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Pacific Basin Shipping Limited

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

PROPOSED ISSUE OF NEW SHARES UNDER GENERAL MANDATE IN RELATION TO AWARDS GRANTED PURSUANT TO THE 2013 SHARE AWARD SCHEME

On 10 March 2017, the Board announces that it has agreed that 23,115,000 new Shares will be allotted and issued to the Trustee at HK\$1.77 per Share under the General Mandate in order to satisfy the Awards granted to the Selected Employees pursuant to the Scheme Rules as incentives for the Selected Employees' contribution to the Group.

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\$40,913,550 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 0.58% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.57% 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.

On 10 March 2017, the Board announces that it has agreed that 23,115,000 new Shares will be allotted and issued to the Trustee at HK\$1.77 per Share (being the closing price per Share as at 10 March, 2017) under the General Mandate in order to satisfy the Awards granted to the Selected Employees pursuant to the Scheme Rules as incentives for the Selected Employees' contribution to the Group. The aggregate consideration of HK\$40,913,550 has been determined by reference to the prevailing market price per Share.

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, an aggregate of 121,667,037 Shares have been allotted and issued under the General Mandate, of which (i) 41,688,000 Shares were issued to satisfy new awards granted pursuant to the Company's 2013 Share Award Scheme and to effect the adjustment to all outstanding awards previously granted thereunder to take into account the effect of the Rights Issue (details of which are disclosed in the Company's announcements dated 9 August 2016 and 15 August 2016), and (ii) 79,979,037 Shares were issued to 10 shipowners or their nominees in return for a US\$12.6 million reduction in long-term charter hire rates in 2017 and 2018 (details of which are disclosed in the Company's announcements dated 24 October 2016 and 31 October 2016). Accordingly, the New Shares will be allotted and issued by utilising the remaining portion of the General Mandate, the current balance being 73,015,274 Shares in total. After completion of the issue and allotment of the New Shares, the remaining balance of the General Mandate will reduce to 49,900,274 Shares.

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\$40,913,550 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 pursuant to the relevant vesting schedule as determined by the Board at the time of making the Awards. Accordingly, no funds will be raised from the issue of the New Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Trustee (or its nominee) and its 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 six individuals.

The New Shares to be allotted and issued by the Company to the Trustee represent (i) approximately 0.58% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.57% 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 prior to the time of vesting; and (ii) the Trustee will not exercise any voting rights in the general meetings of the Company as to the Shares held by it on trust for the Selected Employees.

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 the Listing Approval being granted by the Stock Exchange, the allotment and issue of the New Shares is not subject to any approval of the Shareholders.

In June 2016, the Company raised US\$143 million of cash, after expenses, through the Rights Issue. US\$124 million (approximately HK\$960.2 million) was used for full repayment of the Group's convertible bonds due 2018 that were entirely redeemed by the Group on 24 October 2016. As previously announced, the remaining proceeds will be used as general working capital (such as operating expenses) and for the potential acquisition of second hand Handysize and Supramax vessels.

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.

DEFINITIONS

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

"Award(s)"	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, 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 Directors;
"Group"	the Company and its subsidiaries and "members 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 23,115,000 new Shares that will be allotted and issued to the Trustee under the General Mandate for satisfying the Awards;
"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 further supplemented by the Company's announcement in relation thereto 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"	Acheson Limited, being the trustee appointed by the Company for the administration of the Scheme, which will hold the New Shares on trust for the Selected Employees

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

Hong Kong, 10 March 2017

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