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Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

DISCLOSEABLE TRANSACTION ACQUISITION OF SHARES IN A JOINTLY CONTROLLED ENTITY

On 28 February 2013, PB Sea-Tow Holdings (BVI) Limited ("**PB Sea-Tow**", an indirectly wholly-owned subsidiary of the Company), Offshore Marine Services Pty Ltd ("**OMS**", a subsidiary of the Skilled Group) and Ezion Investments Pte Ltd ("**Ezion**", a subsidiary of the Ezion Group) have entered into the SPA, pursuant to which PB Sea-Tow and OMS have each agreed to acquire 50% of the Sale Shares from Ezion for a consideration of AUD17,500,000.

Following Completion, each of PB Sea-Tow and OMS will hold half of the issued share capital of OMSA and OMSA will remain as a jointly controlled entity of the Company.

BACKGROUND

On 17 June 2009, PB Sea-Tow, an indirect wholly-owned subsidiary of the Company, entered into a shareholders agreement in relation to OMSA with OMS and Ezion (the "**Shareholders' Agreement**"), pursuant to which, inter alia, each of PB Sea-Tow, OMS and Ezion (i) legally and beneficially hold 100 Shares, representing one-third of the issued share capital of OMSA as at the date of this announcement; and (ii) has a right of first refusal (the "**Right of First Refusal**"), under which none of the JV Partners shall sell, assign or otherwise dispose of the whole or a part of its equity interest in OMSA to any third party without first offering the same to other JV Partners in writing (an "**Offer Notice**"). The entering into of the Shareholders' Agreement by PB Sea-Tow in relation to the formation of OMSA did not constitute a notifiable transaction under Chapter 14 of the Listing Rules and accordingly was not required to be publicly disclosed.

On 29 January 2013, Ezion served an Offer Notice to PB Sea-Tow and OMS, stating that it wishes to sell 100 Shares, being its entire equity interest in OMSA (the "**Sale Shares**"), at an aggregate consideration of AUD35,000,000 (the "**Offer**"). On 28 February 2013, each of PB Sea-Tow and OMS indicated to Ezion that it wishes to exercise the Right of First Refusal by accepting the Offer. Accordingly, PB-Sea Tow, OMS and Ezion have entered into the SPA on the same day, pursuant to which PB Sea-Tow and OMS have each agreed to acquire 50% of the Sales Shares (i.e. 50 Shares each) from Ezion for a consideration of AUD17,500,000 (the "**Acquisition**").

The transaction to acquire 50% of the Sale Shares from Ezion by PB Sea-Tow under the SPA constitutes a discloseable transaction of the Company under The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and therefore is required to be disclosed by way of this announcement.

Principal terms of the SPA are set out below.

THE ACQUISITION

Date : 28 February 2013

Parties

Sellers : Ezion Investments Pte Limited. To the best of the knowledge, information and belief of the directors of the Company (the "**Directors**"), having made all reasonable enquiry,

- (i) Ezion, together with its ultimate beneficial owner, are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company; and
- (ii) the principal business activity of Ezion and its ultimate beneficial owner is development, ownership and chartering of strategic offshore assets and the provision of offshore marine logistics and support services to the offshore oil and gas industries.

- Purchasers : (i) PB Sea-Tow Holdings (BVI) Limited, an indirect wholly-owned subsidiary of the Company; and
(ii) Offshore Marine Services Pty Ltd.
(each a “Purchaser” and collectively the “Purchasers”)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry,

- (i) OMS, together with its ultimate beneficial owner, are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company; and
(ii) the principal business activity of OMS and its ultimate beneficial owner is provision of staffing services in Australia and New Zealand providing total workforce management, flexible labour solutions and project-based workforce solutions.

- Assets to be acquired : The Sale Shares, representing one-third of the issued share capital of OMSA as at the date of this announcement. Pursuant to the SPA, each of the Purchasers has agreed to acquire 50% of the Sale Shares (i.e. 50 Shares each) from Ezion.

Upon completion of the Acquisition under the SPA (the “Completion”), each of the Purchasers will hold 150 Shares, representing half of the issued share capital of OMSA. Following Completion, the OMSA will remain as a jointly controlled entity of the Company.

- Consideration : A cash sum of AUD35,000,000 in aggregate payable by the Purchasers in equal shares (i.e. AUD\$17,500,000) on Completion.

Such consideration was proposed by Ezion with reference to, amongst other factors, the value of the net tangible assets of OMSA as shown in its signed audited special purpose financial statements prepared in accordance with Australian Accounting Standards and Interpretations as at and for the six month period ended 31 December 2012 and accepted by the Purchasers on that basis.

- Completion : Completion will take place on the date that is three business days after the date of the SPA (or at such other date, place and time as the parties to the SPA may agree in writing).

Following Completion:

- (i) all the existing chartering arrangements in respect of Ezion’s barges with OMSA will remain unchanged;
(ii) each Purchaser shall, as soon as reasonably practicable after Completion (and in any event no more than 10 business days after Completion), procure an increase in its pro rata credit support or bank guarantee in respect of the obligations of OMSA from AUD10,666,666 by a further AUD5,333,333 (representing 50% of the credit support or bank guarantee previously provided by Ezion Holdings Limited (being the ultimate parent company of Ezion to OMSA).

- Information on OMSA : The principal business activity of OMSA is the execution of the tugs & barges contract in relation to the Gorgon LNG project.

Based on the audited accounts of OMSA prepared in accordance with Australian Accounting Standards and Interpretations, (i) the net profit before taxation and after taxation for the year ended 30 June 2012 was AUD19,166,714 and AUD13,424,392 respectively; (ii) the net profit before taxation and after taxation for the year ended 30 June 2011 was AUD15,860,992 and AUD11,062,779 respectively; (iii) the net asset value as at 30 June 2012 was AUD30,573,612; and (iv) the net asset value as at 30 June 2011 was AUD17,149,220.

FINANCIAL EFFECTS OF THE ACQUISITION BY PB SEA-TOW

The consideration paid for PB Sea-Tow’s share of the Sale Shares will be recognised in the consolidated balance sheet of the Company within interests in jointly controlled entities.

The Company’s future consolidated EBITDA will be enhanced by the additional share of OMSA’s EBITDA that is attributable to the Sale Shares purchased by PB Sea-Tow. The effect on the Company’s consolidated profit going forward will also reflect (i) the performance of any new business that OMSA secures; and (ii) the amortisation over the existing OMSA contracts’ life of that part of the consideration recognised as a deferred asset, in accordance with the Hong Kong Financial Reporting Standards.

REASONS FOR AND BENEFITS OF THE ACQUISITION BY PB SEA-TOW

The board of directors of the Company (the “**Board**”) believes the Acquisition by PB Sea-Tow under the SPA is beneficial to the Company and its shareholder as a whole because it believes a two-way OMSA joint venture between OMS and PB Sea-Tow will be a logical and strong combination with PB Sea-Tow focused on contributing marine assets and technical management services to OMSA and complemented by OMS focused on contributing manning and safety management systems to OMSA.

Through the Acquisition by PB Sea-Tow, we show strong continued commitment to existing clients, to servicing the Gorgon LNG project and to the OMSA organisation itself. It allows us to build on OMSA’s experience and success in continuing to strengthen OMSA for both extending existing and winning further tug and barge construction support contracts in the active Australian market.

The Directors consider that the terms of the Acquisition by PB Sea-Tow and the SPA, which were determined after arm’s length negotiation on normal commercial terms, are fair, reasonable and in the interests of the Company and its shareholders as a whole.

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Pacific Basin Shipping Limited is one of the world’s leading owners and operators of modern Handysize and Handymax dry bulk vessels. The Company is listed and headquartered in Hong Kong, and currently operates in two main maritime sectors under the banners of Pacific Basin Dry Bulk and PB Towage. We also own six specialised Roll-on Roll-off (“**RoRo**”) ships which have been sold with forward delivery by the end of 2015. The Company’s fleet (including newbuildings on order) comprises over 230 vessels directly servicing blue chip industrial customers. With approximately 2,100 seafarers and 320 shore-based staff in 17 offices in key locations around the world, Pacific Basin provides a comprehensive quality service to a wide range of customers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Company” or “Pacific Basin”	means Pacific Basin Shipping Limited, a limited company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange;
“Ezion”	means Ezion Investments Pte Ltd, a company incorporated in Singapore;
“JV Partners”	means PB Sea-Tow, OMS and Ezion;
“OMSA”	means Offshore Marine Services Alliance Pty Ltd, a jointly controlled entity of the Company incorporated in Australia, one-third of the equity interest of which is held by PB Sea-Tow as at the date of this announcement;
“PB Sea-Tow”	means PB Sea-Tow Holdings (BVI) Limited, an indirect wholly-owned subsidiary of the Company;
“Shares”	means fully-paid ordinary shares in OMSA;
“OMS”	means Offshore Marine Services Pty Ltd, a company incorporated in Australia; and
“SPA”	means the legally binding agreement dated 28 February 2013 entered into between PB Sea-Tow, OMS and Ezion in relation to the Acquisition.

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

Hong Kong, 28 February 2013

Note: For reference purposes, the exchange rate quoted by Bloomberg on the business day immediately before the date of this announcement was US\$1.0234 to AUD1.00.

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

Executive Directors:

David Muir Turnbull, Mats Henrik Berglund, Jan Rindbo, Andrew Thomas Broomhead, Wang Chunlin and Chanakya Kocherla

Independent non-executive Directors:

Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison and Daniel Rochfort Bradshaw