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# Pacific Basin Shipping Limited

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

## POSITIVE PROFIT ALERT

This announcement is made by Pacific Basin Shipping Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the Company’s shareholders and potential investors that, in light of the significantly improved dry bulk market outlook and the consequential increase in ship values, the Company expects to recognise a one-off non-cash reversal of impairment provision on the Group’s Handysize core fleet of approximately US\$152 million (the “**Expected Reversal**”) in the results of the Group for the year ended 31 December 2021 (the “**Year**”).

The original impairment of US\$198 million on our Handysize core fleet was taken as of 30 June 2020 in light of prevailing market weakness and the uncertain pandemic-related market outlook at that time. This impairment provision is now expected to be fully reversed, adjusted for depreciation and the sale of certain vessels.

Owing to the strong upward trend in the dry bulk freight market in 2021 driven by the global economic recovery, robust demand for commodities and reducing fleet growth which has contributed to the strong earnings of the Group as previously disclosed, and together with the Expected Reversal, the Group is expected to record a net profit attributable to shareholders for the Year in the range of approximately US\$830 million to US\$850 million as compared to the net loss of US\$208 million recorded for the year ended 31 December 2020.

The Expected Reversal will be a one-off non-cash income and will increase the carrying value of the vessels by the same amount on the balance sheet. It will not impact the operating cash flows, EBITDA<sup>1</sup> or available committed liquidity of the Group. However, it will increase the overall future depreciation charge of the Group’s Handysize vessels by approximately US\$16 million per year.

*Note 1: EBITDA (earnings before interest, tax, depreciation and amortisation) is gross profit less indirect general and administrative overheads, excluding: depreciation and amortisation; exchange differences; share-based compensation; closed-out gains on fuel price hedges and net unrealised derivative income and expenses, as defined in the Company’s 2020 annual report.*

The Company is in the process of finalising the annual results of the Group for the Year. This announcement is prepared based only on the Company's preliminary assessment of the unaudited consolidated management accounts and internal records of the Group, and has not been reviewed or audited by the Company's external auditors. Therefore, the actual results of the Group for the Year may differ from the information contained in this announcement. Shareholders and potential investors of the Company are advised to read carefully the annual results announcement of the Group for the Year, which is scheduled to be published on or around 24 February 2022.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 10 February 2022

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

*Executive Directors:*

*David Muir Turnbull, Martin Fruergaard and Peter Schulz*

*Independent non-executive Directors:*

*Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison, Irene Waage Basili, Stanley Hutter Ryan, Kirsi Kyllikki Tikka and John Mackay McCulloch Williamson*

*Non-executive Director:*

*Alexander Howarth Yat Kay Cheung*