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Pacific Basin Shipping Limited

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

DISCLOSEABLE TRANSACTIONS: ACQUISITION OF SECONDHAND AND NEWBUILDING VESSELS

On 11 March 2013, the Group entered into the MOA with Seller A to acquire a secondhand handymax vessel ("Vessel A") for US\$16.65 million that delivered on 29 May 2013.

On 9 May 2013, the Group entered into Ship Contract A with Seller B to acquire a newbuilding handymax vessel ("Vessel B") for US\$25.50 million, which is expected to be delivered within 2015.

On 29 August 2013, the Group declared the exercise of the purchase option granted by Seller B to acquire another newbuilding handymax vessel ("Vessel C") for US\$26.50 million, which is expected to be delivered within 2016. It is expected that Ship Contract B in relation to the acquisition of Vessel C will be signed in September 2013.

These three transactions individually do not constitute discloseable transactions under the Listing Rules. As the ultimate beneficial owner of Seller A and Seller B is the same, these transactions, when aggregated, constitute discloseable transactions of the Company under the Listing Rules and are required to be disclosed by way of this announcement.

Principal terms of the MOA and the Ship Contracts are set out below.

THE TRANSACTIONS

- Dates : (a) 11 March 2013, for the MOA of Vessel A;
(b) 9 May 2013, for Ship Contract A of Vessel B; and
(c) 29 August 2013, for the exercise of the purchase option granted by Seller B to acquire Vessel C. Ship Contract B of Vessel C is expected to be signed in September 2013,
(Ship Contract A and Ship Contract B, each a "Ship Contract" and collectively the "Ship Contracts").
- Parties – buyers : (a) Swan River Limited (an indirect wholly-owned subsidiary of the Company), for Vessel A;
(b) PBVH (a direct wholly-owned subsidiary of the Company) or its nominee, for Vessel B and Vessel C.
- sellers : (a) Seller A, for Vessel A;
(b) Seller B, for Vessel B and Vessel C,
(Seller A and Seller B, collectively the "Sellers").

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

- (i) the Sellers, together with their ultimate beneficial owner, are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company;
- (ii) the principal business activities of the Sellers include the owning of the Vessels and contracting of newbuilding vessels; and
- (iii) save for the transactions disclosed in this announcement, during the 12 months period prior to the date of the MOA and the Ship Contracts, the Company has not entered into any transaction with the Sellers or their ultimate beneficial owner or with parties connected or otherwise associated with one another and there are no other relationships between the Sellers or their ultimate beneficial owner with whom the Company has entered into transactions to acquire, dispose of, or charter in vessels.

Assets to be purchased : Three handymax vessels constructed in Japan (each a “Vessel” and collectively the “Vessels”):

- (a) Vessel A: 2005-built, 56,025 dwt, delivered on 29 May 2013;
- (b) Vessel B: a newbuilding handymax vessel of approximately 55,850 dwt, expected to be delivered within 2015; and
- (c) Vessel C: a newbuilding handymax vessel of approximately 55,850 dwt, expected to be delivered within 2016.

The Company, having made all reasonable enquiries, does not have access to information regarding the profits before and after taxation of Vessel A for the years ended 31 December 2012 and 31 December 2011.

Consideration : US\$68.65 million in aggregate, being US\$16.65 million for Vessel A, US\$25.50 million for Vessel B and US\$26.50 million for Vessel C.

Such consideration was determined by reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of build in the market.

The overall consideration was determined after arm’s length negotiation between the parties and is on normal commercial terms.

Payment term : Vessel A: US\$3.33 million was paid upon signing of the MOA with the balance settled upon delivery of the vessel on 29 May 2013.

Vessel B: US\$2.55 million was paid upon signing of Ship Contract A. The balance of the consideration will be payable according to the stages of construction of the vessel and it is currently expected that US\$2.55 million and US\$20.4 million will be payable in 2014 and 2015 respectively.

Vessel C: US\$2.55 million will be payable upon signing of Ship Contract B in September 2013. The balance of the consideration will be payable according to the stages of construction of the vessel and it is currently expected that US\$2.55 million and US\$21.4 million will be payable in 2014 and 2016 respectively.

The consideration of Vessel A was, and for Vessel B and Vessel C is expected to be, funded by the cash reserves of the Group. It is expected that approximately 60% to 80% of such consideration will be eventually funded by new long-term bank borrowings, which the Company intends to arrange after the delivery of the Vessels.

Performance guarantees : PBVH has entered into a guarantee with Seller A in connection with the purchase of Vessel A, and will enter into separate guarantees with Seller B in connection with the purchase of Vessel B and Vessel C, to guarantee the performance of the buyers of their entire obligation, duties and liabilities under the MOA and each of the Ship Contracts.

REASONS FOR THE TRANSACTIONS

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

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

DEFINITIONS

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

"Board"	means the board of directors of the Company;
"Company" or "Pacific Basin" or "Group"	means Pacific Basin Shipping Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange;
"Listing Rules"	means The Rules Governing the Listing of Securities on the Stock Exchange;
"PBVH"	means PB Vessels Holding Limited, a direct wholly-owned subsidiary of the Company;
"MOA"	means the legally binding memorandum of agreement dated 11 March 2013 entered into between Swan River Limited and Seller A for the acquisition of Vessel A by Swan River Limited;
"Seller A"	an indirect wholly-owned subsidiary of Seller B;
"Seller B"	Sumitomo Corporation;
"Ship Contract A"	means the legally binding shipbuilding contract dated 9 May 2013 entered into between PBVH or its nominee and Seller B for the acquisition of Vessel B by PBVH or its nominee;
"Ship Contract B"	means the legally binding shipbuilding contract to be entered into in September 2013 between PBVH or its nominee and Seller B for the acquisition of Vessel C by PBVH or its nominee; and
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 29 August 2013

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

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

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