective trustee and agent of the holders of the Existing Convertible Bonds for their information purposes only. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

Subscription Price

The Rights Share Subscription Price is HK\$0.60 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue.

The Rights Share Subscription Price represents:

- (1) a discount of approximately 58.3% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 41.2% to the theoretical ex-rights price of approximately HK\$1.02 per Share based on the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (3) a discount of approximately 55.6% to the average closing price of approximately HK\$1.35 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (4) a discount of approximately 49.2% to the average closing price of approximately HK\$1.18 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day.

The Rights Share Subscription Price was determined after arm's length negotiations between the Company and the Underwriters with reference to the market price of the Shares under the prevailing market conditions. The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Rights Share Subscription Price which has been set at a reasonable discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to the Rights Issue the Company will allot and issue a minimum of 1,946,823,119 Rights Shares and a maximum of 2,386,367,644 Rights Shares. The net price per Rights Share will be approximately HK\$0.57.

Status of Rights Shares

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions to the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or about Friday, 24 June 2016 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are also expected to be posted on or about Friday, 24 June 2016 by ordinary post to the applicants, at their own risk, to their registered addresses.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Nil-paid Rights to the Qualifying Shareholders. No odd-lot matching services in respect of the Shares will be provided as a result of the Rights Issue. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all Nil-paid Rights arising from such aggregation will be provisionally allotted to HSBC or its nominee or agent, who will sell all such aggregated Nil-paid Rights in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s).

Application for excess Rights Shares

Qualifying Shareholders will be able to apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders, for any Rights Shares provisionally allotted but not validly accepted by Qualifying Shareholders and for any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares will only be able to be made by Qualifying Shareholders and only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Monday, 13 June 2016.

The Directors will, upon consultation with the Underwriters, allocate the excess Rights Shares (if any) at their discretion on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application with flexibility to round up to whole board lots at the discretion of the Directors. No reference will be made to Rights Shares comprised in applications under a PAL or the existing number of Shares held by such Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAFs. No preference will be given to topping up odd lots to whole board lots.

Beneficial Owners whose Shares are held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Beneficial Owners should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually.

Beneficial Owners whose Shares are held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under their names prior to the Record Date for the purpose of the Rights Issue. Beneficial Owners whose Shares are held by nominee(s) (or which are held in CCASS and who would like to have their names registered on the registers of members of the Company) must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Thursday, 26 May 2016. Shareholders and Beneficial Owners should consult their professional advisers if they are in doubt as to their status.

Application for listing and dealing arrangements

The Company will apply to the Listing Committee of the Stock Exchange for Listing Approval for the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the Listing Approval, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders and Beneficial Owners should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

The Nil-paid Rights are expected to be traded in board lots of 1,000 (as the Shares are currently, and the New Shares are expected to be, traded on the Stock Exchange in board lots of 1,000). Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

THE UNDERWRITING AGREEMENT

On 18 April 2016 (before trading hours) the Underwriters and the Company entered into the Underwriting Agreement, pursuant to which the Underwriters have severally in their respective proportions, and not jointly or jointly and severally, conditionally agreed to fully underwrite all the Rights Shares.

Date: 18 April 2016 (before trading hours)

Issuer: The Company

Underwriters: (1) HSBC
(2) BNP Paribas

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriters and their ultimate beneficial owners are Independent Third Parties.

Total number of Rights Shares being underwritten by the Underwriters: The Rights Issue will be fully underwritten by the Underwriters as follows:
(1) 60% of the Rights Shares by HSBC; and
(2) 40% of the Rights Shares by BNP Paribas.

Payments to the Underwriters: Payable by the Company to each of the Underwriters are an underwriting commission and a management fee in an amount equal to 3.6% and 0.4% respectively of the aggregate Rights Share Subscription Price of their respective Underwritten Shares as determined on the Record Date. Save for such payments and such reasonably incurred legal fees and other out-of-pocket expenses of the Underwriters in respect of the Rights Issue, no other fees or expenses are payable by the Company to the Underwriters in connection with the Rights Issue.

The terms of the Underwriting Agreement (including the payments to the Underwriters) were determined after arm's length negotiations between the Company and the Underwriters with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Board considers that the terms of the Underwriting Agreement, including the payments to the Underwriters, are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions to the Rights Issue and the Underwriting Agreement

The Rights Issue will be conditional upon the Capital Reorganisation having become effective, approval of the Rights Issue by the Shareholders at the SGM, the Underwriting Agreement having become unconditional and the Underwriters not terminating the Underwriting Agreement in accordance with its terms set out under the section headed "Termination of the Underwriting Agreement". The obligations of the Underwriters to underwrite the Rights Issue are conditional upon fulfilment of, among others, the following conditions:

- (1) Listing Approval (subject only to allotment and despatch of the appropriate documents of title) having been obtained by no later than: (i) (in the case of the Nil-paid Rights) the Business Day before the commencement of trading of the Nil-paid Rights on the Stock Exchange; and (ii) (in the case of the Rights Shares in their fully-paid form) the Latest Time for Termination, and, in each case, such permission not being withdrawn or amended before the Latest Time for Termination;
- (2) the Stock Exchange issuing a certificate authorising registration of the Prospectus with the Hong Kong Companies Registry under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Business Day before the date of issue of the Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing) and, following registration of the Prospectus as referred to in paragraph (3) below, a copy of the Prospectus having been submitted to the Stock Exchange for publication on its website not later than the date of issue of the Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing);
- (3) a duly certified copy of the Prospectus (and other required documents) having been lodged with the Hong Kong Companies Registry not later than the Business Day before the date of issue of the Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing), and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than the Business Day before the date of issue of the Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing);
- (4) each condition to enable the Nil-paid Rights to be admitted as eligible securities for deposit, clearance and settlement in CCASS being satisfied on or before the Business Day before the commencement of trading of the Nil-paid Rights and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (5) the passing of a special resolution approving the Capital Reorganisation by the Shareholders at the SGM;
- (6) the passing of an ordinary resolution approving the Rights Issue by the Independent Shareholders at the SGM;
- (7) the Capital Reorganisation having become effective;
- (8) if necessary, the filing with the Registrar of Companies in Bermuda of one copy of the Prospectus duly signed in accordance with the requirements of the Bermuda Companies Act on or before or as soon as reasonably practicable after the publication of the Prospectus in compliance with the Bermuda Companies Act;
- (9) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares;

- (10) in respect of the representations and warranties and the undertakings referred to in the Underwriting Agreement:
- (A) such representations and warranties being true and accurate and not misleading in any respect and no such undertakings being breached on and as of the date of the Underwriting Agreement and at any time before the Latest Time for Termination, as though they had been given and made at such time by reference to the facts and circumstances then subsisting;
 - (B) none of the Underwriters having any cause to believe that any breach of such representations or warranties or undertakings has occurred or may occur on and as of the date of the Underwriting Agreement or at any time before the Latest Time for Termination; and
 - (C) no matter having arisen which would reasonably be expected to give rise to any breach or claim or action on and as of the date of the Underwriting Agreement or at any time before the Latest Time for Termination;
- (11) compliance by the Company with its obligations under the Underwriting Agreement, including, without limitation:
- (A) to provisionally allot the Rights Shares in accordance with the terms of the Underwriting Agreement;
 - (B) to despatch the Prospectus Documents to the Qualifying Shareholders in accordance with the terms of the Underwriting Agreement;
 - (C) to deliver to the Underwriters the relevant documents specified in the Underwriting Agreement in accordance with the timing set out therein, provided that, where any such document is specified to be delivered in draft or agreed form, no changes shall be made to it without the prior consent of the Underwriters; and
 - (D) to deliver to the Underwriters the relevant certificate specified in the Underwriting Agreement duly signed by an authorised representative of the Company in accordance with the timing set out therein; and
- (12) the Shares remaining listed on the Stock Exchange at all times up to and including the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been halted, suspended or limited (other than pending publication of this announcement or any other announcements relating to the Rights Issue) and no indication having been received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason.

The Company shall use its best endeavours to procure the fulfilment of the conditions to be fulfilled by it under the Underwriting Agreement by the due time and/or date referred to in each case in the Underwriting Agreement (or if no date is specified, by the Latest Time for Termination), and, in particular, shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as are required in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the SFO or the Bermuda Companies Act, or as may reasonably be required by the Underwriters, the SFC, the Stock Exchange, the Hong Kong Companies Registry, HKSCC or, if necessary, the Bermuda Monetary Authority in connection with obtaining the listing of the Nil-paid Rights and the Rights Shares.

The Underwriters may at any time in writing waive any of the conditions set out in the Underwriting Agreement (except for conditions 1 to 9 above) or extend the time or date for fulfilment of any of the conditions set out in the Underwriting Agreement and such waiver or extension may be made subject to such terms and conditions as are determined by the Underwriters. If the conditions of the Underwriting Agreement (which has not previously been waived by the Underwriters if capable of being waived under the Underwriting Agreement) is not fulfilled, on or before the relevant time and date specified in each case, or if no time or date is specified then on or before the Latest Time for Termination, or if the Underwriting Agreement shall be terminated as described below, the Underwriting Agreement shall terminate (save in respect of the provisions in relation to indemnity, notices and governing law and any rights or obligations which have accrued under the Underwriting Agreement prior to such termination) and no party will have any claim against another for costs, damages, compensation or otherwise, provided that such termination shall be without prejudice to the rights of the parties to the Underwriting Agreement in respect of any breach of the Underwriting Agreement occurring before such termination.

Termination of the Underwriting Agreement

The Underwriters reserve the right to terminate the arrangements set out in the Underwriting Agreement if at any time before the Latest Time for Termination:

- (1) any matter or circumstance arises as a result of which any of the conditions of the Underwriting Agreement has become incapable of satisfaction as at the required time;
- (2) the fact that any of the representations, warranties or undertakings contained in the Underwriting Agreement is untrue, inaccurate or misleading or has been breached in any respect comes to the knowledge of the Underwriters, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement, or the Underwriters have cause to believe that any of the representations, warranties or undertakings contained in the Underwriting Agreement is untrue, inaccurate or misleading or has been breached in any respect or that any such breach has occurred;
- (3) any event occurs or matter arises or is discovered, which, if it had occurred before the date of the Underwriting Agreement or before any of the dates or before any time on which the representations, warranties and undertakings are deemed to be given pursuant to the Underwriting Agreement would have rendered any of those representations, warranties or undertakings untrue, inaccurate, incomplete or misleading in any respect;
- (4) any statement contained in this announcement or a Prospectus Document has become or been discovered to be untrue, inaccurate, incomplete or misleading in any respect, or any matter arises or is discovered which would, if this announcement or the relevant Prospectus Document was to be issued at the time, constitute an omission therefrom;
- (5) the Company's application to the Main Board of the Stock Exchange for Listing Approval is withdrawn by the Company and/or refused by the Stock Exchange;
- (6) any condition to enable the Nil-paid Rights to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused;
- (7) there is a Material Adverse Change;
- (8) any event, act or omission occurs which gives or is likely to give rise to any liability of the Company pursuant to the indemnities referred to in the Underwriting Agreement; or

(9) any of the following occurs:

- (A) there shall have occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable): (i) a moratorium, trading halt, suspension, restriction or limitation in trading in securities generally, or the establishment of minimum prices, on the New York Stock Exchange, the London Stock Exchange plc, the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a trading halt, suspension or limitation in dealings in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded (other than pending publication of this announcement or any other announcement relating to the Rights Issue); (iii) a declaration of a general moratorium or a disruption in commercial banking activities in the United States, Hong Kong, the PRC, the European Union (or any member thereof) or a disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, the PRC or the European Union (or any member thereof); or (iv) a change or development involving a prospective change in or affecting taxation or exchange or currency control (or the implementation of any exchange or currency control) or currency exchange rates in the PRC, Hong Kong or any other place in which any member of the Group conducts or carries on business;
- (B) there shall have occurred any event or circumstance or series of events or circumstances (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster or hostilities (whether or not war is or has been declared), riot, earthquake, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, calamity, crisis, strike, lock-out, insurrection, armed conflict, act of terrorism (whether or not responsibility has been claimed), act of God or epidemic);
- (C) there shall have occurred any change in, or any event or series of events likely to result in any change in (whether or not permanent) local, national or international financial, political, economic, military, industrial, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) in or affecting Hong Kong, the United States, the European Union (or any member thereof) or the PRC;
- (D) any new laws, rules, statutes, ordinances, regulations, guidelines or circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal or regulatory consequences), orders, judgements, decrees or rulings of any governmental authority (the "Laws") are implemented or there are any changes or developments involving prospective changes in existing Laws or in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC or any other place in which any member of the Group conducts or carries on business;
- (E) the Company is required to publish a supplementary prospectus in accordance with Rule 11.13 of the Listing Rules, as a result of a significant change affecting any matter contained in the Prospectus Documents or a significant new matter having arisen the inclusion of information in respect of which would have been required in the Prospectus Documents if it had arisen before the date thereof, or otherwise; or
- (F) an authority or a political body or organisation in any relevant jurisdiction commences any investigation or other action, or announces an intention to investigate or take other action, against any Director,

which, as regards matters referred to in this paragraph (9), individually or in the aggregate, in the sole opinion of the Underwriters: (i) is or will be, or is likely to be, materially adverse to, or prejudicially affects or would prejudicially affect, the results of operation, general affairs, management, business, properties, financial, trading or other condition or prospects of the Group or to any present or prospective Shareholder in its capacity as such; (ii) has or will have or is likely to have a material adverse impact on, or prejudicially affects or would prejudicially affect, the success of the Rights Issue or dealings in the Rights Shares in the secondary market; or (iii) makes or may make it impracticable, inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in this announcement and the Prospectus Documents.

In the event that the Underwriters exercise their right to terminate the Underwriting Agreement, the obligations of the Underwriters under the Underwriting Agreement will cease and the Rights Issue will not proceed, in which case, a further announcement will be made by the Company at the relevant time.

Lock-up Undertakings

Pursuant to the Underwriting Agreement, the Company has undertaken to the Underwriters that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days after the Listing Date, it shall not (except for the Rights Shares):

- (1) undertake any consolidation or subdivision of its share capital, allot, issue, sell, accept subscription for, or offer to allot, issue or sell, or contract or agree to allot, issue or sell, or grant or sell any option, right or warrant to subscribe for or purchase (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares, save (i) in connection with the Capital Reorganisation; or (ii) for any Shares issued pursuant to and in accordance with the terms and conditions of the Existing Convertible Bonds or the Share Awards granted pursuant to and in accordance with the rules of the Share Award Scheme;
- (2) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (1) above; or
- (3) announce any intention to enter into or effect any such transaction described in paragraphs (1) or (2) above,

unless with the prior written consent of the Underwriters; provided that the above restrictions shall cease to apply if the Underwriting Agreement (i) does not become unconditional and is terminated in accordance with the terms therein; or (ii) is terminated by the Underwriters pursuant to any of the termination events set out in in the Underwriting Agreement.

(2) PROPOSED CAPITAL REORGANISATION

The Rights Share Subscription Price is below the par value of the Existing Shares which would not be permissible under Bermudan law. In order to allow the Company to set the Rights Share Subscription Price at an appropriate discount to the current trading price of the Shares, the Directors propose to re-organise the share capital of the Company by way of the Capital Reorganisation, which involves the following:

- (1) cancelling paid-up capital in the amount of US\$0.09 on each of the issued Existing Shares in the issued share capital of the Company and applying the credit arising from such reduction (approximately US\$175.2 million) to the contributed surplus account of the Company or other account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the bye-laws of the Company and applicable laws in Bermuda;
- (2) sub-dividing each of the unissued Existing Shares of US\$0.10 each in the authorised share capital of the Company into 10 New Shares of US\$0.01 each; and

- (3) reducing the entire amount of approximately US\$604.8 million standing to the credit of the Company's share premium account and applying the credit arising from such reduction to the contributed surplus account of the Company or other account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the bye-laws of the Company and applicable laws in Bermuda.

Save for the relevant expenses to be incurred, the implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, business, operation, management or financial position of the Company and the Capital Reorganisation is not expected to have any material adverse effect on the financial position of the Company.

The Capital Reorganisation is subject to the following conditions:

- (1) the passing of a special resolution approving the Capital Reorganisation by the Shareholders at the SGM;
- (2) compliance by the Company with the applicable statutory requirements under the Bermuda Companies Act; and
- (3) the Stock Exchange granting the listing of, and permission to deal in, the New Shares.

The Company is an exempted company incorporated in Bermuda. As such, the Capital Reorganisation is a process governed by Bermuda law. This does not involve any court procedure in Bermuda (or Hong Kong). The Capital Reorganisation must be approved by a special resolution of the Shareholders, which will be proposed at the SGM. Moreover, the Directors must be satisfied that the Group will, after the Capital Reorganisation, continue to be able to pay its liabilities as they become due. Based upon information presently available to the Directors, and having made all reasonable enquiries, the Directors are satisfied with the Group's financial position, and expect to continue to be satisfied at the time of effecting the Capital Reorganisation.

The Board proposes to seek approval from the Shareholders for the Capital Reorganisation at the SGM. To the best information, knowledge and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, no Shareholder has an interest in the Capital Reorganisation that is materially different from the other Shareholders. Therefore, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM to approve the Capital Reorganisation. Subject to the above conditions being fulfilled, it is expected that the Capital Reorganisation will become effective on the Business Day immediately following the date of the SGM.

Upon the Capital Reorganisation becoming effective, the authorised share capital of the Company will be changed from US\$360,000,000 divided into 3,600,000,000 shares of US\$0.10 each to US\$360,000,000 divided into 36,000,000,000 shares of US\$0.01 each; and the issued share capital of the Company would be reduced from approximately US\$194,682,312 divided into 1,946,823,119 shares of US\$0.10 each to approximately US\$19,468,231 divided into 1,946,823,119 shares of US\$0.01 each. It would also have the effect of creating a contributed surplus account of approximately US\$175.2 million which may be applied by the Company in any such manner as permitted by the applicable laws of Bermuda and the bye-laws of the Company, such as distribution out of contributed surplus to the Shareholders and/or the application of such credit balance to set off accumulated losses of the Company.

Application for listing and other trading arrangements

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Details of the related trading arrangements will be provided in the circular to be despatched to Shareholders.

(3) PROPOSED SPECIFIC MANDATE

In order to accommodate the potential adjustment(s) to the conversion price of the Convertible Bonds due 2018 and/or the maximum number of Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds due 2018 in accordance with the terms and conditions thereof (details of which are set out in the Company's announcement dated 20 September 2012), the Board proposes to seek the approval of the Shareholders to grant the Specific Mandate at the SGM by way of an ordinary resolution.

The Specific Mandate is not conditional upon the completion of Rights Issue or the Capital Reorganisation having become effective.

(4) CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27 May 2016 to Monday, 30 May 2016 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and the Capital Reorganisation is set out below. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Date (2016)
Expected date of despatch of the circular in relation to the Rights Issue and the transactions contemplated thereunder, the Capital Reorganisation and the Specific Mandate to the Shareholders together with the notice of SGM and proxy form for the SGM.	Friday, 29 April
Latest time for lodging proxy forms for the SGM	10:00 a.m. on Saturday, 21 May
Expected date and time of the SGM	10:00 a.m. on Monday, 23 May
Announcement of the poll result of the SGM	No later than 11:00 p.m. on Monday, 23 May
Expected effective date of the Capital Reorganisation.	9:00 a.m. on Tuesday, 24 May
First day for free exchange of existing certificates of Existing Shares for new certificates for New Shares.	9:00 a.m. on Tuesday, 24 May
Commencement of dealing in New Shares	9:00 a.m. on Tuesday, 24 May
Last day of dealing in the New Shares on cum-rights basis.	Tuesday, 24 May
First day of dealing in the New Shares on ex-rights basis	9:00 a.m. on Wednesday, 25 May
Latest Lodging Time	4:30 p.m. on Thursday, 26 May
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive).	Friday, 27 May to Monday, 30 May
Reference time on the Record Date for the Rights Issue.	5:00 p.m. on Monday, 30 May

Event	Date (2016)
Prospectus Documents expected to be despatched	Wednesday, 1 June
First day of dealing in Nil-paid Rights	9:00 a.m. on Friday, 3 June
Latest time for splitting in Nil-paid Rights.	4:30 p.m. on Tuesday, 7 June
Latest day of dealings in Nil-paid Rights	4:00 p.m. on Monday, 13 June
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Thursday, 16 June
Latest time for termination of the Underwriting Agreement.	5:00 p.m. on Wednesday, 22 June
Announcement of allotment result of the Rights Issue	Thursday, 23 June
Refund cheques for wholly and partially unsuccessful applications for excess Rights Shares expected to be posted	on or before Friday, 24 June
Certificates for the Rights Shares expected to be despatched	on or before Friday, 24 June
Dealings in fully-paid Rights Shares commence	Monday, 27 June
Last day for free exchange of existing certificates of Existing Shares for new certificate for New Shares	4:30 p.m. on Monday, 27 June

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance

The Latest Time for Acceptance will not take place as shown if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 16 June 2016. Instead the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same day; or
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 16 June 2016. Instead the Latest Time for Acceptance will be postponed to 4:00 p.m. on the following Business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Thursday, 16 June 2016, the subsequent dates mentioned in the section headed “Expected Timetable” in this announcement above may be affected. An announcement will be made by the Company as soon as practicable in such event.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Capital Reorganisation; and (iii) immediately after completion of the Capital Reorganisation and the Rights Issue.

As at the date of this announcement, a total of 26,406,000 Shares were granted but unvested pursuant to the Share Award Scheme. The Board confirms that (i) no Share Awards will vest prior to the Record Date; and (ii) no new Share Awards will be granted by the Company under the Share Award Scheme prior to the Record Date.

Scenario 1 – All Shareholders having taken up their entitled Rights Shares and no conversion rights attaching to all outstanding Existing Convertible Bonds having been exercised prior to the Latest Lodging Time

	As at the date of this announcement		Immediately after completion of the Capital Reorganisation		Immediately after completion of (i) the Capital Reorganisation; and (ii) the Rights Issue	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Aberdeen Asset Management Plc and its Associates	271,873,000	13.97	271,873,000	13.97	543,746,000	13.97
Hagn Michael	252,703,500	12.98	252,703,500	12.98	505,407,000	12.98
Royal Bank of Canada	112,750,024	5.79	112,750,024	5.79	225,500,048	5.79
Other public shareholders	1,309,496,595	67.26	1,309,496,595	67.26	2,618,993,190	67.26
Total:	1,946,823,119	100%	1,946,823,119	100%	3,893,646,238	100%

Scenario 2 – All Shareholders having taken up their entitled Rights Shares and the conversion rights attaching to all outstanding Existing Convertible Bonds having been fully exercised prior to the Latest Lodging Time

	As at the date of this announcement		Immediately after completion of the Capital Reorganisation		Immediately after completion of (i) the Capital Reorganisation; and (ii) the Rights Issue	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Aberdeen Asset Management Plc and its Associates	271,873,000	13.97	271,873,000	13.97	543,746,000	11.39
Hagn Michael	252,703,500	12.98	252,703,500	12.98	505,407,000	10.59
Royal Bank of Canada	112,750,024	5.79	112,750,024	5.79	225,500,048	4.73
Holders of the Convertible Bonds due 2021	–	0	–	0	474,969,362	9.95
Holders of the Convertible Bonds due 2018	–	0	–	0	404,119,688	8.47
Other public shareholders	1,309,496,595	67.26	1,309,496,595	67.26	2,618,993,190	54.87
Total:	1,946,823,119	100%	1,946,823,119	100%	4,772,735,288	100%

Scenario 3 – No Shareholders having taken up their entitled Rights Shares and the conversion rights attaching to all outstanding Existing Convertible Bonds having been fully exercised prior to the Latest Lodging Time

	As at the date of this announcement		Immediately after completion of the Capital Reorganisation		Immediately after completion of (i) the Capital Reorganisation; and (ii) the Rights Issue	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Aberdeen Asset Management Plc and its Associates	271,873,000	13.97	271,873,000	13.97	271,873,000	5.70
Hagn Michael	252,703,500	12.98	252,703,500	12.98	252,703,500	5.29
Royal Bank of Canada	112,750,024	5.79	112,750,024	5.79	112,750,024	2.36
HSBC*	–	0	–	0	1,431,820,587	30.00
BNP Paribas*	–	0	–	0	954,547,057	20.00
Holder of the Convertible Bonds due 2021	–	0	–	0	237,484,681	4.98
Holder of the Convertible Bonds due 2018	–	0	–	0	202,059,844	4.23
Other public shareholders	1,309,496,595	67.26	1,309,496,595	67.26	1,309,496,595	27.44
Total:	1,946,823,119	100%	1,946,823,119	100%	4,772,735,288	100%

Notes: * Pursuant to its underwriting obligations only and excluding any other interests.

Scenario 4 – No Shareholders having taken up their entitled Rights Shares and no conversion rights attaching to all outstanding Existing Convertible Bonds having been exercised prior to the Latest Lodging Time

	As at the date of this announcement		Immediately after completion of the Capital Reorganisation		Immediately after completion of (i) the Capital Reorganisation; and (ii) the Rights Issue	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Aberdeen Asset Management Plc and its Associates	271,873,000	13.97	271,873,000	13.97	271,873,000	6.98
Hagn Michael	252,703,500	12.98	252,703,500	12.98	252,703,500	6.49
Royal Bank of Canada	112,750,024	5.79	112,750,024	5.79	112,750,024	2.90
HSBC*	–	0	–	0	1,168,093,872	30.00
BNP Paribas*	–	0	–	0	778,729,247	20.00
Other public shareholders	1,309,496,595	67.26	1,309,496,595	67.26	1,309,496,595	33.63
Total:	1,946,823,119	100%	1,946,823,119	100%	3,893,646,238	100%

Notes: * Pursuant to its underwriting obligations only and excluding any other interests.

Note: the above scenarios are for illustration purposes only.

It is not the intention of any of the Underwriters to subscribe, for its own account, for such number of Rights Shares which will result in it and parties acting in concert with it (within the meaning of the Takeovers Code) owning 30% or more of the voting rights of the Company upon completion of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE

The net proceeds of the Rights Issue will add long term equity capital which will be used to:

- (1) strengthen the Company's balance sheet and liquidity position at a time when a number of companies in the industry are experiencing financial distress; and
- (2) allow the Group to reserve cash for potentially attractive acquisitions of second hand Handysize and Supramax vessels at historically depressed prices. Leveraging the Group's business model, the potential acquisitions would be able to generate an earnings premium compared to market indices.

The Board believes that the Rights Issue enhances the Group's position as a strong and reliable counterparty, and partner of choice for its customers and other stakeholders as the market eventually recovers from one of the weakest and most challenging periods in the dry bulk shipping market in over 30 years.

In addition, the Rights Issue is taking place in the year in which the Company expects to repay a total of US\$229.4 million of its convertible bonds, including US\$123.8 million of the Convertible Bonds due 2018 expected to be put back to the Group and repaid in October 2016.

USE OF PROCEEDS

The Company intends to use the proceeds of the Rights Issue as follows:

- (1) US\$123.8 million (approximately HK\$960.2 million) to repay the Convertible Bonds due 2018 that are expected to be put back to the Group in October 2016; and
- (2) the remaining proceeds to be used as general working capital, including for the potential acquisition of second hand Handysize and Supramax vessels.

CONSIDERATIONS FOR SHAREHOLDERS

The Rights Issue allows Qualifying Shareholders to maintain their respective existing shareholding in the Company. However, the Board is aware of the potential dilutive effect of the Rights Issue on the Shareholders' interests in the Company. Nonetheless, the Board considers that such potential dilutive effect should be balanced against the following factors:

- (1) the Independent Shareholders are entitled to vote on the Rights Issue at the SGM;
- (2) Qualifying Shareholders are entitled to subscribe for their pro-rata Rights Shares in full thus allowing them to maintain their respective existing shareholding interests in the Company after the Rights Issue;
- (3) Qualifying Shareholders are entitled to subscribe for their pro-rata Rights Shares at a relatively low price as compared to the historical and prevailing market price of the Shares; and
- (4) Qualifying Shareholders have the opportunity to sell their Nil-paid Rights in the market during the Nil-paid Rights trading period.

Accordingly, the Board considers as acceptable the potential dilutive effect on the shareholding interests of the Qualifying Shareholders, which may only happen if the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares.

Having considered the foregoing, the Board considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

REASONS FOR THE CAPITAL REORGANISATION

As at the Last Trading Day, the closing price of the Shares as quoted on the Stock Exchange was HK\$1.44 per Share. Under Bermudan law, a company is not permitted to issue and allot shares at a price per share below the par value of such shares. Accordingly, this potentially restricts the Company's ability to set the Rights Share Subscription Price at an appropriate discount to the current trading price of the Shares and to raise the necessary funds. The Capital Reorganisation, if approved by the Shareholders, will result in the New Shares having a nominal value of US\$0.01 each, which will allow the Company to set the Rights Share Subscription Price at an appropriate discount to the current trading price of the Shares.

Having considered the foregoing, the Board considers that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

REASONS FOR THE SPECIFIC MANDATE

The Board believes that the Specific Mandate, if granted by the Shareholders at the SGM, would enable the Company to streamline and facilitate the conversion process and administrative matters in respect of the Convertible Bonds due 2018.

The Board considers that the Specific Mandate is in the interests of the Company and the Shareholders as a whole.

ADJUSTMENT TO CONVERTIBLE BONDS

In accordance with the respective terms of the Existing Convertible Bonds, the Rights Issue may lead to adjustment(s) to the conversion price and/or the number of Shares to be allotted and issued upon exercise of the conversion rights attached to the Existing Convertible Bonds following completion of the Rights Issue. The Company will ascertain the required adjustment(s), if any, and inform the holders of the Existing Convertible Bonds of the required adjustment(s) as soon as practicable. A further announcement will be made by the Company in relation to any adjustment(s) to the Existing Convertible Bonds and the date such adjustment(s) are expected to take effect once determined by the Company.

The Convertible Bonds due 2016 matured and were fully redeemed on 12 April 2016.

ADJUSTMENT TO SHARE AWARDS

In accordance with the Company's Share Award Scheme, the Rights Issue and/or the Capital Reorganisation may lead to adjustment(s) to the number or nominal amount of Shares and/or the method of exercise of the Share Awards following completion of the Rights Issue and/or the Capital Reorganisation having become effective. The Company will ascertain the required adjustment(s), if any, and inform the holders of the Share Awards of the required adjustment(s) as soon as practicable.

EQUITY FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Date of closing	Fund-raising activity	Net proceeds raised	Intended use of proceeds
8 April 2015	8 June 2015	Issue of the Convertible Bonds due 2021	Approximately US\$123.7 million	To maintain the Group's balance sheet strength and liquidity and to continue to proactively manage its upcoming liabilities, including the Convertible Bonds due 2016 and the Convertible Bonds due 2018, as well as for general working capital purposes

Since the issue of the Convertible Bonds due 2021, the Company has used the proceeds to purchase and cancel the Convertible Bonds due 2016 with an aggregate face value of US\$85.8 million by paying US\$85.1 million in aggregate during the year ended 31 December 2015, with the remainder of the proceeds being used to repay part of the remaining outstanding Convertible Bonds due 2016 with an aggregate face value of US\$105.6 million that matured and were fully redeemed on 12 April 2016.

Save as disclosed above, there was no equity fund raising activity by the Group through the issue of equity securities in the 12 months immediately preceding this announcement.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with Rule 7.19(6) of the Listing Rules, as the Rights Issue will increase the number of issued shares of the Company by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the SGM by way of poll. Pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, the Company has no controlling Shareholder. Mr. David Muir Turnbull, the chairman and an executive Director, together with his associates are interested in 2,527,000 existing Shares, representing approximately 0.13% of the existing issued share capital of the Company, Mr. Mats Henrik Berglund, an executive Director, is interested in 5,613,000 existing Shares, representing approximately 0.29% of the existing issued share capital of the Company, Mr. Andrew Thomas Broomhead, an executive Director, together with his associates are interested in 3,354,704 existing Shares, representing approximately 0.17% of the existing issued share capital of the Company, and Mr. Chanakya Kocherla, an executive Director, is interested in 3,489,667 existing Shares, representing approximately 0.18% of the existing issued share capital of the Company. Save as disclosed above, none of the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates hold any existing Shares. Mr. David Muir Turnbull, Mr. Mats Henrik Berglund, Mr. Andrew Thomas Broomhead, Mr. Chanakya Kocherla, and their respective associates, together with parties acting in concert with any of them (if any), will abstain from voting in favour of the SGM to approve the Rights Issue in compliance with Rule 7.19(6)(a) of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to make recommendations to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder. An independent financial adviser shall be appointed to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

The Rights Issue, the Capital Reorganisation and the Specific Mandate will be subject to Shareholders' approval. Resolution(s) will be proposed in the SGM for the Shareholders to consider and, if thought fit, approve the Rights Issue and the transactions contemplated thereunder, the Capital Reorganisation and the Specific Mandate.

INFORMATION ON THE GROUP

Pacific Basin Shipping Limited is one of the world's leading owners and operators of modern Handysize and Supramax dry bulk vessels. The Company currently operates over 200 dry bulk ships of which 86 are owned and about 120 are chartered. A further 13 owned newbuildings are scheduled to join the Company's core fleet over the next 12 months. The Company is listed and headquartered in Hong Kong, and provides a quality service to over 400 customers, with approximately 3,000 seafarers and 330 shore-based staff in 12 offices in key locations around the world.

GENERAL

The SGM will be convened and held for the Shareholders to consider and if thought fit to approve the Rights Issue and the transactions contemplated thereunder, the Capital Reorganisation and the Specific Mandate. A circular containing, among other things, (i) further details about the Rights Issue, the Capital Reorganisation and the Specific Mandate; and (ii) the notice convening the SGM, will be despatched to the Shareholders on or before Friday, 29 April 2016.

The Prospectus containing further information regarding, among other things, the Rights Issue, including information on application for and acceptance of the Rights Issue and application for excess Rights Shares, and other information in respect of the Group, the PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on or before Wednesday, 1 June 2016. A copy of the Prospectus will also be made available on the websites of the Company (<http://www.pacificbasin.com>) and the Stock Exchange (<http://www.hkexnews.hk>). The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus (without the PAL(s) and EAF(s)) to the Non-Qualifying Shareholders for their information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue will be conditional upon the Capital Reorganisation having become effective, approval of the Rights Issue by the Shareholders at the SGM, the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” above). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from 9:00 a.m. on Wednesday, 25 May 2016. Dealings in the Nil-paid Rights are expected to take place from Friday, 3 June 2016 to Monday, 13 June 2016 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Nil-paid Rights is advised to exercise caution when dealing in the Shares and/or Nil-paid Rights.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the Latest Time for Termination) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Beneficial Owners”	means beneficial owners of Shares whose Shares are registered in the name of a registered Shareholder as shown in the register of members of the Company;
“Bermuda Companies Act”	means the Companies Act 1981 of Bermuda, as amended from time to time;
“BNP Paribas”	means BNP Paribas Securities (Asia) Limited, a licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO;
“Board”	means the board of directors of the Company;

“Business Day(s)”	means any day (other than a Saturday or Sunday, or a day on which a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which licensed banks in Hong Kong are open for business;
“Capital Reorganisation”	means (i) the cancellation of paid-up capital in the amount of US\$0.09 on each of the issued Existing Shares in the issued share capital of the Company and applying the credit arising from such reduction (approximately US\$175.2 million) to the contributed surplus account of the Company or other account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the bye-laws of the Company and applicable laws in Bermuda; (ii) sub-dividing each of the unissued Existing Shares of US\$0.10 in the authorised share capital of the Company into 10 New Shares of US\$0.01 each; and (iii) reduction of the entire amount of approximately US\$604.8 million standing to the credit of the Company’s share premium account and applying the credit arising from such reduction to the contributed surplus account of the Company or other account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the bye-laws of the Company and applicable laws in Bermuda;
“CCASS”	means the Central Clearing and Settlement System established and operated by HKSCC;
“Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time;
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	means the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended from time to time;
“Company” or “Pacific Basin”	means Pacific Basin Shipping Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange;
“Consent”	means any licence, consent, approval, authorisation, permission, waiver, order or exemption;
“Convertible Bonds due 2016”	means the 1.75% Guaranteed Convertible Bonds due 2016 issued by PB Issuer (No. 2) Limited on 12 April 2010, which were unconditionally and irrevocably guaranteed by the Company and convertible into Shares at the prevailing conversion price of HK\$6.97 per Share, and were listed on the Stock Exchange under Stock Code 4319;
“Convertible Bonds due 2018”	means the 1.875% Guaranteed Convertible Bonds due 2018 issued by PB Issuer (No. 3) Limited on 22 October 2012, which are unconditionally and irrevocably guaranteed by the Company and convertible into Shares at the prevailing conversion price of HK\$4.75 per Share, and are listed on the Stock Exchange under Stock Code 4573;
“Convertible Bonds due 2021”	means the 3.25% Guaranteed Convertible Bonds due 2021 issued by PB Issuer (No. 4) Limited on 8 June 2015, which are unconditionally and irrevocably guaranteed by the Company and convertible into Shares at the prevailing conversion price of HK\$4.08 per Share, and are listed on the Stock Exchange under Stock Code 5525;

“Director(s)”	means the director(s) of the Company;
“EAF(s)”	means the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriters;
“Excluded Jurisdiction”	means any jurisdiction outside Hong Kong in respect of which the Directors determine, in accordance with Rule 13.36(2)(a) of the Listing Rules, that it is necessary or expedient not to offer Rights Shares to Shareholders in such jurisdiction on account either of the legal restrictions under the laws of that jurisdiction or the requirements of a relevant regulatory body or stock exchange in that jurisdiction;
“Existing Convertible Bonds”	means the Convertible Bonds due 2018 and the Convertible Bonds due 2021;
“Existing Shares”	means ordinary share(s) of US\$0.10 each in the share capital of the Company;
“Group”	means the Company and its subsidiaries;
“HKSCC”	means Hong Kong Securities Clearing Company Limited;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HSBC”	means The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO and registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
“Independent Board Committee”	means the independent board committee of the Board, comprising all independent non-executive Directors, established to advise the Independent Shareholders of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	means any Shareholder(s) other than the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates;
“Independent Third Parties”	means third parties independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company;
“Last Trading Day”	means Friday, 15 April 2016, being the last trading day of the Shares on the Stock Exchange before the publication of this announcement;
“Latest Lodging Time”	means 4:30 p.m. on Thursday, 26 May 2016, being the latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue;

“Latest Time for Acceptance”	means 4:00 p.m. on Thursday, 16 June 2016, or such other time as may be agreed between the Company and the Underwriters, being the latest time for acceptance of the offer of and payment for the Rights Shares and for application and payment for excess Rights Shares, save as extended or rescheduled pursuant to the section headed “Effect of bad weather on the Latest Time for Acceptance” above;
“Latest Time for Termination”	means 5:00 p.m. on Wednesday, 22 June 2016 or such other time as may be agreed between the Company and the Underwriters;
“Listing Approval”	means the grant of permission for the listing of the Rights Shares (nil paid and fully paid) and permission to deal in the Rights Shares (nil paid and fully paid) on the Main Board of the Stock Exchange;
“Listing Date”	means 27 June 2016, or such other date that the Rights Shares are listed on the Main Board of the Stock Exchange and dealing in the fully paid Rights Shares on the Stock Exchange begins;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time;
“Material Adverse Change”	means a material adverse change on the condition (financial, trading or otherwise), prospects, results of operations, management, business, general affairs, properties or shareholders’ equity of the Company or any other member of the Group, or on the ability of the Company to perform its obligations under the Underwriting Agreement, or any change which, in the sole opinion of the Underwriters, is or may be materially adverse in the context of the Rights Issue;
“New Shares”	means the ordinary shares of the Company with a nominal value of US\$0.01 each immediately after the Capital Reorganisation becomes effective;
“Nil-paid Rights”	means the Right Shares in nil-paid form to be provisionally allotted to Qualifying Shareholders in connection with the Rights Issue;
“Non-Qualifying Shareholders”	means those Shareholder(s) whose registered address(es) as shown on the register of members of the Company at 5:00 p.m. on the Record Date is/are in any of the Excluded Jurisdictions and Shareholder(s) and Beneficial Owner(s) of Shares who is/are otherwise known to the Company to be resident in any of the Excluded Jurisdictions, subject to certain limited exceptions;
“PAL(s)”	means the renounceable provisional allotment letter(s) in respect of the Rights Shares proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue;
“Posting Date”	means Wednesday, 1 June 2016, or such other date as the Underwriters may agree in writing with the Company, being the date of despatch of the Prospectus Documents;
“PRC”	means the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“Prospectus”	means the prospectus to be despatched to the Shareholders containing details of the Rights Issue;

“Prospectus Documents”	means the Prospectus, PAL and EAF;
“Qualifying Shareholders”	means the Shareholders whose names appear on the register of members of the Company at 5:00 p.m. on the Record Date, other than the Non-Qualifying Shareholders;
“Record Date”	means Monday, 30 May 2016, being the date by reference to which the entitlements of the Shareholders to participate in the Rights Issue will be determined (or such other date as the Underwriters may agree in writing with the Company);
“Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Rights Issue”	means the proposed issue by way of rights of one Rights Share for every one existing Share in issue and held on the Record Date at the Rights Share Subscription Price subject to the terms and conditions as set out in the Underwriting Agreement and the Prospectus Documents;
“Rights Shares”	means a minimum total of 1,946,823,119 new Shares and a maximum total of 2,386,367,644 new Shares to be issued and allotted under the Rights Issue;
“Rights Share Subscription Price”	means HK\$0.60 per Rights Share;
“SFC”	means the Securities and Futures Commission;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;
“SGM”	means the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue and the transactions contemplated thereunder, the Capital Reorganisation and the Specific Mandate;
“Share(s)”	means the ordinary share(s) of the Company, being the existing ordinary share(s) of the Company with a nominal value of US\$0.10 each or, immediately after the Capital Reorganisation becomes effective, the New Shares;
“Share Award”	means the restricted share awards granted under the Share Award Scheme;
“Share Award Scheme”	means the share award scheme of the Company adopted on 28 February 2013, as supplemented as set out in the Company’s announcement dated 28 March 2013;
“Shareholder(s)”	means the holders of Shares;
“Specific Mandate”	means the proposed specific mandate enabling the Company to allot, issue and deal with the Shares which will fall to be allotted and issued upon conversion of the Convertible Bonds due 2018;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers;

“Underwriters”	means HSBC and BNP Paribas, and an “Underwriter” means any one of them;
“Underwriting Agreement”	means the underwriting agreement dated 18 April 2016 entered into between the Underwriters and the Company in relation to the underwriting arrangement in respect of the Rights Issue;
“Underwritten Shares”	means a minimum total of 1,946,823,119 Rights Shares and a maximum total of 2,386,367,644 Rights Shares underwritten by the Underwriters subject to the terms and conditions as set out in the Underwriting Agreement;
“United States” or “US”	means the United States of America, its territories and possessions, any State of the United States;
“US Dollars” or “US\$”	means United States dollars, the lawful currency of the United States; and
“%”	means per cent.

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

Hong Kong, 18 April 2016

Note: An exchange rate of US\$1.00 to HK\$7.7564 has been used for the conversion of US dollars into HK dollars for the purpose of this announcement.

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

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

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