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Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

DISCLOSEABLE TRANSACTIONS: ACQUISITION OF A SECONDHAND HANDYMAX VESSEL

On 24 January 2014, an indirect wholly-owned subsidiary of the Company entered into a ship contract to acquire a secondhand Handymax vessel, V1, at a consideration of US\$22 million.

The acquisition of V1 is not discloseable under the Listing Rules on a stand-alone basis. However, due to aggregation with certain previous acquisitions of vessels by the Group within the past 12 months from sellers with the same ultimate beneficial owner, all these acquisitions constitute discloseable transactions under the Listing Rules and are therefore subject to this announcement.

THE ACQUISITIONS

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

	Acquisition on 24 January 2014	Previous acquisitions now disclosed due to aggregation under the Listing Rules		
Vessel type	2006-built secondhand Handymax vessel ("V1")	Newbuilding Handysize vessel ("V2")	Newbuilding Handysize vessel ("V3")	2003-built Handysize vessel ("V4")
Date of entering into the relevant ship contract	24 January 2014	31 October 2013	31 October 2013	31 May 2013
Buyer	Columbia River Shipping Limited (an indirect wholly- owned subsidiary of the Company)	PBVH or its nominee		Mount Baker Shipping Limited (an indirect wholly- owned subsidiary of the Company)
Seller or beneficiary	Itochu Corporation (the "Seller") or its subsidiary			
Total consideration	US\$22.00 million	US\$23.27 million	US\$23.27 million	US\$13.70 million

	Acquisition on 24 January 2014	Previous acquisitions now disclosed due to aggregation under the Listing Rules		
Payment terms				
2013	–	US\$2.33 million	US\$2.33 million	US\$1.37 million was paid upon signing of the ship contract, with the balance settled upon delivery
2014	US\$4.40 million will be payable upon signing of the ship contract, with the balance payable on delivery	–	–	–
2015	–	US\$20.94 million	–	–
2016	–	–	US\$20.94 million	–
Actual/expected delivery date	Within 1st quarter of 2014	Second half of 2015	Second half of 2016	Delivered on 9 September 2013
Funding of consideration	The consideration of V4 was, and for V1, V2 and V3 will be, funded by the cash reserves of the Group. It is expected that approximately 60% to 80% of such consideration will be eventually funded by new long-term bank borrowings which the Company intends to arrange.			
Performance guarantees	PBVH will enter into separate guarantees with the seller of V1, V2, and V3 in connection with the purchase of these vessels to guarantee the performance of the respective buyers of their entire obligation, duties and liabilities under the relevant ship contract.			

BASIS OF CONSIDERATION

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

RELATIONSHIP WITH THE SELLERS AND THEIR ULTIMATE BENEFICIAL OWNER

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

- (i) the sellers of the Vessels, 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 Seller includes the owning of shipping vessels and contracting of newbuilding vessels; and
- (iii) save for the transactions disclosed in this announcement, during the 12-month period prior to the date of this announcement and the relevant ship contracts, the Company has not entered into any transaction with any of the sellers or their ultimate beneficial owner or with parties connected or otherwise associated with one another which may require aggregation under Rule 14.22 of the Listing Rules.

REASONS FOR THE TRANSACTIONS

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

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Pacific Basin Shipping Limited is one of the world's leading owners and operators of modern Handysize and Handymax dry bulk vessels. The Company is listed and headquartered in Hong Kong, and currently operates in two main maritime sectors under the banners of Pacific Basin Dry Bulk and PB Towage. We also own four specialised Roll-on Roll-off ships which have been sold with forward delivery by the end of 2015. Our fleet (including newbuildings on order) comprises approximately 300 vessels directly servicing blue chip industrial customers. With approximately 3,000 seafarers and 380 shore-based staff in 16 offices in key locations around the world, Pacific Basin provides a comprehensive quality service to a wide range of customers.

DEFINITIONS

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

"Board"	means the board of directors of the Company;
"Company" or "Pacific Basin" or "Group"	means Pacific Basin Shipping Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange;
"Listing Rules"	means The Rules Governing the Listing of Securities on the Stock Exchange;
"PBVH"	means PB Vessels Holding Limited, a direct wholly-owned subsidiary of the Company;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited; and
"Vessels"	means collectively V1 (of approximately 56,000 dwt), V2 (of approximately 37,000 dwt), V3 (of approximately 37,000 dwt) and V4 (of approximately 32,000 dwt), which are all Japanese-built vessels.

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

Hong Kong, 24 January 2014

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

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

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