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Pacific Basin Shipping Limited

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

ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO THE 2013 SHARE AWARD SCHEME IN RELATION TO NEW AWARDS AND ADJUSTMENT TO OUTSTANDING AWARDS FOLLOWING THE RIGHTS ISSUE

On 9 August 2016, the Board has agreed with the Trustee that 41,688,000 new Shares will be allotted and issued by the Board to the Trustee at HK\$0.92 per Share under the General Mandate in order to (i) satisfy the new Awards granted to the Selected Employees pursuant to the Scheme Rules and (ii) effect the adjustment to all outstanding Awards immediately prior to the date of this announcement in accordance with the Scheme Rules to take into account the effect of the Rights Issue.

In order for the Trustee to subscribe for the New Shares from the Company, the Board shall pay or cause to be paid an aggregate amount of HK\$38,352,960 to the Trustee from the Company's internal cash resources.

The New Shares to be allotted and issued by the Company to the Trustee represent (i) approximately 1.07% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.06% of the total issued share capital of the Company as enlarged by such allotment and issue.

Reference is made to the announcements of the Company dated 28 February 2013 and 28 March 2013, both in respect of the Scheme, as well as the announcement of the Company dated 18 April 2016 and the prospectus of the Company dated 2 June 2016, both in respect of the Rights Issue.

On 9 August 2016, the Board has agreed with the Trustee that a total of 41,688,000 new Shares will be allotted and issued by the Board to the Trustee at HK\$0.92 per Share under the General Mandate, of which (i) 23,522,000 Shares shall be utilised to satisfy the new Awards granted to the Selected Employees on 9 August 2016 pursuant to the Scheme Rules (the "**Awarded Shares**"); and (ii) 18,166,000 Shares shall be utilised to effect the adjustment to all outstanding Awards immediately prior to the date of this announcement in accordance with the Scheme Rules to take into account the effect of the Rights Issue (the "**Adjustment Shares**").

The amount of the Adjustment Shares was calculated and reported on in writing to the Board by the Company's auditors pursuant to the Scheme Rules on the basis that (i) the Adjustment will be made on the same basis as the Rights Issue (i.e. on a one-for-one basis); and (ii) the effect of the Adjustment will not lead to an issue of Shares at less than the nominal value of the Shares.

Pursuant to the General Mandate, the Company can allot and issue up to a total of 194,682,311 Shares. As at the date of this announcement, save for the issue of New Shares to the Trustee as disclosed in this announcement, the General Mandate has not been utilised by the Company.

Pursuant to the Scheme Rules, in order for the Trustee to subscribe for the New Shares from the Company, the Board shall pay or cause to be paid an aggregate amount of HK\$38,352,960 to the Trustee from the Company's internal cash resources. Upon allotment and issue of the New Shares, the Trustee will hold the New Shares on trust for the Selected Employees, which shall be transferred to the Selected Employees at no cost upon satisfaction of the relevant vesting conditions and in accordance with the vesting schedule determined by the Board.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Trustee (or its nominee) and its listed parent company are not connected person (as defined by the Listing Rules) of the Company and are third party independent of the Company and its connected persons (as defined by the Listing Rules).

All of the Selected Employees are full time employees of the Group and none of them is a director, substantial shareholder or connected person (as defined by the Listing Rules) of the Company, and comprise more than 6 individuals.

The New Shares to be allotted and issued by the Company to the Trustee represent (i) approximately 1.07% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.06% of the total issued share capital of the Company as enlarged by such allotment and issue.

The New Shares, when issued and allotted, shall rank pari passu among themselves and with the fully paid Shares in issue. Pursuant to the Scheme Rules, (i) the Selected Employees shall not be entitled to vote, to receive dividends or to have any other rights of a Shareholder in respect of the New Shares until vesting of the relevant Awards, though the Board may at its discretion confer a right to the Selected Employees to receive an amount equal in value to the dividends which were payable on the number of the Shares subject to the relevant Awards or as a result of the Adjustment prior to the time of vesting, and (ii) the Trustee will abstain from voting in the general meetings of the Company as to the New Shares.

Application has been made by the Company to the Stock Exchange for approval of the listing of, and permission to deal in, the New Shares. Other than such approval being granted by the Stock Exchange, the allotment and issue of the New Shares under the General Mandate is not subject to any approval of the Shareholders or any conditions.

Further information in respect of the New Shares is set out as follows:

Securities to be issued:	41,688,000 Shares
Issue price (net):	An aggregate consideration of HK\$38,352,960, the entire sum of which will be paid or caused to be paid by the Board pursuant to the Scheme Rules. Such consideration has been determined by reference to the prevailing market price per Share having regard to the fact that (i) the allotment and issue of the New Shares to the Trustee is solely for satisfying the new Awards granted to the Selected Employees pursuant to the Scheme Rules and for effecting the Adjustment; and (ii) the entire sum of the consideration will be paid or caused to be paid by the Board
Funds to be raised:	Nil
Reasons for the issue:	The Awarded Shares are allotted and issued as incentives for the Selected Employees' contribution to the Group, whilst the Adjustment Shares are allotted and issued for effecting the Adjustment
Identity of the allottee:	HSBC Institutional Trust Services (Asia) Limited, being the Trustee, or its nominee

Market price of the Shares:	HK\$0.92 per Share, being the closing price per Share as quoted on the Stock Exchange on 9 August 2016
Equity fund raising activity in the last 12 months:	Save for the Rights Issue, there was no equity fund raising activity by the Group through the issue of equity securities in the 12 months immediately preceding this announcement

DEFINITIONS

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

“Adjustment”	the adjustment to all outstanding Awards immediately prior to the date of this announcement in accordance with the Scheme Rules to take into account the effect of the Rights Issue;
“Awards”	the restricted share awards or the restricted unit awards (or a combination of these) granted by the Board to the Selected Employees pursuant to the Scheme Rules;
“Board”	the board of directors of the Company;
“Company”	Pacific Basin Shipping Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange;
“General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 19 April 2016, under which up to a total of 194,682,311 Shares (being up to 10% of the total issued share capital of the Company as at the date of the passing of the relevant resolution, which was 19 April 2016) can be allotted, issued and dealt in by the Company;
“Group”	the Company and its Subsidiaries and “member of the Group” shall be construed accordingly;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“New Shares”	the 41,688,000 new Shares that will be allotted and issued to the Trustee under the General Mandate for satisfying the Awards granted to the Selected Employees pursuant to the Scheme Rules and for effecting the Adjustment;
“Rights Issue”	the rights issue at the subscription price of HK\$0.60 per rights share on a one-for-one basis by the Company as announced on 18 April 2016 and completed on 27 June 2016;
“Scheme”	the Company’s 2013 Share Award Scheme adopted on 28 February 2013 and amended as per the Company’s announcement dated 28 March 2013 in its present form or as amended, modified or supplemented from time to time in accordance with the provisions thereof;
“Scheme Rules”	the rules relating to the Scheme;
“Selected Employees”	employees of or any person who has accepted an employment offer (whether full time or part time) by any member of the Group whom the Board has selected for participation in the Scheme;

“Shareholders”	the holders of Shares;
“Shares”	ordinary shares of US\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Trustee”	HSBC Institutional Trust Services (Asia) Limited, being the trustee appointed by the Company for the administration of the Scheme, which will hold the Awarded Shares on trust for the Selected Employees.

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

Hong Kong, 9 August 2016

As at the date of this announcement, the Directors of the Company 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, Irene Waage Basili and Stanley Hutter Ryan