
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer, other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Pacific Basin Shipping Limited, you should at once hand this Prospectus, together with the enclosed PAL and EAF, to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the United States or the other Excluded Jurisdictions.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES" in Appendix III to this Prospectus, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and, if necessary, will be filed with the Registrar of Companies in Bermuda as required by the Bermuda Companies Act on or as soon as reasonably practicable after the publication of this Prospectus. The Registrar of Companies in Hong Kong, the Registrar of Companies in Bermuda and the SFC take no responsibility for the contents of any of the Prospectus Documents or any other documents referred to above.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

Distribution of the Prospectus Documents in or into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Prospectus Documents come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction, for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, this Prospectus, the PAL and the EAF should not be distributed, forwarded to or transmitted in, into or from any of the Excluded Jurisdictions or any other jurisdiction where such release or distribution might be unlawful. In addition, Shareholders and Beneficial Owners in the Excluded Jurisdictions should also note that the Rights Issue described in this Prospectus is not being made to them.

Subject to certain limited exceptions, this Prospectus does not constitute or form a part of any offer or solicitation to purchase or subscribe for Nil-paid Rights or Rights Shares in the United States, the other Excluded Jurisdictions or in any other jurisdiction in which such an offer or solicitation is unlawful. The Nil-paid Rights, the Rights Shares and the PALs have not been, and will not be, registered under the US Securities Act or qualified in Canada under applicable Canadian securities laws, and may not be offered or sold in the United States unless registered under the US Securities Act or Canada unless qualified under applicable Canadian Securities laws, or pursuant to an exemption from, or in a transaction not subject to, registration under the US Securities Act and may not be offered or sold in Canada unless an exemption from the requirement to prepare a prospectus is available to the Company. The Company has no intention to register under the US Securities Act or qualify under applicable Canadian securities laws any portion of the Rights Issue or any of the Nil-paid Rights, the Rights Shares and the PALs or to conduct a public offering of such securities in the United States or Canada.

Shareholders with registered addresses in any of the Excluded Jurisdictions and Shareholders or Beneficial Owners who are resident in any of the Excluded Jurisdictions are specifically referred to the sections of this Prospectus headed "NON-QUALIFYING SHAREHOLDERS", "NON-QUALIFYING BENEFICIAL OWNERS" and "LIMITED CATEGORIES OF PERSONS IN THE EXCLUDED JURISDICTIONS WHO MAY BE ABLE TO TAKE UP THEIR RIGHTS UNDER THE RIGHTS ISSUE". Except as otherwise set out herein the Rights Issue described in this Prospectus is not being made to Shareholders or Beneficial Owners in the Excluded Jurisdictions.

Shareholders, Beneficial Owners and any other persons having possession of this Prospectus and/or any of the other Prospectus Documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any Excluded Jurisdiction receiving this Prospectus and/or any of the other Prospectus Documents may treat the same as an offer, invitation or solicitation to subscribe for any Nil-paid Rights or Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or regulatory or legal requirements in such territory, as may be agreed to by the Company in its absolute discretion.

The securities described herein will be sold in accordance with all applicable laws and regulations.

Pacific Basin Shipping Limited

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

RIGHTS ISSUE AT THE SUBSCRIPTION PRICE OF HK\$0.60 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

Underwriters to the Rights Issue

HSBC  滙豐

 BNP PARIBAS

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Friday, 17 June 2016. The procedures for acceptance and payment for the Rights Shares are set out in the section of this Prospectus headed "PROCEDURES FOR ACCEPTANCE OR TRANSFER".

Dealings in the Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS. You should consult your licensed securities dealer, other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Nil-paid Rights or the Rights Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

The Rights Issue is conditional upon the fulfilment of the conditions as set out in the section of this Prospectus headed "CONDITIONS TO THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT". Further, the Underwriting Agreement grants the Underwriters the right to terminate the arrangements set out in the Underwriting Agreement at any time at or before the Latest Time for Termination on the occurrence of certain events (including force majeure). These events are set out in the section of this Prospectus headed "TERMINATION OF THE UNDERWRITING AGREEMENT".

Shareholders, Beneficial Owners and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. The Shares have been dealt in on an ex-rights basis since 9:00 a.m. on Monday, 30 May 2016. Dealings in the Nil-paid Rights are expected to take place from 9:00 a.m. on Monday, 6 June 2016 to close of business on Tuesday, 14 June 2016 (both days inclusive). Any Shareholder, Beneficial Owner or other person contemplating transferring, selling or purchasing the Shares and/or Nil-paid Rights is advised to exercise caution when dealing in the Shares and/or Nil-paid Rights. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder, Beneficial Owner or other person dealing in the Shares or in the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the Latest Time for Termination) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

2 June 2016

NOTICES

Shareholders, Beneficial Owners and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. The Shares have been dealt in on an ex-rights basis since 9:00 a.m. on Monday, 30 May 2016. Dealings in the Nil-paid Rights are expected to take place from 9:00 a.m. on Monday, 6 June 2016 to close of business on Tuesday, 14 June 2016 (both days inclusive). Any Shareholder, Beneficial Owner or other person contemplating transferring, selling or purchasing the Shares and/or Nil-paid Rights is advised to exercise caution when dealing in the Shares and/or Nil-paid Rights. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the Latest Time for Termination) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS IN CANADA, MALAYSIA, THE NETHERLANDS, THE PRC, SOUTH AFRICA AND THE UNITED STATES (THE “EXCLUDED JURISDICTIONS”). This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, Nil-paid Rights or Rights Shares or to take up any entitlements to Nil-paid Rights or Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the Nil-paid Rights, the Rights Shares, this Prospectus, the PAL or the EAF will be registered under the securities laws of any of the Excluded Jurisdictions and none of the Nil-paid Rights, the Rights Shares, this Prospectus, the PAL or the EAF will qualify for distribution under any of the relevant securities laws of any of the Excluded Jurisdictions (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the Nil-paid Rights and the Rights Shares may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, into or within any of the Excluded Jurisdictions (other than pursuant to any applicable exceptions as agreed by the Company).

Shareholders with registered addresses in any of the Excluded Jurisdictions and Shareholders and Beneficial Owners who are residents of any of the Excluded Jurisdictions are referred to the sections of this Prospectus headed “NON-QUALIFYING SHAREHOLDERS” and “LIMITED CATEGORIES OF PERSONS IN THE EXCLUDED JURISDICTIONS WHO MAY BE ABLE TO TAKE UP THEIR RIGHTS UNDER THE RIGHTS ISSUE”.

Each person acquiring the Nil-paid Rights and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by the acquisition of the Nil-paid Rights and/or Rights Shares to confirm, that such person is aware of the restrictions on offers and sales of the Nil-paid Rights and/or Rights Shares described in this Prospectus.

NOTICES

NOTICE TO OVERSEAS INVESTORS

Based on legal advice of the Company's legal advisers in relation to the laws of the relevant overseas restrictions, the following notices are set out for the attention of the overseas investors in the following jurisdictions:

Notice relating to investors in Australia

This document does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (Cth) (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. No prospectus or other disclosure document under Australian law has been lodged with the Australian Securities and Investments Commission ("ASIC") in relation to the Offer, the Nil-paid Rights or the Rights Shares.

This Prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this Prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice relating to investors in Bermuda

The offer of the Rights Shares is not calculated to result, directly or indirectly, in Rights Shares becoming available to persons other than persons whose ordinary business involves the acquisition, disposal or holding of shares (as defined in section 25 of the Bermuda Companies Act), whether as principal or agent, and no invitation has been or will be made by or on behalf of the Company to anyone considered as resident in Bermuda for exchange control purposes, or otherwise to the public in Bermuda, to subscribe for any of the Rights Shares.

Notice relating to investors in the British Virgin Islands

This Prospectus does not constitute and shall not be construed as an offer or solicitation to the public in the British Virgin Islands to subscribe for the Rights Shares. The Rights Shares shall not be acquired for the account or benefit of any person who is a resident of, or who is domiciled in, the British Virgin Islands, other than a BVI Business Company (as defined under the BVI Business Companies Act (as amended from time to time)) incorporated in the British Virgin Islands that is not resident in the British Virgin Islands, nor to a custodian, nominee or trustee of any such person.

NOTICES

Notice relating to investors in Canada

Neither the Nil-paid Rights nor the Rights Shares may be distributed, directly or indirectly, in any province or territory of Canada or to or for the benefit of any resident of any province or territory of Canada except pursuant to an exemption from the requirement to file a prospectus with regulatory bodies in the province or territory of Canada in which the offer or sale is made and only by a dealer duly registered under applicable laws in circumstances where an exemption from applicable registered dealer registration requirements is not available.

Notice relating to investors in the Cayman Islands

No offer or invitation will be made to the public in the Cayman Islands to subscribe for the Rights Shares.

Notice relating to investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), an offer of Nil-paid Rights and/or Rights Shares may not be made to the public in that Relevant Member State, except that an offer of Nil-paid Rights and Rights Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (1) to any legal entity which is a qualified investor as defined under the Prospectus Directive; or
- (2) by the Joint Underwriters to fewer than 100 (or, if the Relevant Member State has implemented the relevant provisions of Directive 2010/73/EU, 150) natural or legal persons (other than “qualified investors” as defined in Article 2(1)(e) of the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Company for any such offer; or
- (3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Nil-paid Rights and the Rights Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of Nil-paid Rights and Rights Shares to the public” in relation to any offer of Nil-paid Rights and Rights Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Nil-paid Rights and Rights Shares so as to enable an investor to decide to acquire any Nil-paid Rights or to acquire or subscribe for any Rights Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For the purposes of this provision, the expression “Prospectus Directive” means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

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In the case of any Nil-paid Rights and Rights Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Nil-paid Rights and Rights Shares acquired by it in the Rights Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Nil-paid Rights and Rights Shares to the public other than (i) their offer or resale in a Relevant Member State to “qualified investors” as so defined who are not financial intermediaries or in circumstances in which the prior consent of the Company has been obtained to each such proposed offer or resale; or (ii) where the Nil-paid Rights and Rights Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of the Nil-paid Rights and Rights Shares to it is not treated under the Prospectus Directive as having been made to such persons.

Notice relating to investors in India

No offer or invitation to purchase or subscribe for the Nil-paid Rights and the Rights Shares is intended to be made through this Prospectus to the public in India. This Prospectus has not been or will not be registered as a ‘prospectus’ under the provisions of the (Indian) Companies Act, 2013 and/or the (Indian) Companies Act, 1956, nor has this Prospectus been reviewed, approved, or recommended by the Registrar of Companies or the Securities and Exchange Board of India or any other Indian regulatory authority.

Accordingly, no person may make any invitation, offer or sale of any Nil-paid Rights or Rights Shares, nor may this Prospectus hereto or any other document, material, notice, circular or advertisement in connection with the offer or sale or invitation for subscription or purchase of any Nil-paid Rights or Rights Shares (for the purposes of this paragraph, an “offer”) be circulated or distributed whether directly or indirectly to, or for the account or benefit of, any person resident in India, other than strictly on a private and confidential basis. Notwithstanding the foregoing, in no event shall the offer be made, directly or indirectly, to more than 200 persons in India or in any circumstances which would constitute an offer to the public in India within the meaning of the (Indian) Companies Act, 2013, the (Indian) Companies Act, 1956, or any other applicable law or regulation. Any offer and sale of Nil-paid Rights or Rights Shares to a person in India shall be made only in compliance with all applicable Indian laws including, without limitation, the Foreign Exchange Management Act, 1999, as amended, and any guidelines, rules, regulations, circulars, notifications, etc. issued by the Reserve Bank of India and prospective investors must seek legal advice as to whether they are entitled to subscribe for the Nil-paid Rights and the Rights Shares.

Notice relating to investors in Italy

In addition to the provision set out above for the Member States of the European Economic Area, and subject to the foregoing, any offer, sale or delivery of the Nil-paid Rights and/or the Rights Shares or distribution of copies of this Prospectus or any other document relating to the Nil-paid Rights and/or the Rights Shares in Italy under (i) or (ii) of the European Economic Area Notice above must be:

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- (1) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “Banking Act”), CONSOB Regulation No. 16190 of 29 October 2007, all as amended;
- (2) in compliance with Article 129 of the Banking Act and the implementing guidelines, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
- (3) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, inter alia, by CONSOB or the Bank of Italy.

This Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

Notice relating to investors in Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) (the “FIEA”) has been made or will be made with respect to the solicitation of the application for the acquisition of the Nil-paid Rights or the Rights Shares as such solicitation falls within a Solicitation for Small Number Investors (as defined in Article 23-13 paragraph 4 of the FIEA).

Accordingly, the Nil-paid Rights and the Rights Shares have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or any other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except in compliance with the requirements for the application of a “Small Number Private Placement Exemption” under Article 2, paragraph 3, item 2(c) of the FIEA and the other applicable laws and regulations of Japan.

Pursuant to the Small Number Private Placement Exemption, the Nil-paid Rights may not be transferred other than by way of transfer of all of the Nil-paid Rights in a lump sum.

Notice relating to investors in Jersey

This Prospectus does not purport to provide investment advice and shall not be construed as giving advice on the merits or suitability of the subscription or purchase of the Shares. This Prospectus is not subject to and has not received approval from either the Jersey Financial Services Commission or the Registrar of Companies in Jersey and no statement to the contrary, explicit or implicit, is authorised to be made in this regard. The Rights Shares being offered may be offered or sold in Jersey only in compliance with the provisions of the Control of Borrowing (Jersey) Order 1958.

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Notice relating to investors in Malaysia

This Prospectus has not been and will not be registered as a prospectus with the Securities Commission Malaysia (“SC”) and the approval of the SC has not been and will not be sought, under the Malaysian Capital Markets and Services Act 2007. Accordingly, this Prospectus and any other document or material in connection with the making available, offer for subscription or purchase, or invitation to subscribe for or purchase the Nil-paid Rights and/or the Rights Shares shall not be circulated nor distributed, nor shall the Nil-paid Rights and/or the Rights Shares be made available, offered for subscription or purchase, or be made subject of an invitation to subscribe for or purchase, whether directly or indirectly, to any person in Malaysia.

This Prospectus will not be deposited as an information memorandum with the SC.

Notice relating to investors in the Netherlands

The Nil-paid Rights and Rights Shares are and will only be offered in the Netherlands to, and the rights may only be exercised in the Netherlands by, persons or entities that are qualified investors within the meaning of Section 1:1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Notice relating to investors in the Philippines

The Securities have not been, and it is not intended for the Rights Shares to be, registered with the Philippine Securities and Exchange Commission. The Rights Shares may thus not be offered or sold in the Philippines unless such are registered pursuant to a registration statement filed in accordance with Sections 8 and 12 of the Philippines Securities Regulation Code and its implementing rules and regulations (“SRC”), or unless the offering or sale of the Rights Shares in the Philippines qualifies as an exempt transaction under any of the provisions of Section 10 of the SRC.

Notice relating to investors in the PRC

None of the Prospectus Documents constitutes a public offer of the Nil-paid Rights or the Rights Shares, whether by way of sale or subscription, in the PRC. According to relevant PRC laws and regulations, the Nil-paid Rights and the Rights Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to, or for the benefit of, legal or natural persons in the PRC other than qualified domestic institutional investors and persons who are entitled to hold Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authority. In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identities of the persons who may be allowed to do so. If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in Nil-paid Rights or Rights Shares, he/she/it shall be responsible for complying with relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident.

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Notice relating to investors in South Africa

A copy of this Prospectus is being sent to the Non-Qualifying Shareholder in South Africa for such Non-Qualifying Shareholder's information purposes only. No action has been taken to authorise the Rights Issue in South Africa. Accordingly, the Nil-paid Rights and/or the Rights Shares may not be offered or sold, or re-offered or resold to the public in South Africa. The Prospectus Documents and/or the issuing of Nil-paid Rights or Rights Shares as envisaged in the terms of the Prospectus Documents neither constitute an "offer to the public" (as that term is defined in the South African Companies Act, 71 of 2008 (as amended or re-enacted) (the "South African Companies Act")) in South Africa, nor an advertisement or solicitation in relation to, or in connection with, an "offer to the public" in South Africa. The Prospectus Documents do not, nor are they intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act. Accordingly, the Prospectus Documents do not comply with the substance and form requirements for prospectuses set out in the South African Companies Act and the South African Companies Regulations of 2011 and have not been approved by, and/or registered with, the South African Companies and Intellectual Property Commission, or any other South African authority.

Notice relating to investors in Switzerland

The Nil-paid Rights and Rights Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX listing rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. None of the Prospectus Documents nor any other offering or marketing material relating to the Rights Issue may be publicly distributed or otherwise made publicly available in Switzerland.

None of the Prospectus Documents nor any other offering or marketing material relating to the Rights Issue, the Company, the Nil-paid Rights or Rights Shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of Nil-paid Rights and Rights Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("FINMA"), and the offer of Nil-paid Rights and Rights Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Nil-paid Rights or Rights Shares.

Notice relating to investors in Taiwan

The Nil-paid Rights and the Rights Shares have not been and will not be registered with the Financial Supervisory Commission or any other competent authorities of Taiwan pursuant to relevant laws and regulations of Taiwan and may not be issued, offered or sold in Taiwan unless otherwise registered or permitted under Taiwan law, but may be offered outside Taiwan to existing Taiwan resident Shareholders for purchasing outside Taiwan.

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Notice relating to investors in the UK

This Prospectus has not been and will not be delivered for approval to the Financial Conduct Authority in the United Kingdom nor has it been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000, as amended (“FSMA”).

No approved prospectus within the meaning of section 85(1) of FSMA or of the Prospectus Directive has been published or is intended to be published in relation to the Rights Issue. Accordingly, the Nil-paid Rights and the Rights Shares may not be, and are not being, offered to persons in the United Kingdom except in circumstances which will not result in an offer to the public in the United Kingdom in contravention of FSMA or the Prospectus Directive.

Within the United Kingdom, this Prospectus is only being addressed and distributed to persons to whom communications of this nature may be made without contravening section 21 of FSMA (“Relevant Persons”). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Notice relating to investors in the United States

None of this document, the PAL or the EAF may be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, to persons within the United States, and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the United States, save as provided below. Such materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for Nil-paid Rights or Rights Shares in the United States. The Nil-paid Rights, the Rights Shares and the PALs have not been and will not be registered under the US Securities Act or under any securities laws of any State or other jurisdiction of the United States, and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any State or other jurisdiction of the United States.

There will be no public offering of these securities in the United States. The Nil-paid Rights, the Rights Shares and the PALs are being offered and sold outside the United States in offshore transactions in reliance on Regulation S. Each purchaser of Nil-paid Rights or Rights Shares being offered and sold outside the United States will be deemed to have represented and agreed, among other things, that the purchaser is acquiring the Nil-paid Rights or Rights Shares in an offshore transaction meeting the requirements of Regulation S.

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Nil-paid Rights, the Rights Shares or the PALs within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Company’s and the Group’s present and future business strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties and other factors, some of which are beyond the Company’s and the Group’s control, which could cause actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause the Company’s or the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others: its business and operating strategies; its capital expenditure plans; various business opportunities that the Group may pursue; its operations and business prospects; its financial condition and results of operations; availability and charges of bank loans and other forms of financing; the industry outlook generally; the future developments in the maritime transportation industry; changes in competitive conditions and its ability to compete under these conditions; changes in currency exchange rates; and other factors beyond its control. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results, performance or achievements, or industry results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

The Company cautions investors not to place undue reliance on these forward-looking statements which reflect management’s view only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statements in this Prospectus, be it as a result of new information, future events or otherwise.

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DEFINITIONS

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

“Announcement”	means the announcement of the Company dated 18 April 2016 in relation to the Rights Issue, the Capital Reorganisation and the Specific Mandate;
“Beneficial Owner”	means beneficial owners of Shares whose Shares are registered in the name of a registered Shareholder as shown in the register of members of the Company (including, without limitation, any such Shareholder who is a nominee, trustee, depository or an authorised custodian);
“Bermuda Companies Act”	means the Companies Act 1981 of Bermuda, as amended from time to time;
“BNP Paribas”	means BNP Paribas Securities (Asia) Limited, a licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO;
“Board”	means the board of directors of the Company;
“Business Day”	means any day (other than a Saturday or Sunday, or a day on which a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which licensed banks in Hong Kong are open for business;
“Capital Reorganisation”	the capital reorganisation of the Company as approved by special resolution at the SGM, comprising (i) the cancellation of paid-up capital in the amount of US\$0.09 on each of the then issued shares of US\$0.10 each in the issued share capital of the Company and applying the credit arising from such reduction (approximately US\$175.2 million) to the contributed surplus account of the Company or other account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the bye-laws of the Company and applicable laws in Bermuda; (ii) sub-dividing each of the unissued shares of US\$0.10 in the authorised share capital of the Company into 10 new Shares of US\$0.01 each; and (iii) reduction of the entire amount of approximately US\$604.8 million standing to the credit of the

DEFINITIONS

	Company's share premium account and applying the credit arising from such reduction to the contributed surplus account of the Company or other account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the bye-laws of the Company and applicable laws in Bermuda, all of which became effective at 8:30 a.m. on Friday, 27 May 2016;
“CCASS”	means the Central Clearing and Settlement System established and operated by HKSCC;
“CCASS Participant”	means a person admitted by HKSCC as a participant of CCASS;
“Circular”	means the circular of the Company dated 29 April 2016 despatched to the Shareholders in relation to, inter alia, the Rights Issue;
“Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time;
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	means the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time;
“Company” or “Pacific Basin”	means Pacific Basin Shipping Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to that term in the Listing Rules and “connected persons” shall be construed accordingly;
“consent”	means any licence, consent, approval, authorisation, permission, waiver, order or exemption;
“Convertible Bonds due 2016”	means the 1.75% Guaranteed Convertible Bonds due 2016 issued by PB Issuer (No. 2) Limited on 12 April 2010, which were unconditionally and irrevocably guaranteed by the Company and convertible into Shares at the prevailing conversion price of HK\$6.97 per Share, and were listed on the Stock Exchange under Stock Code 4319;
“Convertible Bonds due 2018”	means the 1.875% Guaranteed Convertible Bonds due 2018 issued by PB Issuer (No. 3) Limited on 22 October 2012, which are unconditionally and irrevocably guaranteed by the Company and convertible into Shares at the prevailing conversion price of HK\$4.75 per Share, and are listed on the Stock Exchange under Stock Code 4573;

DEFINITIONS

“Convertible Bonds due 2021”	means the 3.25% Guaranteed Convertible Bonds due 2021 issued by PB Issuer (No. 4) Limited on 8 June 2015, which are unconditionally and irrevocably guaranteed by the Company and convertible into Shares at the prevailing conversion price of HK\$4.08 per Share, and are listed on the Stock Exchange under Stock Code 5525;
“Director(s)”	means the director(s) of the Company;
“EAF(s)”	means the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriters;
“Excluded Jurisdictions”	means each of the jurisdictions in Canada other than the provinces of British Columbia, Ontario and Quebec, as well as Malaysia, the Netherlands, the PRC, South Africa and the United States and any of them an “Excluded Jurisdiction”;
“Existing Convertible Bonds”	means the Convertible Bonds due 2018 and the Convertible Bonds due 2021;
“Group”	means the Company and its subsidiaries;
“HK Dollars” or “HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	means Hong Kong Securities Clearing Company Limited;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HSBC”	means The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO and registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);

DEFINITIONS

“Independent Shareholders”	means any Shareholder(s) other than the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates and those who were otherwise required to abstain from voting in respect of the Rights Issue at the SGM pursuant to the Listing Rules;
“Independent Third Parties”	means third parties independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company;
“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant;
“Investor Participant”	means a person admitted to participate in CCASS as an Investor Participant;
“Last Trading Day”	means Friday, 15 April 2016, being the last trading day of the Shares on the Stock Exchange before the publication of the Announcement;
“Latest Practicable Date”	means Thursday, 26 May 2016, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus;
“Latest Time for Acceptance”	means 4:00 p.m. on Friday, 17 June 2016, or such other time as may be agreed between the Company and the Underwriters, being the latest time for acceptance of the offer of and payment for the Rights Shares save as extended or rescheduled pursuant to the section headed “Effect of bad weather on the Latest Time for Acceptance” below;
“Latest Time for Termination”	means 5:00 p.m. on Wednesday, 22 June 2016, or such other time as may be agreed between the Company and the Underwriters;
“Listing Approval”	means the grant of permission for the listing of the Rights Shares (nil paid and fully paid) and permission to deal in the Rights Shares (nil paid and fully paid) on the Main Board of the Stock Exchange;
“Listing Date”	means Monday, 27 June 2016, or such other date that the Rights Shares are listed on the Main Board of the Stock Exchange and dealing in the fully paid Rights Shares on the Stock Exchange begins;

DEFINITIONS

“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Material Adverse Change”	means a material adverse change on the condition (financial, trading or otherwise), prospects, results of operations, management, business, general affairs, properties or shareholders’ equity of the Company or any other member of the Group, or on the ability of the Company to perform its obligations under the Underwriting Agreement, or any change which, in the sole opinion of the Underwriters, is or may be materially adverse in the context of the Rights Issue;
“Nil-paid Rights”	means the Right Shares in nil-paid form to be provisionally allotted to Qualifying Shareholders in connection with the Rights Issue;
“Non-Qualifying Shareholders”	means those Overseas Shareholder(s) and other person(s) whom the Directors, after making relevant enquiries, consider it necessary or expedient not to offer the Rights Shares to on account of either the legal restrictions under the laws of a place outside Hong Kong or the requirements of the relevant regulatory body or stock exchange in that place, as more fully described under “NON-QUALIFYING SHAREHOLDERS” in the section headed “LETTER FROM THE BOARD” in this Prospectus;
“Overseas Shareholders”	means those Shareholder(s) whose registered address(es) as shown on the register of members of the Company at 5:00 p.m. on the Record Date was/were outside of Hong Kong and Shareholder(s) and Beneficial Owner(s) of Shares who is/are otherwise known to the Company to be resident in any jurisdiction outside of Hong Kong;
“PAL(s)”	means the renounceable provisional allotment letter(s) in respect of the Rights Shares proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue;
“Posting Date”	means Thursday, 2 June 2016, or such other date as the Underwriters may agree in writing with the Company, being the date of despatch of the Prospectus Documents;
“PRC”	means the People’s Republic of China which, for the purpose of this Prospectus, excludes Hong Kong, Macau and Taiwan;
“Prospectus”	means this prospectus;
“Prospectus Documents”	means this Prospectus, the PAL and the EAF;

DEFINITIONS

“Qualifying Shareholders”	means the Shareholders whose names appear on the register of members of the Company at 5:00 p.m. on the Record Date, other than the Non-Qualifying Shareholders;
“Record Date”	means Wednesday, 1 June 2016, being the date by reference to which the entitlements of the Shareholders to participate in the Rights Issue were determined (or such other date as the Underwriters may agree in writing with the Company);
“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of the Company of the Shares in which the Beneficial Owner is beneficially interested;
“Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Regulation S”	means Regulation S under the US Securities Act;
“Rights Issue”	means the proposed issue by way of rights of one Rights Share for every one existing Share in issue and held on the Record Date at the Rights Share Subscription Price subject to the terms and conditions as set out in the Underwriting Agreement and the Prospectus Documents;
“Rights Shares”	means 1,946,823,119 new Shares to be issued and allotted under the Rights Issue;
“Rights Share Subscription Price”	means HK\$0.60 per Rights Share;
“SFC”	means the Securities and Futures Commission;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“SGM”	means the adjourned special general meeting of the Company held at 7/F, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Friday, 27 May 2016 at 7:30 a.m. at which the Shareholders considered and approved the Rights Issue and the transactions contemplated thereunder, the Capital Reorganisation and the Specific Mandate;
“Share Award”	means the restricted share awards granted under the Share Award Scheme;

DEFINITIONS

“Share Award Scheme”	means the share award scheme of the Company adopted on 28 February 2013, as supplemented as set out in the Company’s announcement dated 28 March 2013;
“Shareholders”	means the holders of Shares;
“Shares”	means the ordinary share(s) of the Company with a nominal value of US\$0.01 each;
“Specific Mandate”	means the specific mandate granted to the Company in the SGM in respect of the issue and allotment of Shares upon the exercise of the conversion rights attached to the Convertible Bonds due 2018;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers;
“UK”	means the United Kingdom of Great Britain and Northern Ireland;
“Underwriters”	means HSBC and BNP Paribas, and an “Underwriter” means any one of them;
“Underwriting Agreement”	means the underwriting agreement dated 18 April 2016 entered into between the Underwriters and the Company in relation to the underwriting arrangement in respect of the Rights Issue;
“Underwritten Shares”	means a total of 1,946,823,119 Rights Shares underwritten by the Underwriters subject to the terms and conditions as set out in the Underwriting Agreement;
“United States” or “US”	means the United States of America, its territories and possessions, any State of the United States and all areas subject to its jurisdiction;
“US Dollars” or “US\$”	means United States dollars, the lawful currency of the United States;
“US Securities Act”	means the United States Securities Act of 1933; and
“%”	means per cent.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with and subject to, the full text of this Prospectus:

What is the Rights Issue?	A means for the Company to raise additional capital by offering to the Company's existing Shareholders who are Qualifying Shareholders the right to subscribe for further Shares in proportion to such number of Shares held by such Qualifying Shareholders as at the Record Date
Basis of the Rights Issue:	One Rights Share for every one existing Share held on the Record Date
Rights Issue Subscription Price:	HK\$0.60 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	1,946,823,119 Shares
Number of Rights Shares:	1,946,823,119 Rights Shares
Enlarged number of issued Shares upon completion of the Rights Issue:	3,893,646,238 Shares (assuming no Shares (other than the Rights Shares) are allotted and issued or bought back on or before the completion of the Rights Issue)
Underwriters:	HSBC and BNP Paribas
Amount to be raised:	Approximately US\$150.6 million before expenses (approximately HK\$1,168.1 million) and approximately US\$142.9 million after expenses (approximately HK\$1,108.6 million)
Right of excess application:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriters may at any time before the Latest Time for Termination, by notice in writing to the Company, rescind or terminate the Underwriting Agreement if:

- (1) any matter or circumstance arises as a result of which any of the conditions of the Underwriting Agreement has become incapable of satisfaction as at the required time;
- (2) the fact that any of the representations, warranties or undertakings contained in the Underwriting Agreement is untrue, inaccurate or misleading or has been breached in any respect comes to the knowledge of the Underwriters, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement, or the Underwriters have cause to believe that any of the representations, warranties or undertakings contained in the Underwriting Agreement is untrue, inaccurate or misleading or has been breached in any respect or that any such breach has occurred;
- (3) any event occurs or matter arises or is discovered, which, if it had occurred before the date of the Underwriting Agreement or before any of the dates or before any time on which the representations, warranties and undertakings are deemed to be given pursuant to the Underwriting Agreement would have rendered any of those representations, warranties or undertakings untrue, inaccurate, incomplete or misleading in any respect;
- (4) any statement contained in the Announcement or a Prospectus Document has become or been discovered to be untrue, inaccurate, incomplete or misleading in any respect, or any matter arises or is discovered which would, if the Announcement or the relevant Prospectus Document was to be issued at the time, constitute an omission therefrom;
- (5) the Company's application to the Main Board of the Stock Exchange for Listing Approval is withdrawn by the Company and/or refused by the Stock Exchange;
- (6) any condition to enable the Nil-paid Rights to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused;
- (7) there is a Material Adverse Change;
- (8) any event, act or omission occurs which gives or is likely to give rise to any liability of the Company pursuant to the indemnities referred to in the Underwriting Agreement; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (9) any of the following occurs:
- (A) there shall have occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable): (i) a moratorium, trading halt, suspension, restriction or limitation in trading in securities generally, or the establishment of minimum prices, on the New York Stock Exchange, the London Stock Exchange plc, the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a trading halt, suspension or limitation in dealings in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded (other than pending publication of the Announcement or any other announcement relating to the Rights Issue); (iii) a declaration of a general moratorium or a disruption in commercial banking activities in the United States, Hong Kong, the PRC, the European Union (or any member thereof) or a disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, the PRC or the European Union (or any member thereof); or (iv) a change or development involving a prospective change in or affecting taxation or exchange or currency control (or the implementation of any exchange or currency control) or currency exchange rates in the PRC, Hong Kong or any other place in which any member of the Group conducts or carries on business;
 - (B) there shall have occurred any event or circumstance or series of events or circumstances (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster or hostilities (whether or not war is or has been declared), riot, earthquake, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, calamity, crisis, strike, lock-out, insurrection, armed conflict, act of terrorism (whether or not responsibility has been claimed), act of God or epidemic);
 - (C) there shall have occurred any change in, or any event or series of events likely to result in any change in (whether or not permanent) local, national or international financial, political, economic, military, industrial, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) in or affecting Hong Kong, the United States, the European Union (or any member thereof) or the PRC;
 - (D) any new laws, rules, statutes, ordinances, regulations, guidelines or circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal or regulatory consequences), orders, judgements, decrees or rulings of any governmental authority (the "Laws") are implemented or there are any changes or developments involving prospective changes in existing Laws or in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC or any other place in which any member of the Group conducts or carries on business;

TERMINATION OF THE UNDERWRITING AGREEMENT

- (E) the Company is required to publish a supplementary prospectus in accordance with Rule 11.13 of the Listing Rules, as a result of a significant change affecting any matter contained in the Prospectus Documents or a significant new matter having arisen the inclusion of information in respect of which would have been required in the Prospectus Documents if it had arisen before the date thereof, or otherwise; or
- (F) an authority or a political body or organisation in any relevant jurisdiction commences any investigation or other action, or announces an intention to investigate or take other action, against any Director,

which, as regards matters referred to in this paragraph (9), individually or in the aggregate, in the sole opinion of the Underwriters: (i) is or will be, or is likely to be, materially adverse to, or prejudicially affects or would prejudicially affect, the results of operation, general affairs, management, business, properties, financial, trading or other condition or prospects of the Group or to any present or prospective Shareholder in its capacity as such; (ii) has or will have or is likely to have a material adverse impact on, or prejudicially affects or would prejudicially affect, the success of the Rights Issue or dealings in the Rights Shares in the secondary market; or (iii) makes or may make it impracticable, inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in the Announcement and the Prospectus Documents.

In the event that the Underwriters exercise their right to terminate the Underwriting Agreement, the obligations of the Underwriters under the Underwriting Agreement will cease and the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Shareholders, Beneficial Owners and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out above). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from 9:00 a.m. on Monday, 30 May 2016. Dealings in the Nil-paid Rights are expected to take place from 9:00 a.m. on Monday, 6 June 2016 to close of business on Tuesday, 14 June 2016 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Nil-paid Rights is advised to exercise caution when dealing in the Shares and/or Nil-paid Rights.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the Latest Time for Termination) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

EXPECTED TIMETABLE

Event	Date (2016)
First day of dealing in Nil-paid Rights	9:00 a.m. on Monday, 6 June
Latest time for splitting in Nil-paid Rights	4:30 p.m. on Wednesday, 8 June
Latest day of dealings in Nil-paid Rights	Close of business on Tuesday, 14 June
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Friday, 17 June
Latest time for termination of the Underwriting Agreement	5:00 p.m. on Wednesday, 22 June
Announcement of allotment result of the Rights Issue	Thursday, 23 June
Refund cheques for wholly and partially unsuccessful applications for excess Rights Shares expected to be posted	on or before Friday, 24 June
Certificates for the Rights Shares expected to be despatched	on or before Friday, 24 June
Dealings in the Rights Shares commence	9:00 a.m. on Monday, 27 June

All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance

The Latest Time for Acceptance will not take place as shown if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 17 June 2016. Instead the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same day; or
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 17 June 2016. Instead the Latest Time for Acceptance will be postponed to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Friday, 17 June 2016, the subsequent dates mentioned in the section headed “EXPECTED TIMETABLE” in this Prospectus above may be affected. An announcement will be made by the Company as soon as practicable in such event.

LETTER FROM THE BOARD OF DIRECTORS

 **Pacific Basin Shipping Limited**

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

Executive Directors:

David Muir Turnbull
Mats Henrik Berglund
Andrew Thomas Broomhead
Chanakya Kocherla

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent Non-Executive Directors:

Patrick Blackwell Paul
Robert Charles Nicholson
Alasdair George Morrison
Daniel Rochfort Bradshaw
Irene Waage Basili

Hong Kong Principal Office:

7th Floor, Hutchison House
10 Harcourt Road
Central
Hong Kong

2 June 2016

*To the Qualifying Shareholders and,
for information purposes only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE
AT THE SUBSCRIPTION PRICE OF HK\$0.60 PER RIGHTS SHARE
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE**

INTRODUCTION

The Company announced on Monday, 18 April 2016 that it proposes to, inter alia (i) raise not less than approximately US\$150.6 million before expenses (approximately HK\$1,168.1 million) and not more than approximately US\$184.6 million before expenses (approximately HK\$1,431.8 million) by way of the Rights Issue; (ii) re-organise the share capital of the Company by way of the Capital Reorganisation; and (iii) seek approval of the Specific Mandate in the SGM. At the SGM, (i) the Independent Shareholders voted in favour of the resolution approving the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder as well as the Specific Mandate; and (ii) the Shareholders voted in favour of the resolution to approve the Capital Reorganisation.

LETTER FROM THE BOARD OF DIRECTORS

The Rights Issue is fully underwritten by the Underwriters. Pursuant to the Underwriting Agreement, the Underwriters have severally in their respective proportions, and not jointly or jointly and severally, conditionally agreed to subscribe for all Underwritten Shares that are not taken up, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “THE UNDERWRITING AGREEMENT” in this Prospectus.

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out under the section headed “TERMINATION OF THE UNDERWRITING AGREEMENT”.

RIGHTS ISSUE OVERVIEW

What is the Rights Issue?	A means for the Company to raise additional capital by offering to the Company’s existing Shareholders who are Qualifying Shareholders the right to subscribe for further Shares in proportion to such number of Shares held by such Qualifying Shareholders as at the Record Date
Basis of the Rights Issue:	One Rights Share for every one existing Share held on the Record Date
Rights Issue Subscription Price:	HK\$0.60 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	1,946,823,119 Shares
Number of Rights Shares:	1,946,823,119 Rights Shares
Enlarged number of issued Shares upon completion of the Rights Issue:	3,893,646,238 Shares (assuming no Shares (other than the Rights Shares) are allotted and issued or bought back on or before the completion of the Rights Issue)
Underwriters:	HSBC and BNP Paribas
Amount to be raised:	Approximately US\$150.6 million before expenses (approximately HK\$1,168.1 million) and approximately US\$142.9 million after expenses (approximately HK\$1,108.6 million)
Right of excess application:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

LETTER FROM THE BOARD OF DIRECTORS

GENERAL

As at the Latest Practicable Date, the Company had in issue: (i) the Convertible Bonds due 2018 with the outstanding principal amount of US\$123.8 million which are convertible into 202,059,844 Shares at the conversion price of HK\$4.75 per Share; and (ii) the Convertible Bonds due 2021 with the outstanding principal amount of US\$125.0 million which are convertible into 237,484,681 Shares at the conversion price of HK\$4.08 per Share. On the Last Trading Day and the Latest Practicable Date, the closing price of the Shares as quoted on the Stock Exchange was HK\$1.44 and HK\$1.34 per Share, respectively.

Save for the Existing Convertible Bonds, as at the Latest Practicable Date, the Company had no outstanding convertible securities, warrants, options, derivative or other securities convertible into or exchangeable for any Shares. The Company has no intention to issue or grant any warrants, options and/or convertible securities (including any Share Awards to be granted under the Share Award Scheme) on or before the Record Date.

Assuming no Shares (other than the Rights Shares) are allotted and issued or bought back before completion of the Rights Issue, the Nil-paid Rights provisionally allotted represent: (i) 100% of the Company's issued share capital as at the Latest Practicable Date; and (ii) 50% of the Company's enlarged issued share capital upon completion of the Rights Issue.

THE RIGHTS SHARE SUBSCRIPTION PRICE

The Rights Share Subscription Price is HK\$0.60 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue.

The Rights Share Subscription Price represents:

- (1) a discount of approximately 58.3% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 41.2% to the theoretical ex-rights price of approximately HK\$1.02 per Share based on the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (3) a discount of approximately 55.6% to the average closing price of approximately HK\$1.35 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (4) a discount of approximately 49.2% to the average closing price of approximately HK\$1.18 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (5) a discount of approximately 55.2% to the closing price of approximately HK\$1.34 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

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- (6) a discount of approximately 84.5% to the consolidated net asset value per Share as at 31 December 2015 of HK\$3.87 (which is calculated based on the consolidated net asset value of the Group as at 31 December 2015 of approximately US\$970.9 million and 1,946,823,199 Shares in issue as at the Last Trading Day).

Each Rights Share will have a par value of US\$0.01.

The Rights Share Subscription Price was determined after arm's length negotiations between the Company and the Underwriters, taking into account the following factors:

- (1) the current challenging industry environment in which the Group operates;
- (2) the capital needs and financial position of the Group;
- (3) the size and scale of the Rights Issue in relation to the Company's market capitalisation;
- (4) in view of the recent volatility in the Hong Kong and worldwide stock markets, the need for an attractive discount to encourage the Qualifying Shareholders to invest further in the Company;
- (5) the lack of any controlling shareholder (as defined under the Listing Rules) who could provide an irrevocable undertaking to take up its entitlement and therefore demonstrate public support for the Rights Issue;
- (6) the relatively long underwriting period due to the need of the SGM to approve the Rights Issue and the Capital Reorganisation; and
- (7) the terms of recent rights issues of a similar basis in Hong Kong.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Rights Share Subscription Price which has been set at an appropriate discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to the Rights Issue the Company will allot and issue 1,946,823,119 Rights Shares. The net price per Rights Share is approximately HK\$0.57.

BASIS OF PROVISIONAL ALLOTMENT

The basis of the provisional allotment is one Nil-paid Right for every one existing Share held by the Qualifying Shareholders as at 5:00 p.m. on the Record Date.

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Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. If a Qualifying Shareholder wishes to accept part only of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will be required to split his/her/its PAL into the denominations required, details of which are set out in the paragraphs under the heading 'Transfers and "splitting" of Nil-paid Rights' in the Prospectus.

QUALIFYING SHAREHOLDERS

To qualify for the Rights Issue, a Shareholder must:

- (1) have been registered as a member of the Company at 5:00 p.m. on the Record Date; and
- (2) not be a Non-Qualifying Shareholder.

Qualifying Shareholders who take up their pro-rata entitlements under the Rights Issue in full will not suffer any dilution to their interests in the Company upon completion of the Rights Issue. **If a Qualifying Shareholder does not take up his/her/its entitlement under the Rights Issue in full, his/her/its proportionate shareholding in the Company will be diluted upon completion of the Rights Issue.**

DISTRIBUTION OF THIS PROSPECTUS AND THE OTHER PROSPECTUS DOCUMENTS

The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders. This Prospectus will not be sent to any Shareholders or Beneficial Owners in the Excluded Jurisdictions, except to those Shareholders or Beneficial Owners in the Excluded Jurisdictions whom the Company reasonably believes to be within the category as more particularly described in the section headed "LIMITED CATEGORY OF PERSONS IN THE EXCLUDED JURISDICTIONS WHO MAY BE ABLE TO TAKE UP THEIR RIGHTS UNDER THE RIGHTS ISSUE".

Distribution of this Prospectus and other Prospectus Documents in or into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Prospectus Documents come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of the relevant jurisdiction. Any Shareholder or Beneficial Owner who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain limited exceptions as determined by the Company, this Prospectus should not be distributed, forwarded to or transmitted in, into or from any of the Excluded Jurisdictions together with or without the PAL or the EAF.

The Prospectus Documents are not intended to be registered or filed with the relevant authorities in any jurisdiction other than Hong Kong and, if necessary, Bermuda.

LETTER FROM THE BOARD OF DIRECTORS

NON-QUALIFYING SHAREHOLDERS

According to the register of members of the Company as at the Latest Practicable Date, as well as to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, there were 280 Overseas Shareholders holding a total of 1,233,367,780 Shares with registered addresses located in the following jurisdictions: Argentina, Australia, Austria, Belgium, Bermuda, British Virgin Islands, Canada, Cayman Islands, Chile, Denmark, France, Germany, Greece, Guernsey, India, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Macau, Malaysia, Monaco, the Netherlands, New Zealand, Norway, the Philippines, the PRC, Singapore, South Africa, South Korea, Sweden, Switzerland, Taiwan, Thailand, the UK and the United States.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Board has made due enquiries as to the applicable securities laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer and issue of the Rights Shares to the Overseas Shareholders. Based on the legal advice obtained, the Directors consider that, subject to limited exceptions, it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders in Canada, Malaysia, the Netherlands, the PRC, South Africa and the United States, subject to certain limited exceptions, due to the time and costs involved in the registration or filing of the Prospectus Documents and/or approval required by the relevant authorities in those jurisdictions and/or additional steps the Company and/or Shareholders and/or Beneficial Owners need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements in those jurisdictions.

As at the Latest Practicable Date, the Company had approximately 100 Shareholders holding a total of 394,526,486 Shares whose names appeared in the register of members of the Company and whose addresses as shown in such register are in the Excluded Jurisdictions or who is/are otherwise known to the Company to be resident in any of the Excluded Jurisdictions.

Accordingly, for the purposes of the Rights Issue, the Non-Qualifying Shareholders are:

- (a) Shareholders whose name(s) appeared in the register of members of the Company at 5:00 p.m. on the Record Date and whose address(es) as shown in such register was/were in any of the Excluded Jurisdictions; and
- (b) any Shareholders or Beneficial Owners at that time who are otherwise known by the Company to be resident in any of the Excluded Jurisdictions,

except in each case for those Shareholders or Beneficial Owners who fulfill, to the satisfaction of the Company, the relevant requirements specified in the section headed "LIMITED CATEGORY OF PERSONS IN THE EXCLUDED JURISDICTIONS WHO MAY BE ABLE TO TAKE UP THEIR RIGHTS UNDER THE RIGHTS ISSUE" below.

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It is the responsibility of any person (including, without limitation, a nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy themselves as to the full compliance with the laws of the relevant jurisdictions including the obtaining of any governmental or other consents and observing other formalities which may be required in such jurisdictions, and to pay any taxes, duties and other amounts required to be paid in such jurisdictions in connection therewith. Any acceptance of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that such local laws, regulations and requirements of the relevant territory or jurisdiction have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, the above representation and warranty. If you are in any doubt as to your position, you should consult a professional adviser.

Notwithstanding any other provision in this Prospectus or the PAL or the EAF, the Company reserves the right to permit any Shareholder or Beneficial Owner to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions as to the offer and issue of the Rights Shares. If the Company is so satisfied, the Company will, if requested, arrange for the relevant Shareholder or Beneficial Owner to be sent a PAL and an EAF.

Receipt of any of the Prospectus Documents or the crediting of Nil-paid Rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, the relevant Prospectus Document(s) must be treated as sent for information purposes only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of any of the Prospectus Documents or whose stock account in CCASS is credited with Nil-paid Rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer Nil-paid Rights to any person in, into or from, any of the Excluded Jurisdictions. If a PAL or an EAF is received by, or any Nil-paid Rights are credited to any stock account in CCASS of, any person in any such territory (or his/her/its agent or nominee), he/she/it should not take up such Nil-paid Rights, transfer the PAL, apply for any excess Rights Shares under the EAF or transfer the Nil-paid Rights credited to any stock account in CCASS unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this Prospectus or a PAL or an EAF in, into or from any Excluded Jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

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ARRANGEMENTS FOR RIGHTS SHARES WHICH WOULD OTHERWISE HAVE BEEN AVAILABLE TO NON-QUALIFYING SHAREHOLDERS

In respect of Non-Qualifying Shareholders whose addresses as shown in the register of members of the Company at 5:00 p.m. on the Record Date are in an Excluded Jurisdiction, arrangements will be made for the Nil-paid Rights which would otherwise have been provisionally allotted to those Non-Qualifying Shareholders to be sold in the market as soon as practicable after dealings in the Nil-paid Rights commence and before dealings in the Nil-paid Rights end, if positive proceeds (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid on a pro-rata basis to the relevant Non-Qualifying Shareholders. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold Nil-paid Rights which would otherwise have been available to be taken up by the Non-Qualifying Shareholders, and any Nil-paid Rights provisionally allotted but not validly accepted by the Qualifying Shareholders, will be made available for excess applications by Qualifying Shareholders under the EAF(s).

In respect of any Shareholder or Beneficial Owner resident in an Excluded Jurisdiction but (in the case of a Shareholder) whose address, or (in the case of a Beneficial Owner) who holds his/her/its interest in Shares through a Registered Owner whose address, as shown in the register of members of the Company at 5:00 p.m. on the Record Date is not in an Excluded Jurisdiction (including where such Non-Qualifying Shareholder holds interests in Shares through CCASS), the Nil-paid Rights which would otherwise have been available to be taken up by it will not be sold in the market and it will not receive the proceeds of any such sale. The reason for the different arrangement in respect of such persons is that the Company will not have the necessary information to make a unilateral determination as to whether they are Qualifying Shareholders or Non-Qualifying Shareholders for the purposes of the Rights Issue.

Accordingly, the Nil-paid Rights which would otherwise have been available to be taken up by them will not be sold in the market and they will not receive the proceeds of any such sale. All such persons are advised to seek their own legal advice as to whether they may be permitted, having regard to their own particular circumstances (including the laws and regulations of the relevant jurisdiction in which they are resident), to sell their Nil-paid Rights in the market. Any such Nil-paid Rights which are not sold in the market by them will be made available for excess application by Qualifying Shareholders under the EAF(s).

The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send this Prospectus (including an explanation for the exclusion of the relevant Non-Qualifying Shareholders, if possible) to Non-Qualifying Shareholders for information only but will not send PAL(s) or EAF(s) to Non-Qualifying Shareholders. The Company will send this Prospectus (without the PAL(s) and EAF(s)), for information only, to the respective trustees and agents of the holders of the Existing Convertible Bonds for information only.

LETTER FROM THE BOARD OF DIRECTORS

LIMITED CATEGORY OF PERSONS IN THE EXCLUDED JURISDICTIONS WHO MAY BE ABLE TO TAKE UP THEIR RIGHTS UNDER THE RIGHTS ISSUE

Shareholders and Beneficial Owners in the Canadian provinces of British Columbia, Ontario and Quebec are Qualifying Shareholders by virtue of an exemptive relief order issued in such provinces under applicable Canadian securities laws and will be able to take up their Nil-paid Rights and subscribe for the Rights Shares under the Rights Issue on a private placement basis exempt from prospectus requirements under applicable Canadian securities laws. Shareholders and Beneficial Owners in each of the other jurisdictions of Canada (each being an Excluded Jurisdiction) are generally Non-Qualifying Shareholders who will not be able to take up their Nil-paid Rights or subscribe for the Rights Shares under the Rights Issue.

The Company reserves the absolute discretion in determining whether to allow any participation in the Rights Issue as well as the identity of the persons who may be allowed to participate in any of the Excluded Jurisdictions. Shareholders and Beneficial Owners in any of the Excluded Jurisdictions may still participate in the Rights Issue, subject to the Company's absolute discretion, provided that such Shareholders and Beneficial Owners are able to provide the Company with evidence, to the Company's satisfaction, that they fulfil the relevant requirements in the relevant jurisdiction(s). For Beneficial Owners in any of the Excluded Jurisdictions who want to participate in the Rights Issue, please contact the Registered Owner holding the relevant Shares on your behalf or your Intermediary to make the necessary arrangements.

In addition, the Company reserves the right to treat as invalid any acceptances of or applications for the Nil-paid Rights where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and Beneficial Owners who are residing outside Hong Kong should exercise caution when dealing in the Shares and/or the Nil-paid Rights.

TRUSTEE OF THE SHARE AWARD SCHEME

The Company has instructed the trustee of the Share Award Scheme (i) not to participate in the Rights Issue but instead to sell all Nil-paid Rights provisionally allotted to it in connection with the Shares held by it in trust for the Share Award Scheme; and (ii) to use the proceeds of such sale to meet expenses of the trust in respect of the Share Award Scheme.

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PROCEDURES FOR ACCEPTANCE OR TRANSFER

General

Any person (including, without limitation, agents, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders with registered addresses in, and Shareholders or Beneficial Owners who are otherwise resident in, any of the Excluded Jurisdictions or holding Shares on behalf of persons with such addresses is drawn to the section above headed “NON-QUALIFYING SHAREHOLDERS” and “LIMITED CATEGORY OF PERSONS IN THE EXCLUDED JURISDICTIONS WHO MAY BE ABLE TO TAKE UP THEIR RIGHTS UNDER THE RIGHTS ISSUE”.

Each purchaser of Nil-paid Rights or subscriber of Rights Shares being offered and sold outside the United States will be deemed (by accepting delivery of this Prospectus) to have given each of the following representations and warranties to the Company and the Underwriters and to any person acting on their behalf, unless in their sole discretion the Company and the Underwriters waive such requirements:

- he/she/it was a Shareholder as at the Record Date, or he/she/it lawfully acquired or may lawfully acquire rights, directly or indirectly, from such a person;
- he/she/it may lawfully be offered, take up, exercise, obtain, subscribe for and receive the Nil-paid Rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- he/she/it is not resident or located in the United States or any other Excluded Jurisdictions;
- he/she/it is not accepting an offer to acquire, take up or exercise the Nil-paid Rights or the Rights Shares on a non-discretionary basis for a person who is resident or located in the United States, at the time the instruction to accept was given;
- he/she/it is acquiring the Nil-paid Rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S;
- he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S;
- he/she/it is not acquiring the Nil-paid Rights or the Rights Shares with a view to the offer, sale, transfer, delivery or distribution, directly or indirectly, of such Nil-paid Rights or the Rights Shares into the United States or any other Excluded Jurisdictions; and

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- he/she/it understands that neither the Nil-paid Rights, the Rights Shares or the PALs have been or will be registered under the US Securities Act or with any securities regulatory authority of any State, territory or possession of the United States and the Nil-paid Rights or the Rights Shares are being distributed and offered outside the United States in reliance on Regulation S. Consequently, he/she/it understands that the Nil-paid Rights or the Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representations or warranties. **Shareholders may contact the Registrar at +852 2862 8555 for details in respect of the procedures for acceptance or transfer of their rights under the Rights Issue as set out in this section below.**

Action to be taken by registered Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown thereon. If the Qualifying Shareholder(s) wish(es) to exercise his/her/their right to subscribe for all the Rights Shares provisionally allotted to him/her/them as specified in the PAL, he/she/they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, by no later than the Latest Time for Acceptance. All remittances must be made in Hong Kong dollars and must be made either by cheques drawn on or cashier's orders issued by a bank account in Hong Kong and made payable to "**Pacific Basin Shipping Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than the Latest Time for Acceptance, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

The PAL contains further information regarding the procedure to be followed for acceptance of the whole or part of their provisional allotments of Rights Shares by Qualifying Shareholders.

An expandable form of the PAL is provided on the Company's website at www.pacificbasin.com/en/ir/news.php for easier reading of the PAL.

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All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of a PAL together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application monies received.

If the conditions to the Rights Issue (as set out in the section below headed "CONDITIONS TO THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT") are not fulfilled or if the Underwriters exercise their right to terminate the Underwriting Agreement (as set out in the section below headed "TERMINATION OF THE UNDERWRITING AGREEMENT"), the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the Nil-paid Rights have been validly transferred) without interest, by means of cheques to be despatched by ordinary mail to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk on or before Friday, 24 June 2016.

Transfers and "splitting" of Nil-paid Rights

The Nil-paid Rights can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split PALs required and the number of Nil-paid Rights to be comprised in each split PAL (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such holder as stated in Box B of Form A of the original PAL), by no later than 4:30 p.m. on Wednesday, 8 June 2016 to the Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, who will cancel the original PAL and issue new PALs in the denominations required. This process is commonly known as "splitting" the Nil-paid Rights.

Having "split" the Nil-paid Rights, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for all the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its Nil-paid Rights under a PAL (or a split PAL, as the case may be) to another person he/she/it should complete and sign Form B in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its Nil-paid Rights. The transferee must then complete and sign the same Form B in the PAL and lodge the PAL intact together with a remittance for the full amount payable on acceptance with the Registrar at the address given above, to effect the transfer by no later than 4:00 p.m. on Friday, 17 June 2016.

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The PAL contains further information regarding the procedures to be followed for transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

Important notice and representations and warranties relating to registered Shareholders in the Excluded Jurisdictions

As described above, Shareholders (or any transferees of the Nil-paid Rights) with registered addresses in the Excluded Jurisdictions are only permitted to take up their rights under the Rights Issue if they fulfill, to the satisfaction of the Company, the requirements specified in the section above headed “LIMITED CATEGORY OF PERSONS IN THE EXCLUDED JURISDICTIONS WHO MAY BE ABLE TO TAKE UP THEIR RIGHTS UNDER THE RIGHTS ISSUE”.

Any registered Shareholder (or any transferees of Nil-paid Rights) accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the PAL will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not in any of the Excluded Jurisdictions or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid Rights and/or the Rights Shares or to use the PAL in any manner in which such person has used or will use it; (ii) such person is not accepting and/or transferring the PAL, or requesting registration of the relevant Nil-paid Rights or the Rights Shares from within any of the Excluded Jurisdictions; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Excluded Jurisdictions at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Nil-paid Rights and/or the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any of the Rights Shares into any of the Excluded Jurisdictions.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (a) appears to the Company to have been executed in, or despatched from, any of the Excluded Jurisdictions and the acceptance may involve a breach of the laws of the relevant Excluded Jurisdiction or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Excluded Jurisdictions for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

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Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than through CCASS)

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of Nil-paid Rights

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your Nil-paid Rights or “split” your Nil-paid Rights and accept part of your provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “EXPECTED TIMETABLE” and otherwise in accordance with the requirements of the Registered Owner in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdictions whose Shares are held by a Registered Owner (other than through CCASS)

As described above, Beneficial Owners resident in any of the Excluded Jurisdictions are only permitted to take up their rights under the Rights Issue if they fulfill, to the satisfaction of the Company, the requirements specified in the section headed “LIMITED CATEGORY OF PERSONS IN THE EXCLUDED JURISDICTION WHO MAY BE ABLE TO TAKE UP THEIR RIGHTS UNDER THE RIGHTS ISSUE”.

Any Beneficial Owner accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the PAL will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or transferring the PAL, or requesting registration of the relevant Nil-paid Rights or the Rights Shares from within any of the Excluded Jurisdictions; (ii) such person is not in any of the Excluded Jurisdictions or in any jurisdictions in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid Rights and/or the Rights Shares or use the PAL in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Excluded Jurisdictions at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Nil-paid Rights and/or the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any of the Rights Shares into any of the Excluded Jurisdictions.

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The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (a) appears to the Company to have been executed in, or despatched from, any of the Excluded Jurisdictions and the acceptance may involve a breach of the laws of the relevant Excluded Jurisdiction or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Excluded Jurisdictions for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of Nil-paid Rights

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your Nil-paid Rights or “split” your Nil-paid Rights and accept part of your provisional allotment and sell the remaining part, you should (unless you are a person admitted to participate in CCASS as an Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “EXPECTED TIMETABLE” and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

The procedure for acceptance, transfer and/or “splitting” of Rights Shares provisionally allotted to Beneficial Owners who have been admitted to participate in CCASS as Investor Participants shall be in accordance with the CCASS “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in the Right Shares should be dealt with.

LETTER FROM THE BOARD OF DIRECTORS

Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdictions holding interests in Shares through CCASS

As described above, Beneficial Owners in any of the Excluded Jurisdictions are only permitted to take up their rights under the Rights Issue if they fulfill, to the satisfaction of the Company, the requirements specified in the section above headed “LIMITED CATEGORY OF PERSONS IN THE EXCLUDED JURISDICTION WHO MAY BE ABLE TO TAKE UP THEIR RIGHTS UNDER THE RIGHTS ISSUE”.

Any Beneficial Owner holding interests in Shares through CCASS and any CCASS Participant who makes a valid acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not in any of the Excluded Jurisdictions or in any jurisdiction in which it is otherwise unlawful to make or accept an offer to acquire Nil-paid Rights and/or the Rights Shares; (ii) such person is not accepting or requesting registration of the relevant Nil-paid Rights and/or the Rights Shares from within any of the Excluded Jurisdictions; (iii) such person is not acting on a non-discretionary basis for a person located within any of the Excluded Jurisdictions at the time the instruction to accept was given; and (iv) such person is not acquiring Nil-paid Rights and/or the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Shares into any of the Excluded Jurisdictions. For the avoidance of doubt, HKSCC Nominees Limited, who will subscribe for the Rights Shares on behalf of CCASS Participants, will not give or be subject to the above representations or warranties.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the Excluded Jurisdictions and which may involve a breach of the laws of the relevant Excluded Jurisdiction or any instruction which otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believe the same may violate any applicable legal or regulatory requirement; or which purports to exclude the representation and/or warranty required by the paragraph immediately above.

APPLICATION FOR EXCESS RIGHTS SHARES

Qualifying Shareholders will be able to apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholders; (ii) any Rights Shares provisionally allotted but not validly accepted by Qualifying Shareholders; and (iii) any unsold Rights Shares arising out of the aggregation of fractional entitlements.

LETTER FROM THE BOARD OF DIRECTORS

Actions to be taken by Registered Shareholders who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

Applications for excess Rights Shares should be made only by Qualifying Shareholders and only by completing an EAF and lodging the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on Friday, 17 June 2016 or such later time and/or date as may be agreed between the Company and the Underwriters. All remittances must be made in Hong Kong dollars and must be made either by cheques drawn on or cashier's orders issued by a bank account in Hong Kong and made payable to "**Pacific Basin Shipping Limited – Excess Application Account**" and crossed "**Account Payee Only**". No receipt will be issued in respect of any application monies received.

The Directors will, upon consultation with the Underwriters, allocate the excess Rights Shares (if any) at their discretion on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application with flexibility to round up to whole board lots at the discretion of the Directors. No preference will be made to Rights Shares comprised in applications under a PAL or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder for the number of excess Rights Shares applied for under the EAFs. No preference will be given to topping up odd lots to whole board lots.

If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned to that Qualifying Shareholder in full by cheque(s) despatched by ordinary mail and at his/her/its own risk on or before Friday, 24 June 2016. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be returned to him/her/it by cheque(s) despatched by ordinary mail and at his/her/its own risk on or before Friday, 24 June 2016.

If the Underwriters exercise their right to terminate the Underwriting Agreement before the Latest Time for Termination, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary mail at the risk of such persons on or before Friday, 24 June 2016.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of an EAF together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation. The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

LETTER FROM THE BOARD OF DIRECTORS

Important notice and representations and warranties relating to registered Shareholders in the Excluded Jurisdictions

What is set out under the heading “Important notice and representations and warranties relating to registered Shareholders in the Excluded Jurisdictions” above in the section headed “PROCEDURES FOR ACCEPTANCE OR TRANSFER” also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to apply for excess Rights Shares, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated in the section headed “EXPECTED TIMETABLE” and otherwise in accordance with the requirements of the Registered Owner, in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdictions whose Shares are held by a Registered Owner (other than through CCASS)

What is set out under the heading “Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdictions whose Shares are held by a Registered Owner (other than through CCASS)” above in the section headed “PROCEDURES FOR ACCEPTANCE OR TRANSFER” also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Actions to be taken by Beneficial Owners holding interests in Shares through CCASS who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a person admitted to participate in CCASS as an Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “EXPECTED TIMETABLE” as the latest time for application and payment for excess Rights Shares and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for application for excess Rights Shares shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

LETTER FROM THE BOARD OF DIRECTORS

The procedures for application for excess Rights Shares by Beneficial Owners who have been admitted to participate in CCASS as Investor Participants shall be in accordance with the CCASS “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares.

Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdictions holding interests in Shares through CCASS

What is set out under the heading “Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdictions holding interests in Shares through CCASS” above in the section headed “PROCEDURES FOR ACCEPTANCE OR TRANSFER” also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Important notice for Beneficial Owners

Beneficial Owners with their interest in Shares held by a Registered Owner or through CCASS, should note that the Registered Owner (including HKSCC Nominees Limited) is regarded as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangements for the allocation of the excess Rights Shares will not be extended to the Beneficial Owners individually.

STATUS OF THE RIGHTS SHARES

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

SHARE CERTIFICATES AND REFUND CHEQUES FOR THE RIGHTS ISSUE

Subject to the fulfillment of the conditions to the Rights Issue, share certificates for all the Rights Shares are expected to be posted on or before Friday, 24 June 2016 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are also expected to be posted on or about Friday, 24 June 2016 by ordinary post to the applicants, at their own risk, to their registered addresses.

LETTER FROM THE BOARD OF DIRECTORS

FRACTIONAL ENTITLEMENTS

The Company will not provisionally allot fractions of Nil-paid Rights. No odd-lot matching services in respect of the Shares will be provided as a result of the Rights Issue. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all Nil-paid Rights arising from such aggregation will be provisionally allotted to HSBC or its nominee or agent, who will sell all such aggregated Nil-paid Rights in the market for the benefit of the Company if positive proceeds (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders via the EAF(s).

APPLICATION FOR LISTING AND DEALING ARRANGEMENTS

The Company has applied to the Listing Committee of the Stock Exchange for Listing Approval for the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. It is expected that dealings in the Nil-paid Rights will take place from 9:00 a.m. on Monday, 6 June 2016 to close of business on Tuesday, 14 June 2016 and that dealings in the Rights Shares in their fully-paid form will commence on 9:00 a.m. on Monday, 27 June 2016. Save as disclosed in this Prospectus, no part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to Listing Approval, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders and Beneficial Owners should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, both in board lots of 1,000 (as the Shares are currently traded on the Stock Exchange in board lots of 1,000), will be subject to the payment of stamp duty (see below under the section headed "HONG KONG TAXATION") and other applicable fees in Hong Kong. Shareholders and Beneficial Owners should seek advice from their stockbroker or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interests.

LETTER FROM THE BOARD OF DIRECTORS

HONG KONG TAXATION

(a) General

This section addresses the taxation of income and capital gains of holders of the Nil-paid Rights and the Rights Shares under the laws and practices of Hong Kong. The following summary of the tax position in Hong Kong is based on current law and practice, is subject to changes therein and does not constitute legal or tax advice. This summary provides a general outline of the material tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Rights Shares and does not deal with all possible Hong Kong tax consequence applicable to all categories of investors. **Shareholders, Beneficial Owners and investors are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Nil-paid Rights or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the Nil-paid Rights on their behalf. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the purchase, holding or disposal of, or dealing in the Nil-paid Rights or the Rights Shares.**

(b) Taxation on gains of sale

No tax is imposed in Hong Kong in respect of capital gains. However, trading gains from the sale of an asset by persons carrying on a trade, profession or business in Hong Kong where the trading gains are derived from or arise in Hong Kong will be chargeable to Hong Kong profits tax. Hong Kong profits tax is currently charged at the rate of 16.5% on corporations and at a maximum rate of 15% on individuals. Certain categories of taxpayers whose trade, profession or business consists of buying and selling shares are likely to be regarded as deriving trading gains rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers could prove that the investment securities are held as capital assets.

Gains from the sale of the Nil-paid Rights or the Rights Shares effected on the Stock Exchange will be considered to be arising in or derived from Hong Kong. A liability for Hong Kong profits tax would thus arise in respect of trading profits from the sale of Nil-paid Rights and the Rights Shares effected on the Stock Exchange, where such profits arise from a trade, profession or business carried on in Hong Kong and are otherwise not of a capital nature.

(c) Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the Nil-paid Rights or the Rights Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Nil-paid Rights or Rights Shares (that is, a total of 0.2% is currently payable on a typical sale and purchase transaction involving Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of Shares.

LETTER FROM THE BOARD OF DIRECTORS

THE UNDERWRITING AGREEMENT

On 18 April 2016 (before trading hours) the Underwriters and the Company entered into the Underwriting Agreement, pursuant to which the Underwriters severally in their respective proportions, and not jointly or jointly and severally, conditionally agreed to fully underwrite all the Rights Shares.

Date: 18 April 2016 (before trading hours)

Issuer: The Company

Underwriters: (1) HSBC
(2) BNP Paribas

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriters and their ultimate beneficial owners are Independent Third Parties.

Total number of Rights Shares being underwritten by the Underwriters: The Rights Issue will be fully underwritten by the Underwriters as follows:

- (1) 60% of the Rights Shares by HSBC; and
- (2) 40% of the Rights Shares by BNP Paribas.

Payments to the Underwriters: Payable by the Company to each of the Underwriters are an underwriting commission and a management fee in an amount equal to 3.6% and 0.4% respectively of the aggregate Rights Share Subscription Price of their respective Underwritten Shares as determined on the Record Date. Save for such payments and such reasonably incurred legal fees and other out-of-pocket expenses of the Underwriters in respect of the Rights Issue, no other fees or expenses are payable by the Company to the Underwriters in connection with the Rights Issue.

The terms of the Underwriting Agreement (including the payments to the Underwriters) were determined after arm's length negotiations between the Company and the Underwriters with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions.

LETTER FROM THE BOARD OF DIRECTORS

The Company approached the Underwriters and one other financial institution in relation to the potential underwriting arrangements of the Rights Issue. In selecting HSBC and BNP Paribas as the Underwriters, the Board believes that they:

- (1) are international financial institutions which are familiar with the Group's business and operations as well as the global shipping industry; and
- (2) possess the necessary experience to underwrite a rights issue of the size and basis currently being proposed in the Rights Issue.

The Board considers that the terms of the Underwriting Agreement, including the payments to the Underwriters, are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned.

CONDITIONS TO THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not terminating the Underwriting Agreement in accordance with its terms set out under the section headed "TERMINATION OF THE UNDERWRITING AGREEMENT". The obligations of the Underwriters to underwrite the Rights Issue are conditional upon fulfillment of, among others, the following conditions:

- (1) Listing Approval (subject only to allotment and despatch of the appropriate documents of title) having been obtained by no later than: (i) (in the case of the Nil-paid Rights) the Business Day before the commencement of trading of the Nil-paid Rights on the Stock Exchange; and (ii) (in the case of the Rights Shares in their fully-paid form) the Latest Time for Termination, and, in each case, such permission not being withdrawn or amended before the Latest Time for Termination;
- (2) the Stock Exchange issuing a certificate authorising registration of this Prospectus with the Hong Kong Companies Registry under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Business Day before the date of issue of this Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing) and, following registration of this Prospectus as referred to in paragraph (3) below, a copy of this Prospectus having been submitted to the Stock Exchange for publication on its website not later than the date of issue of this Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing);
- (3) a duly certified copy of this Prospectus (and other required documents) having been lodged with the Hong Kong Companies Registry not later than the Business Day before the date of issue of this Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing), and the Hong Kong Companies Registry issuing a confirmation of registration letter not later than the Business Day before the date of issue of this Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing);

LETTER FROM THE BOARD OF DIRECTORS

- (4) each condition to enable the Nil-paid Rights to be admitted as eligible securities for deposit, clearance and settlement in CCASS being satisfied on or before the Business Day before the commencement of trading of the Nil-paid Rights and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (5) the passing of a special resolution approving the Capital Reorganisation by the Shareholders at the SGM;
- (6) the passing of an ordinary resolution approving the Rights Issue by the Independent Shareholders at the SGM;
- (7) the Capital Reorganisation having become effective;
- (8) if necessary, the filing with the Registrar of Companies in Bermuda of one copy of this Prospectus duly signed in accordance with the requirements of the Bermuda Companies Act on or before or as soon as reasonably practicable after the publication of this Prospectus in compliance with the Bermuda Companies Act;
- (9) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares;
- (10) in respect of the representations and warranties and the undertakings referred to in the Underwriting Agreement:
 - (A) such representations and warranties being true and accurate and not misleading in any respect and no such undertakings being breached on and as of the date of the Underwriting Agreement and at any time before the Latest Time for Termination, as though they had been given and made at such time by reference to the facts and circumstances then subsisting;
 - (B) none of the Underwriters having any cause to believe that any breach of such representations or warranties or undertakings has occurred or may occur on and as of the date of the Underwriting Agreement or at any time before the Latest Time for Termination; and
 - (C) no matter having arisen which would reasonably be expected to give rise to any breach or claim or action on and as of the date of the Underwriting Agreement or at any time before the Latest Time for Termination;

LETTER FROM THE BOARD OF DIRECTORS

- (11) compliance by the Company with its obligations under the Underwriting Agreement, including, without limitation:
- (A) to provisionally allot the Rights Shares in accordance with the terms of the Underwriting Agreement;
 - (B) to despatch the Prospectus Documents to the Qualifying Shareholders in accordance with the terms of the Underwriting Agreement;
 - (C) to deliver to the Underwriters the relevant documents specified in the Underwriting Agreement in accordance with the timing set out therein, provided that, where any such document is specified to be delivered in draft or agreed form, no changes shall be made to it without the prior consent of the Underwriters; and
 - (D) to deliver to the Underwriters the relevant certificate specified in the Underwriting Agreement duly signed by an authorised representative of the Company in accordance with the timing set out therein; and
- (12) the Shares remaining listed on the Stock Exchange at all times up to and including the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been halted, suspended or limited (other than pending publication of the Announcement or any other announcements relating to the Rights Issue) and no indication having been received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason.

The Company shall use its best endeavours to procure the fulfillment of the conditions to be fulfilled by it under the Underwriting Agreement by the due time and/or date referred to in each case in the Underwriting Agreement (or if no date is specified, by the Latest Time for Termination), and, in particular, shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as are required in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the SFO or the Bermuda Companies Act, or as may reasonably be required by the Underwriters, the SFC, the Stock Exchange, the Hong Kong Companies Registry, HKSCC or, if necessary, the Bermuda Monetary Authority in connection with obtaining the listing of the Nil-paid Rights and the Rights Shares.

LETTER FROM THE BOARD OF DIRECTORS

The Underwriters may at any time in writing waive any of the conditions set out in the Underwriting Agreement (except for conditions 1 to 9 above) or extend the time or date for fulfillment of any of the conditions set out in the Underwriting Agreement and such waiver or extension may be made subject to such terms and conditions as are determined by the Underwriters. If any of the conditions of the Underwriting Agreement (which has not previously been waived by the Underwriters if capable of being waived under the Underwriting Agreement) is not fulfilled, on or before the relevant time and date specified in each case, or if no time or date is specified then on or before the Latest Time for Termination, or if the Underwriting Agreement shall be terminated as described below, the Underwriting Agreement shall terminate (save in respect of the provisions in relation to indemnity, notices and governing law and any rights or obligations which have accrued under the Underwriting Agreement prior to such termination) and no party will have any claim against another for costs, damages, compensation or otherwise, provided that such termination shall be without prejudice to the rights of the parties to the Underwriting Agreement in respect of any breach of the Underwriting Agreement occurring before such termination.

As at the Latest Practicable Date, conditions 2 to 7 above had been fulfilled.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriters may at any time before the Latest Time for Termination, by notice in writing to the Company, rescind or terminate the Underwriting Agreement if:

- (1) any matter or circumstance arises as a result of which any of the conditions of the Underwriting Agreement has become incapable of satisfaction as at the required time;
- (2) the fact that any of the representations, warranties or undertakings contained in the Underwriting Agreement is untrue, inaccurate or misleading or has been breached in any respect comes to the knowledge of the Underwriters, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement, or the Underwriters have cause to believe that any of the representations, warranties or undertakings contained in the Underwriting Agreement is untrue, inaccurate or misleading or has been breached in any respect or that any such breach has occurred;
- (3) any event occurs or matter arises or is discovered, which, if it had occurred before the date of the Underwriting Agreement or before any of the dates or before any time on which the representations, warranties and undertakings are deemed to be given pursuant to the Underwriting Agreement would have rendered any of those representations, warranties or undertakings untrue, inaccurate, incomplete or misleading in any respect;
- (4) any statement contained in the Announcement or a Prospectus Document has become or been discovered to be untrue, inaccurate, incomplete or misleading in any respect, or any matter arises or is discovered which would, if the Announcement or the relevant Prospectus Document was to be issued at the time, constitute an omission therefrom;
- (5) the Company's application to the Main Board of the Stock Exchange for Listing Approval is withdrawn by the Company and/or refused by the Stock Exchange;

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- (6) any condition to enable the Nil-paid Rights to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused;
- (7) there is a Material Adverse Change;
- (8) any event, act or omission occurs which gives or is likely to give rise to any liability of the Company pursuant to the indemnities referred to in the Underwriting Agreement; or
- (9) any of the following occurs:
 - (A) there shall have occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable): (i) a moratorium, trading halt, suspension, restriction or limitation in trading in securities generally, or the establishment of minimum prices, on the New York Stock Exchange, the London Stock Exchange plc, the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a trading halt, suspension or limitation in dealings in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded (other than pending publication of the Announcement or any other announcement relating to the Rights Issue); (iii) a declaration of a general moratorium or a disruption in commercial banking activities in the United States, Hong Kong, the PRC, the European Union (or any member thereof) or a disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, the PRC or the European Union (or any member thereof); or (iv) a change or development involving a prospective change in or affecting taxation or exchange or currency control (or the implementation of any exchange or currency control) or currency exchange rates in the PRC, Hong Kong or any other place in which any member of the Group conducts or carries on business;
 - (B) there shall have occurred any event or circumstance or series of events or circumstances (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster or hostilities (whether or not war is or has been declared), riot, earthquake, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, calamity, crisis, strike, lock-out, insurrection, armed conflict, act of terrorism (whether or not responsibility has been claimed), act of God or epidemic);
 - (C) there shall have occurred any change in, or any event or series of events likely to result in any change in (whether or not permanent) local, national or international financial, political, economic, military, industrial, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) in or affecting Hong Kong, the United States, the European Union (or any member thereof) or the PRC;

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- (D) any new laws, rules, statutes, ordinances, regulations, guidelines or circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal or regulatory consequences), orders, judgements, decrees or rulings of any governmental authority (the “Laws”) are implemented or there are any changes or developments involving prospective changes in existing Laws or in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC or any other place in which any member of the Group conducts or carries on business;
- (E) the Company is required to publish a supplementary prospectus in accordance with Rule 11.13 of the Listing Rules, as a result of a significant change affecting any matter contained in the Prospectus Documents or a significant new matter having arisen the inclusion of information in respect of which would have been required in the Prospectus Documents if it had arisen before the date thereof, or otherwise; or
- (F) an authority or a political body or organisation in any relevant jurisdiction commences any investigation or other action, or announces an intention to investigate or take other action, against any Director,

which, as regards matters referred to in this paragraph (9), individually or in the aggregate, in the sole opinion of the Underwriters: (i) is or will be, or is likely to be, materially adverse to, or prejudicially affects or would prejudicially affect, the results of operation, general affairs, management, business, properties, financial, trading or other condition or prospects of the Group or to any present or prospective Shareholder in its capacity as such; (ii) has or will have or is likely to have a material adverse impact on, or prejudicially affects or would prejudicially affect, the success of the Rights Issue or dealings in the Rights Shares in the secondary market; or (iii) makes or may make it impracticable, inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in the Announcement and the Prospectus Documents.

In the event that the Underwriters exercise their right to terminate the Underwriting Agreement, the obligations of the Underwriters under the Underwriting Agreement will cease and the Rights Issue will not proceed, in which case, a further announcement will be made by the Company at the relevant time.

LETTER FROM THE BOARD OF DIRECTORS

LOCK-UP UNDERTAKINGS

Pursuant to the Underwriting Agreement, the Company has undertaken to the Underwriters that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days after the Listing Date, it shall not (except for the Rights Shares):

- (1) undertake any consolidation or subdivision of its share capital, allot, issue, sell, accept subscription for, or offer to allot, issue or sell, or contract or agree to allot, issue or sell, or grant or sell any option, right or warrant to subscribe for or purchase (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares, save (i) in connection with the Capital Reorganisation; or (ii) for any Shares issued pursuant to and in accordance with the terms and conditions of the Existing Convertible Bonds or the Share Awards granted pursuant to and in accordance with the rules of the Share Award Scheme;
- (2) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (1) above; or
- (3) announce any intention to enter into or effect any such transaction described in paragraphs (1) or (2) above,

unless with the prior written consent of the Underwriters; provided that the above restrictions shall cease to apply if the Underwriting Agreement (i) does not become unconditional and is terminated in accordance with the terms therein; or (ii) is terminated by the Underwriters pursuant to any of the termination events set out in the Underwriting Agreement.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

Shareholders, Beneficial Owners and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “TERMINATION OF THE UNDERWRITING AGREEMENT” above). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from 9:00 a.m. on Monday, 30 May 2016. Dealings in the Nil-paid Rights are expected to take place from 9:00 a.m. on Monday, 6 June 2016 to close of business on Tuesday, 14 June 2016 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Nil-paid Rights is advised to exercise caution when dealing in the Shares and/or Nil-paid Rights.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the Latest Time for Termination) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

LETTER FROM THE BOARD OF DIRECTORS

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company: (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue, assuming no Shares (other than the Rights Shares) are allotted and issued or bought back on or before completion of the Rights Issue.

The scenarios below are for illustration purposes only and should not be seen as an indication as to whether any Shareholder listed below is able to or intends to take up any or all of its entitled Rights Shares.

The number of Shares and underlying Shares in which each relevant Shareholder interested in as at the Latest Practicable Date as set out below is extracted from the register of interests in Shares and underlying Shares as required to be kept by the Company under Part XV of the SFO.

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming all Rights Shares are taken up by Qualifying Shareholders		Assuming no Rights Shares are taken up by Qualifying Shareholders	
	<i>No. of Shares and underlying Shares</i>	<i>Approximate %</i>	<i>No. of Shares and underlying Shares</i>	<i>Approximate %</i>	<i>No. of Shares and underlying Shares</i>	<i>Approximate %</i>
Aberdeen Asset Management Plc and its Associates	273,647,000	14.06	547,294,000	14.06	273,647,000	7.03
Hagn Michael	252,703,500	12.98	505,407,000	12.98	252,703,500	6.49
Directors	14,778,667	0.76	29,557,334	0.76	14,778,667	0.38
HSBC*	–	0	–	0	1,168,093,872	30.00
BNP Paribas*	–	0	–	0	778,729,247	20.00
Other public shareholders [#]	1,405,693,952	72.20	2,811,387,904	72.20	1,405,693,952	36.10
Total:	1,946,823,119	100%	3,893,646,238	100%	3,893,646,238	100%

Notes: * Pursuant to its underwriting obligations only.

[#] Including interests in Shares and underlying Shares held by, amongst others, HSBC Holdings plc, BNP Paribas S.A. and their respective controlled corporations (if any), but excluding the underwriting obligations of the Underwriters.

It is not the intention of any of the Underwriters to subscribe, for its own account, for such number of Rights Shares which will result in it and parties acting in concert with it (within the meaning of the Takeovers Code) owning 30% or more of the voting rights of the Company upon completion of the Rights Issue.

The Directors and their associates (as defined under the Listing Rules) who are Qualifying Shareholders intend to accept their entitlements to the Rights Shares and procure delivery of the duly completed and signed PALs and all relevant documents to the Registrar with payment therefor in accordance with the terms of the Prospectus Documents on or before the Latest Time for Acceptance.

LETTER FROM THE BOARD OF DIRECTORS

REASONS FOR THE RIGHTS ISSUE

The net proceeds of the Rights Issue will add long term equity capital which will be primarily used to:

- (1) strengthen the Company's balance sheet and liquidity position at a time when a number of companies in the industry are experiencing financial distress; and
- (2) allow the Group to reserve cash for potentially attractive acquisitions of second hand Handysize and Supramax vessels at historically depressed prices. Leveraging the Group's business model, the potential acquisitions would be able to generate an earnings premium compared to market indices.

The Board believes that the Rights Issue enhances the Group's position as a strong and reliable counterparty, and partner of choice for its customers and other stakeholders as the market eventually recovers from one of the weakest and most challenging periods in the dry bulk shipping market in over 30 years.

In addition, the Rights Issue is taking place in the year in which the Company has repaid or expects to repay a total of US\$229.4 million of its convertible bonds, namely: (i) US\$105.6 million of the Convertible Bonds due 2016, which matured and were fully redeemed on 12 April 2016 by utilising part of the net proceeds of the Convertible Bonds due 2021 as well as the Group's cash reserves; and (ii) up to US\$123.8 million of the Convertible Bonds due 2018 expected to be put back by the relevant bondholders to the Group and repaid in October 2016 by exercising their right under the terms and conditions of the Convertible Bonds due 2018 (the "**CB Terms**") to require the issuer to redeem all or some of the Convertible Bonds due 2018 at 100% of the principal amount thereof, together with accrued but unpaid interest (the "**Put Option**").

Pursuant to the CB Terms, the relevant bondholder must complete, sign and deposit a notice of exercise of the Put Option at the specified office of the paying agent not earlier than 60 days and no later than 30 days prior to 22 October 2016, being the date on which the Put Option will be exercised. As at the Latest Practicable Date, the Group was not aware of any intention of the exercise of the Put Option by the relevant bondholders.

The Board has considered various different financing alternatives, such as placing new Shares, entering into new loans or issuing bonds. The Board is of the opinion that (i) bank borrowings, convertible bonds and other debt financing would incur additional interest, and given the state of the dry bulk market currently, the terms of such borrowings or bonds may not be satisfactory and acceptable to the Group; (ii) bank borrowings of the Group are usually secured against the Group's dry bulk vessels, the valuation of which has recently been depressed and thus reducing the potential amount of borrowings, and there are a limited number of un-mortgaged dry bulk vessels available as collateral; (iii) a share placement, unlike the Rights Issue which offers an opportunity for the Qualifying Shareholders to participate in the enlargement of the capital base of the Company, would result in immediate dilution to the shareholding interests of the existing Shareholders; and (iv) a fully underwritten rights issue removes a degree of uncertainty as compared to other equity fund raising exercises. Based on the foregoing, the Board considers that the Rights Issue is the most appropriate means to raise funds for the Group.

LETTER FROM THE BOARD OF DIRECTORS

USE OF PROCEEDS

The Company intends to use the proceeds of the Rights Issue as follows:

- (1) up to US\$123.8 million (approximately HK\$960.2 million) to be used for full repayment of the Convertible Bonds due 2018 that are expected to be put back by the bondholders to the Group in October 2016 by exercising their Put Options; and
- (2) out of the remaining proceeds (i) approximately 25% to 50% will be used as general working capital (such as operating expenses); and (ii) approximately 50% to 75% will be used for the potential acquisition of second hand Handysize and Supramax vessels that may emerge at depressed prices which the Company may proactively identify and carefully consider from time to time provided that such vessel(s) can meet the higher specification standards required by the Group. According to the latest information released by Clarksons Platou on 20 May 2016, (i) a benchmark five-year old 32,000 dwt Handysize bulk carrier is valued at approximately US\$9,000,000; and (ii) a benchmark five-year old 56,000 dwt Supramax vessel is valued at approximately US\$13,000,000.

As the prevailing conversion price (i.e. HK\$3.58 per Share) is significantly higher than the recent trading prices of the Shares, it is currently expected that the holders of the Convertible Bonds due 2018 will exercise their Put Options. In the event that not all holders of the Convertible Bonds due 2018 would exercise their Put Options, the net proceeds which are initially allocated for the full repayment of the Convertible Bonds due 2018 will instead be re-allocated towards management of the Group's debt liabilities and reduction of the Group's gearing by way of repayment of long term bank borrowings and/or buy-back of the Existing Convertible Bonds in the secondary market.

Based on the Board's latest assessment, (i) the net proceeds from the Rights Issue will satisfy the Company's corporate and general working capital needs for the next 12 months; and (ii) save for the funding required for the expected repayment of the Convertible Bonds due 2018 in October 2016 as described above, the Group currently does not expect any other significant funding needs for the next 12 months.

CONSIDERATIONS FOR SHAREHOLDERS

The Rights Issue allows Qualifying Shareholders to maintain their respective existing shareholding in the Company. However, the Board is aware that if the Qualifying Shareholders do not take up their respective entitlements under the Rights Issue the respective shareholding interests of the Qualifying Shareholders in the Company will be diluted by 50.0%.

Nonetheless, the Board considers that such potential dilutive effect should be balanced against the following factors:

- (1) the Independent Shareholders were entitled to vote on the Rights Issue at the SGM;

LETTER FROM THE BOARD OF DIRECTORS

- (2) Qualifying Shareholders are entitled to subscribe for their pro-rata Rights Shares in full thus allowing them to maintain their respective existing shareholding interests in the Company after completion of the Rights Issue;
- (3) Qualifying Shareholders are entitled to subscribe for their pro-rata Rights Shares at a relatively low price as compared to the historical and prevailing market price of the Shares; and
- (4) Qualifying Shareholders have the opportunity to sell their Nil-paid Rights in the market during the Nil-paid Rights trading period for cash.

Accordingly, the Board considers as acceptable the potential dilutive effect on the shareholding interests of the Qualifying Shareholders, which may only happen if the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares.

Having considered the foregoing, the Board considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

ADJUSTMENTS TO THE EXISTING CONVERTIBLE BONDS

In accordance with the respective terms of the Existing Convertible Bonds, the Rights Issue resulted in the following adjustments to the conversion prices and the number of Shares to be allotted and issued upon exercise of the conversion rights attached to each of the Existing Convertible Bonds with effect from 30 May 2016 (being the first date on which the Shares were traded ex-rights):

- (1) the conversion price of the Convertible Bonds due 2018 was adjusted from HK\$4.75 per Share to HK\$3.58 per Share;
- (2) the number of Shares to be allotted and issued upon conversion of the Convertible Bonds due 2018 was increased from 202,059,844 Shares to 268,096,162 Shares;
- (3) the conversion price of the Convertible Bonds due 2021 was adjusted from HK\$4.08 per Share to HK\$3.07 per Share;
- (4) the number of Shares to be allotted and issued upon conversion of the Convertible Bonds due 2021 was increased from 237,484,681 Shares to 315,614,820 Shares.

Details of the above adjustments were provided to the holders of the Existing Convertible Bonds and disclosed in an announcement of the Company dated 30 May 2016.

The Convertible Bonds due 2016 matured and were fully redeemed on 12 April 2016.

LETTER FROM THE BOARD OF DIRECTORS

ADJUSTMENTS TO SHARE AWARDS

Pursuant to the rules of the Share Award Scheme, in the event of any alteration in the capital structure of the Company while any Share Award remains outstanding, whether by way of, inter alia, a rights issue or a reduction of capital, (i) the number and/or nominal amount of Shares subject to the Share Award and/or (ii) the limit of the Share Award Scheme shall be adjusted on a fair and reasonable basis, provided that, inter alia, any such alteration shall give a grantee on vesting of his/her Share Awards the same proportion of the issued Shares to which he/she would have been entitled if such Share Award were to have vested immediately prior to the event giving rise to the adjustment. The calculation of the adjustment will be reported on by the Company's auditors in writing to the Board either generally or as regards any particular Share Award (the "Auditors' Report"), which will report its findings on (i) the arithmetic accuracy of the computation of such adjustment after discussion with the Board; (ii) the impact of the Rights Issue from the perspective of the grantees; and (iii) whether such adjustment will result in the issue of Shares at less than its nominal value.

Accordingly, subject to the findings set out in the Auditors' Report and assuming the adjustment will (i) have a neutral impact from the perspective of the grantees by being made on the same basis as the Rights Issue (i.e. on a one-for-one basis); and (ii) be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures, to account for the price-dilutive element embedded in a rights issue, a total of 26,296,000 Shares, which is equivalent to the total outstanding Share Awards as at the Latest Practicable Date, will be subject to the additional Share Awards that will be granted as a result of such adjustment, of which (i) 7,723,000 Shares for those grantees who are connected persons of the Company will be purchased from the market; and (ii) 18,573,000 Shares for the other grantees will be purchased from the market and/or allotted and issued by the Company. Assuming all such 18,573,000 Shares will be allotted and issued by the Company, (i) such new Shares will represent approximately 0.48% of the enlarged total issued share capital of the Company following completion of the Rights Issue; and (ii) the general mandate granted to the Directors at the annual general meeting of the Company held on 19 April 2016, under which up to a total of 194,682,311 Shares can be allotted and issued by the Company, will be sufficient to cover such allotment and issue of new Shares.

The Board will ascertain the required adjustment(s), if any, and inform the holders of the Share Awards of the required adjustment(s) as soon as practicable.

LETTER FROM THE BOARD OF DIRECTORS

EQUITY FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Date of closing	Fund-raising activity	Net proceeds raised	Intended use of proceeds
8 April 2015	8 June 2015	Issue of the Convertible Bonds due 2021	Approximately US\$123.7 million	To maintain the Group's balance sheet strength and liquidity and to continue to proactively manage its upcoming liabilities, including the Convertible Bonds due 2016 and the Convertible Bonds due 2018, as well as for general working capital purposes

Since the issue of the Convertible Bonds due 2021, the Company has used the proceeds to purchase and cancel the Convertible Bonds due 2016 with an aggregate face value of US\$85.8 million by paying US\$85.1 million in aggregate during the year ended 31 December 2015, with the remainder of the proceeds being used to repay part of the remaining outstanding Convertible Bonds due 2016 with an aggregate face value of US\$105.6 million that matured and were fully redeemed on 12 April 2016.

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 the Latest Practicable Date.

INFORMATION ON THE GROUP

Pacific Basin Shipping Limited is one of the world's leading owners and operators of modern Handysize and Supramax dry bulk vessels. The Company currently operates over 200 dry bulk ships of which 86 are owned and about 120 are chartered. A further 13 owned newbuildings are scheduled to join the Company's core fleet over the next 12 months. The Company is listed and headquartered in Hong Kong, and provides a quality service to over 400 customers, with approximately 3,000 seafarers and 330 shore-based staff in 12 offices in key locations around the world.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendices I to III to this Prospectus.

Yours faithfully,
By Order of the Board
Mok Kit Ting Kitty
Company Secretary

Note: An exchange rate of US\$1.00 to HK\$7.7564 has been used for the conversion of US dollars into HK dollars for the purpose of this Prospectus.

1. THREE-YEAR FINANCIAL INFORMATION

The published audited consolidated financial statements of the Group for the three years ended 31 December 2013, 2014 and 2015 are disclosed in the annual reports of the Company for the three years ended 31 December 2013, 2014 and 2015. The said annual reports of the Company are available on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.pacificbasin.com/en/global/home.php>).

Please see below links to the annual reports of the Company:

For the year ended 31 December 2015 (pages 61 to 109):

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0315/LTN20160315135.pdf>

For the year ended 31 December 2014 (pages 70 to 122):

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0317/LTN20150317197.pdf>

For the year ended 31 December 2013 (pages 82 to 132):

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0314/LTN20140314478.pdf>

2. INDEBTEDNESS

As at the close of business on 31 March 2016, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Prospectus, the Group had (i) secured bank loans guaranteed by the Company of US\$510.0 million; and (ii) outstanding convertible bonds guaranteed by the Company with an aggregate face value of US\$354.4 million, comprising US\$105.6 million for Convertible Bonds due 2016, US\$123.8 million for Convertible Bonds due 2018 and US\$125.0 million for Convertible Bonds due 2021.

The Convertible Bonds due 2016 matured and were fully redeemed on 12 April 2016.

Save as aforesaid or as otherwise disclosed herein, as at the close of business on 31 March 2016, and apart from any intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, or any outstanding bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. CAPITAL COMMITMENTS

As at the close of business on 31 March 2016, the Group had capital commitments of approximately US\$270.4 million.

4. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion, after due and careful enquiry and taking into account the present available resources to the Group including the estimated net proceeds from the Rights Issue, the available banking facilities and the Group's internally generated funds, the Group will have sufficient working capital to satisfy its present requirements for at least 12 months following the date of this Prospectus.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. RESTRICTIONS AFFECTING THE REMITTANCE OF PROFITS OR REPATRIATION OF CAPITAL

As at the Latest Practicable Date, the Directors were not aware of any restrictions affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong affecting the Group.

7. BUSINESS AND FINANCIAL REVIEW

(i) Set out below is the review of the business and financial review of the Group for the year ended 31 December 2015 as extracted from the 2015 Annual Report of the Company:

The general dry bulk shipping sector suffered its weakest year in 2015 since 1985 and the Company intensified its efforts to reduce costs and generate daily earnings that outperform the market. The Company made good progress on both and generated cash from operations throughout the year.

The Group halved its underlying loss to US\$28 million (2014: US\$56 million loss) and improved its EBITDA to a positive US\$88 million (2014: US\$82 million). The Group made a net loss of US\$19 million (2014: US\$285 million loss) and basic EPS on continuing operations was a negative HK7.5 cents.

Dry bulk spot market indices in 2015 fell to record lows in February and December, framing one of the worst years overall for dry bulk shipping. Spot rates were undermined by the significant reduction in Chinese imports of coal. However, solid growth was recorded in Chinese grain imports, and the minor bulk trades in which Pacific Basin is focused grew overall. Deliveries of new vessels were largely offset by increased scrapping, resulting in reduced net growth in the global fleet. However, low fuel prices drove increased ship operating speeds in the third quarter, thus increasing effective shipping capacity.

The Group continued to leverage its business model to outperform the market indices. It does this by optimal matching of its fleet and cargoes to maximise vessel utilisation. The Group's core dry bulk business generated a reduced net loss of US\$33.8 million (2014: net loss US\$39.4 million) despite one of the weakest years ever for dry bulk market rates. Its positive dry bulk EBITDA of US\$80.3 million in this challenging environment was again driven by the Group's ability to generate daily earnings that outperformed the market and its continued good control of its owned vessel operating costs. The Group generated average Handysize and Supramax daily TCE earnings of US\$7,870 and US\$9,170 per day net, outperforming the BHSI and BSI indices by 54% and 39% respectively. Its Handysize TCE premium of US\$2,760 per day in 2015 exceeded the Group's average premium achieved over the past five years.

The Group reduced its owned Handysize and Supramax vessel operating costs to a competitive US\$4,210 and US\$4,060 per day respectively through scale benefits and good cost control, while not compromising safety and maintenance.

At 31 December 2015, we had cash and deposits of US\$358 million and net borrowings of US\$568 million. We also have US\$375 million of committed but undrawn loan facilities which exceeds the US\$274 million of remaining payments due on our 13 Japanese newbuildings still to deliver.

(ii) Please also refer to the First Quarter 2016 Trading Update published by the Company on 6 April 2016.

See below a link to the First Quarter 2016 Trading Update published by the Company:
<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0406/LTN20160406457.pdf>

(iii) Dry bulk freight market indices continued to decline to new record lows for all bulk carrier types at the start of 2016 when average freight rates were below cash operating expenses for many shipowners. Increased market activity led to an improvement in freight rates for ships carrying minor bulk cargoes from mid-February to early May when market spot rates for Handysize ships reached US\$5,000 per day net. Freight market indices have softened again since early May and the continued weak market in the year to date will continue to impact our financial performance.

8. TRADING PROSPECTS OF THE GROUP

- (i) Please refer to the First Quarter 2016 Trading Update published by the Company on 6 April 2016 as mentioned above.
- (ii) As disclosed in the 2015 Annual Report, the Group's objective is to manage its business for a continued weak market in the medium term and prioritise safety and staying power. However, the Group will also carefully consider further acquisition opportunities that may emerge at depressed prices and with which the Group could generate positive cash contributions even in the prevailing weak market conditions.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2015, as extracted from the published annual report of the Company for the year ended 31 December 2015, with adjustments described below.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue.

	Consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2015 US\$'000 (Note 1)	Consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2015 US\$ (Note 2)	Estimated net proceeds from the Rights Issue US\$'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the effects of the Rights Issue US\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2015 US\$ (Note 4)
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Based on 1,946,823,119 Rights

Shares to be issued at a

subscription price of HK\$0.60 per

Rights Share

942,996	0.48	142,923	1,085,919	0.28
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2015 is based on the consolidated net assets of the Group attributable to owners of the Company as at 31 December 2015 of approximately US\$970.9 million, less goodwill and land use rights of approximately US\$25.3 million and US\$2.7 million respectively, as extracted from the published annual report of the Company for the year ended 31 December 2015.
2. The calculation of the consolidated net tangible assets of the Group attributable to owners of the Company per Share is based on the 1,946,823,119 Shares in issue as at 31 December 2015.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

3. The estimated net proceeds from the Rights Issue of approximately US\$142.9 million (approximately HK\$1,108.6 million) is calculated based on 1,946,823,119 Rights Shares to be issued on the basis of one Rights Share for every one existing Share as at 31 December 2015 at the Rights Share Subscription Price of HK\$0.60 per Rights Share, after deduction of the estimated related expenses including payments to the Underwriters, financial advisory fees and other professional fees, which are directly attributable to the Rights Issue of approximately US\$7.7 million (approximately HK\$59.5 million).
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as adjusted for the Rights Issue is based on 3,893,646,238 Shares which comprises 1,946,823,119 Shares that were in issue as at 31 December 2015, and assuming 1,946,823,119 Rights Shares are issued.
5. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2015.

The following is the text of the independent reporting accountant's assurance report dated 2 June 2016, prepared for the sole purpose of inclusion in this Prospectus, received from independent reporting accountants, PricewaterhouseCoopers, in respect of the unaudited pro forma financial information of the Group.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Pacific Basin Shipping Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Pacific Basin Shipping Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2015, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 51 and 52 of the Company's prospectus dated 2 June 2016, in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages 51 and 52.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue on the Group's financial position as at 31 December 2015 as if the proposed rights issue had taken place at 31 December 2015. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 December 2015, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*



羅兵咸永道

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed rights issue at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.



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The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 2 June 2016

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (A) as at the Latest Practicable Date; and (B) immediately following completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date), assuming no Shares (other than the Rights Shares) are allotted and issued or bought back on or before completion of the Rights Issue.

(A) As at the Latest Practicable Date

<i>Authorised:</i>		<i>US\$</i>
<u>36,000,000,000</u>	Shares of US\$0.01 each	<u>360,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>		
<u>1,946,823,119</u>	Shares of US\$0.01 each	<u>19,468,231.19</u>

(B) Immediately following the completion of the Rights Issue (assuming no Shares (other than the Rights Shares) are allotted and issued or bought back on or before completion of the Rights Issue)

<i>Authorised:</i>		<i>US\$</i>
<u>36,000,000,000</u>	Shares of US\$0.01 each	<u>360,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>		
<u>1,946,823,119</u>	Shares of US\$0.01 each	<u>19,468,231.19</u>
<u>1,946,823,119</u>	Rights Shares to be issued	<u>19,468,231.19</u>
<u>3,893,646,238</u>	Total	<u>38,936,462.38</u>

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. Save as disclosed in this Prospectus, no part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the company to be listed or dealt in on any other stock exchange. As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived. Save as disclosed in this Prospectus, as at the Latest Practicable Date, the Company had no other outstanding convertible securities, warrants, options, derivative or other securities convertible into or exchangeable for any Shares.

As at the Latest Practicable Date, no share or loan capital of the Company or any members of the Group had been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares had been issued or granted or agreed conditionally, or unconditionally to be issued or granted, except for the Rights Shares.

Existing Convertible Bonds

In accordance with the respective terms of the Convertible Bonds due 2018 and the Convertible Bonds due 2021, the Rights Issue has resulted in the following adjustment(s) to the conversion price and/or the number of Shares to be allotted and issued upon exercise of the conversion rights attached to the Existing Convertible Bonds with effect from 30 May 2016:

Convertible bond	Previous prevailing conversion price (conversion price after adjustment)	Conversion period	Previous number of Shares issuable upon full conversion (number of Shares issuable after adjustment)
Convertible Bonds due 2018	HK\$4.75 (HK\$3.58)	2 December 2012 to 12 October 2018	202,059,844 (268,096,162)
Convertible Bonds due 2021	HK\$4.08 (HK\$3.07)	19 July 2015 to 23 June 2021	237,484,681 (315,614,820)
		Total	439,544,525 (583,710,982)

Share Awards

In accordance with the Company's Share Award Scheme, the Capital Reorganisation and the Rights Issue may lead to adjustment(s) to the number or nominal amount of Shares and/or the method of exercise of the Share Awards after the Capital Reorganisation having become effective and/or following completion of the Rights Issue.

As at the Latest Practicable Date, a total of 26,296,000 Shares had been granted but were unvested pursuant to the Share Award Scheme. The Board confirms that (i) no Share Awards will vest prior to the Record Date; and (ii) no new Share Awards will be granted by the Company under the Share Award Scheme prior to the Record Date.

In accordance with the rules of the Share Award Scheme, adjustments may be made to the Share Awards and as a result additional Share Awards may be granted in the manner as more particularly prescribed in the section headed "ADJUSTMENTS TO SHARE AWARDS" in this Prospectus above.

3. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

(A) Interests in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO, which: (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required to be entered in the register maintained by the Company under Section 352 of the SFO, or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Personal interest	Corporate or Family interests/ Trust & similar interests	Long/Short position	Total Share interests	Approximate percentage of the issued share capital of the Company
David M. Turnbull (Note 1)	2,527,000	–	Long	2,527,000	0.13%
Mats H. Berglund (Note 1)	5,613,000	–	Long	5,613,000	0.29%
Andrew T. Broomhead (Note 1)	1,814,000	1,540,704 (Note 2)	Long	3,354,704	0.17%
Chanakya Kocherla (Note 1)	3,489,667	–	Long	3,489,667	0.18%
Patrick B. Paul	190,000	–	Long	190,000	less than 0.01%
Daniel R. Bradshaw	–	386,417 (Note 3)	Long	386,417	0.02%

Notes:

1. Restricted share awards were granted under the Share Award Scheme which were disclosed in the Company's annual report for the year ended 31 December 2015.
2. 1,540,704 shares are held via Paulatim Investments Limited which is jointly owned by Mr. Broomhead and his wife.
3. Mr. Bradshaw is a shareholder holding 100% and 50% of the issued share capital, respectively, of Cormorant Shipping Limited and Goldeneye Shipping Limited. He beneficially owns 353,241 shares via Cormorant Shipping Limited and is taken to be interested in the 33,176 shares held by Goldeneye Shipping Limited.

All the interests stated above represent long positions. No short positions and shares under equity derivatives held by Directors or the chief executive of the Company were recorded in the register maintained by the Company under section 352 of the SFO as at the Latest Practicable Date.

Save as disclosed, at the Latest Practicable Date, none of the Company, its subsidiaries or its associated companies was a party to any arrangement which enables the Directors and chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations.

(B) Interests in assets

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company nor any expert (as named in this Prospectus) had any interest, direct or indirect, in any assets which had been, since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of or leased to any member of the Group.

(C) Interests in contracts

As at the Latest Practicable Date, there was no contract or arrangement entered into by any member of the Group subsisting, in which any of the Directors or the chief executive of the Company was materially interested and which was significant in relation to the business of the Group as a whole.

(D) Interests in competing business

As at the Latest Practicable Date, so far as the Directors were aware of, none of the Directors nor the chief executive of the Company and their respective close associates had an interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group that needs to be disclosed pursuant to Rule 8.10 of the Listing Rules.

(E) Directors' service contracts

As at the Latest Practicable Date, there were no existing or proposed service contracts between the Directors and the Company or any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation).

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than a Director and the chief executive of the Company) who had an interest or short positions in the Shares and underlying Shares as recorded in the register of interests in Shares and short positions as required to be kept under section 336 of the SFO were as follows:

Name	Capacity	Number of Shares interested in	Approximate percentage of the issued share capital of the Company
HSBC Holdings plc and its controlled corporations	Interest in corporation controlled (Long)	1,464,720,787 (Note 1)	75.24%
BNP Paribas S.A. and its controlled corporations	Interest in corporation controlled (Long)	959,951,427 (Note 2)	49.31%
Aberdeen Asset Management Plc and its Associates	Investment manager (Long)	273,647,000	14.06%
Hagn Michael	Interest in corporation controlled (Long)	252,703,500	12.98%
Credit Suisse Group AG (Note 3)	Interest in corporation controlled (Long)	142,470,093	7.32%
	Interest in corporation controlled (Short)	120,422,238	6.19%
Citigroup Inc. (Note 4)	Interest in corporation controlled/Custodian corporation/approved lending agent/Person having a security interest (Long)	174,881,267	8.98%
	Interest in corporation controlled (Short)	95,197,000	4.88%
	Custodian corporation/approved lending agent (Lending Pool)	76,829,682	3.94%

Name	Capacity	Number of Shares interested in	Approximate percentage of the issued share capital of the Company
Bank of America Corporation (Note 5)	Interest in corporation controlled (Long)	119,556,053	6.14%
	Interest in corporation controlled (Short)	118,742,763	6.10%
UBS Group AG (Note 6)	Beneficial owner/Interest in corporation controlled (Long)	103,426,457	5.31%
	Interest in corporation controlled (Short)	64,459,763	3.31%
Royal Bank of Canada (Note 7)	Interest in corporation controlled (Long)	103,430,699	5.31%

Notes:

- Including 1,431,820,587 Shares, being the maximum number of Rights Shares underwritten pursuant to the Underwriting Agreement assuming new Shares were to be allotted and issued on or before the Record Date pursuant to the full exercise of all the conversion rights attaching to the Existing Convertible Bonds.
- Including 954,547,057 Shares, being the maximum number of Rights Shares underwritten pursuant to the Underwriting Agreement assuming new Shares were to be allotted and issued on or before the Record Date pursuant to the full exercise of all the conversion rights attaching to the Existing Convertible Bonds.
- Part of Credit Suisse Group AG's interest in the Shares are derived from equity derivatives that are Physically settled Derivatives listed or traded on a Stock Exchange or traded on a Futures Exchange (relating to 25,991,381 long position in Shares and 20,924,410 short position in Shares), Physically settled Unlisted derivatives (relating to 54,500 long position in Shares) and Cash settled Unlisted derivatives (relating to 9,948,000 long position in Shares and 1,313,000 short position in Shares).
- The position in Shares held by Citigroup Inc. is held in the capacities of Interest in corporation controlled (relating to 96,932,452 long position in Shares and 95,197,000 short position in Shares), Custodian corporation/approved lending agent (relating to 76,829,682 long position in Shares) and Person having a security interest (relating to 1,119,133 long position in Shares).
- Part of Bank of America Corporation's interest in the Shares are derived from equity derivatives that are Cash settled Unlisted derivatives (relating to 39,192,000 long position in Shares and 38,642,000 short position in Shares).
- The position in Shares held by UBS Group AG is held in the capacities of Person having a security interest (relating to 29,917,842 long position in Shares) and Interest in corporation controlled (relating to 73,508,615 long position in Shares and 64,459,763 short position in Shares). Part of UBS Group AG's interest in the Shares are derived from equity derivatives that are Physically settled Derivatives listed or traded on a Stock Exchange or traded on a Futures Exchange (relating to 34,786,919 long position in Shares) and Cash settled Unlisted derivatives (relating to 5,205,000 long position in Shares).
- The position in Shares held by Royal Bank of Canada is held in the capacities of Beneficial owner (relating to 16,321,474 long position in Shares) and Interest in corporation controlled (relating to 87,109,225 long position in Shares). Part of Royal Bank of Canada's interest in the Shares are derived from equity derivatives that are Physically settled Derivatives listed or traded on a Stock Exchange or traded on a Futures Exchange (relating to 103,430,699 long position in Shares).

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other persons (not being a Director or chief executive of the Company) who had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

5. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance, known to the Directors, pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding up to and including the Latest Practicable Date and were or might be material:

- (A) the subscription agreement dated 8 April 2015 entered into between PB Issuer (No. 4) Limited, the Company, Goldman Sachs (Asia) L.L.C. (“**Goldman Sachs**”) and The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) pursuant to which Goldman Sachs and HSBC agreed to severally subscribe and pay for, or to procure subscribers to subscribe and pay for, the Convertible Bonds due 2021; and
- (B) the Underwriting Agreement.

7. EXPERT AND CONSENT

- (A) The following is the qualification of the expert who has given opinions, letters or advice which are contained in this Prospectus:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants

- (B) The above expert has given, and has not withdrawn, its written consent to the issue of this Prospectus with the inclusion of the references to its name and/or opinion in the form and context in which they are included.
- (C) As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group and any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Address	Clarendon House 2 Church Street Hamilton HM11 Bermuda	
Principal place of business in Hong Kong	7th Floor, Hutchison House 10 Harcourt Road, Central Hong Kong	
Company Secretary	Mok Kit Ting, Kitty (a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of England and Wales)	
Authorised Representatives	<p>Mats Henrik Berglund 7th Floor, Hutchison House 10 Harcourt Road Central, Hong Kong</p> <p>Andrew Thomas Broomhead 7th Floor, Hutchison House 10 Harcourt Road Central, Hong Kong</p>	
Auditor/Reporting Accountants	PricewaterhouseCoopers 22/F, Prince's Building Central, Hong Kong	
Share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong	
Principal Bankers	<p>BNP Paribas 59-63/F, Two International Finance Centre 8 Finance Street Central, Hong Kong</p> <p>The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong</p>	<p>Danish Ship Finance A/S (Danmarks Skibskredit A/S) Sankt Annae Plads 3 DK-1250. Copenhagen K Denmark</p> <p>Nordea Bank Finland Plc, Singapore Branch 138 Market Street #09-01 CapitaGreen Singapore 048946</p>

Legal advisers to the Company in relation to the Rights Issue

As to Hong Kong law
Vincent T.K. Cheung, Yap & Co.
11/F, Central Building
1-3 Pedder Street
Central, Hong Kong

As to Bermudan law
Conyers Dill & Pearman
29/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

As to Canadian law
Blake, Cassels & Graydon LLP
1 Place Ville Marie
Suite 3000
Montréal
Québec H3B 4N8
Canada

As to Malaysian law
Wong & Partners
Level 21, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia

Underwriters

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

BNP Paribas Securities (Asia) Limited
59/F – 63/F, Two International Finance Centre
8 Finance Street
Central, Hong Kong

Legal advisers to the Underwriters in relation to the Rights Issue

As to Hong Kong and US laws
Linklaters
10th Floor, Alexandra House
18 Chater Road
Hong Kong

9. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT**Executive Directors**

Mr. David Muir Turnbull, aged 61, joined Company as an independent non-executive Director in 2006 and was appointed Chairman and an executive Director of the Company in 2008. He previously spent 30 years with the Swire Group where he held various senior management positions. He was chairman of Swire's Hong Kong-listed companies Swire Pacific, Cathay Pacific Airways and Hong Kong Aircraft Engineering Company. Mr. Turnbull graduated from the University of Cambridge with a Master of Arts honours degree in Economics. Mr. Turnbull is currently also a non-executive director of Green Dragon Gas (listed on the London Stock Exchange) and Greka Drilling Limited (listed on the London Alternative Investment Market), and an independent non-executive director of The Wharf (Holdings) Limited (which is listed in Hong Kong). Mr. Turnbull is a member of the Executive Committee of the Company.

Mr. Mats Henrik Berglund, aged 53, joined the Company as Chief Executive Officer in 2012. He previously served with Swedish family-owned conglomerate Stena from 1986 to 2005, occupying managerial and leadership positions in various Stena group shipping businesses in Sweden and the USA including group controller of Stena Line, vice president and chief financial officer of both Concordia Maritime and StenTex (a Stena-Texaco joint venture), president of StenTex, and vice president and president of Stena Rederi AB (Stena's parent company for all shipping activities). From 2005 to 2011, he was senior vice president and head of Crude Transportation for New York-listed Overseas Shipholding Group. Between March 2011 and May 2012, he served as chief financial officer and chief operating officer at Chemoil Energy, a Singapore-listed global trader of marine fuel products. Mr. Berglund graduated from the Gothenburg University Business School with a "Civilekonom" degree (equivalent of a MBA in Business and Finance) and from the Advanced Management Program at the Harvard Business School. Mr. Berglund is the chairman of the Executive Committee of the Company.

Mr. Andrew Thomas Broomhead, aged 54, joined the Company in 2003 as the Group's Chief Financial Officer and Company Secretary. He was appointed as an executive Director in September 2010 responsible for group finance and accounting, investor relations, and corporate governance and compliance. He stepped down from Company Secretary in 2012. Mr. Broomhead has previously worked with Deloitte, Haskins & Sells, Samuel Montagu, International Finance Corporation, Bakrie Investindo and Sanwa International Finance. He has been based in the UK, USA, Singapore, Indonesia and Hong Kong, working in Asia for over 20 years. Mr. Broomhead graduated from the University of Cambridge with a Master of Arts degree in Natural Sciences and from the Breakthrough Programme for Senior Executives at the IMD Business School. He is also a fellow of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Broomhead is currently a non-executive director of The Standard Club Limited. Mr. Broomhead is a member of the Executive Committee of the Company.

Mr. Chanakya Kocherla, aged 59, joined the Company in December 2000 as part of the Company's acquisition of Jardine Ship Management and is the Group's Chief Technical Officer, based in Hong Kong. He was appointed as an Executive Director in July 2012. Within the group, he has served as a director of several wholly owned subsidiaries and jointly owned entities of the Company with leadership positions as Managing Director of PB Maritime Services and Director, Fleet and more recently as Group Managing Director of the Company's PB Towage division in Australasia & Middle East. He is currently responsible for operations of Pacific Basin's owned and technically managed fleet, the Group's marine insurances, newbuilding programme and sustainability. Mr. Kocherla has over 35 years' experience in the shipping industry, including 14 years at sea and experience with several ship types both at sea and ashore. Mr. Kocherla graduated from the Directorate of Marine Engineering Training India: Marine Engineer, and holds a Certificate of Competency (Motor) from the College of Maritime Studies, Southampton. Mr. Kocherla has also studied various executive development programmes in Hong Kong, Singapore and the IMD Business School. Mr. Kocherla is a member of the Executive Committee of the Company.

Independent Non-executive Directors

Mr. Patrick Blackwell Paul, aged 68, was appointed as an independent non-executive Director in March 2004. Mr. Paul served with PricewaterhouseCoopers for 33 years, during which time he held a number of senior management positions in Hong Kong, including chairman and senior partner of the firm for seven years. Mr. Paul graduated from the University of Oxford with a Master of Arts degree and is a fellow of the Institute of Chartered Accountant in England and Wales. He is currently an independent non-executive director of Johnson Electric Holdings Limited and an independent non-executive director of The Hongkong and Shanghai Hotels, Limited, both of which are listed in Hong Kong. Mr. Paul is the Chairman of the Audit Committee of the Company and a member of the Remuneration and Nomination Committees of the Company.

Mr. Robert Charles Nicholson, aged 60, was appointed as an independent non-executive Director in March 2004. Mr. Nicholson was a senior partner of Reed Smith Richards Butler where he established the corporate and commercial department. He then served as a senior advisor to the board of directors of PCCW Limited. He joined First Pacific Company Limited's board in June 2003 and was appointed as an executive director in November 2003. Mr. Nicholson graduated from the University of Kent and is a qualified solicitor in England and Wales and in Hong Kong. Mr. Nicholson is currently an executive director of First Pacific Company Limited (which is listed in Hong Kong) and holds non-primary directorships in its subsidiaries or associates, including Metro Pacific Investments Corporation, Philex Mining Corporation and Philex Petroleum Corporation (all of which are listed in the Philippines) and serves as a commissioner of PT Indofood Sukses Makmur Tbk (which is listed in Indonesia). He is also an independent non-executive director of Lifestyle Properties Development Limited (which is listed in Hong Kong). Mr. Nicholson is the chairman of the Remuneration and Nomination Committees of the Company and a member of the Audit Committee of the Company.

Mr. Alasdair George Morrison, aged 67, was appointed as an independent non-executive Director in January 2008. Mr. Morrison served with the Jardine Matheson Group for 28 years holding various senior positions including that of group managing director. He then moved to Morgan Stanley where he was a managing director and then chairman of Morgan Stanley Dean Witter Asia, and chairman and chief executive officer of Morgan Stanley Asia. He spent five years as Senior Advisor to Citigroup Asia Pacific until January 2015. Mr. Morrison graduated from the University of Cambridge with a Master of Arts degree and from the Program for Management Development at the Harvard Business School. Mr. Morrison is currently an independent non-executive director of the MTR Corporation Limited which is listed in Hong Kong. Mr. Morrison is a member of the Audit, Remuneration and Nomination Committees of the Company.

Mr. Daniel Rochfort Bradshaw, aged 69, was appointed as a non-executive Director and Deputy Chairman of the Company in April 2006. Mr. Bradshaw stood down as the Deputy Chairman of the Company in January 2008 and was redesignated as an independent non-executive Director in September 2010. Mr. Bradshaw has served for 38 years with Johnson, Stokes and Master (now Mayer Brown JSM) as a solicitor, partner, head of the firm's shipping practice and now as a senior consultant. He was vice chairman of the Hong Kong Shipowners Association, a member of the Hong Kong Port and Maritime Board and the Hong Kong Maritime Industry Council. Mr. Bradshaw graduated from the Victoria University of Wellington with a Bachelor of Laws and a Master of Laws, and is admitted as a solicitor in England and in Hong Kong. Mr. Bradshaw is a non-executive director of Euronav (which is listed on Euronext in Brussels and New York), an independent non-executive director of IRC Limited (which is listed in Hong Kong) and Gaslog Partners LP (which is listed in New York). He is also a director of Greenship Offshore Manager Pte. Ltd., Kadoorie Farm & Botanic Garden Corporation and WWF Hong Kong. Mr. Bradshaw is a member of the Audit, Remuneration and Nomination Committees of the Company.

Mrs. Irene Waage Basili, aged 48, was appointed as an independent non-executive Director in May 2014. Mrs. Basili held various managerial positions in the shipping industry, including Western Bulk Carriers Holding ASA. From 1999 to 2007 she held positions in Wallenius Wilhelmsen Logistics, first as a manager of contracting and strategy and later as commercial director in 2004. From 2007 to 2011, Mrs. Basili served as Vice President, Marine Business Unit of Petroleum Geo Services with responsibility for fleet and marine strategy following its acquisition of Arrow Seismic ASA where she was the chief executive officer. She also served as a director of Odfjell SE from 2008 to 2014. Mrs. Basili graduated from Boston University with a Bachelor of Business Administration degree. Mrs. Basili is the chief executive officer of GC Rieber Shipping, a director of Kongsberg Gruppen ASA and a director of Wilh. Wilhelmsen Holdings ASA (all of which are listed on the Oslo Stock Exchange). Mrs. Basili is a member of the Audit, Remuneration and Nomination Committees of the Company.

Senior Management

Other than the executive Directors, the Board does not consider any other individual or individuals employed by the Group to constitute senior management of the Group.

Business address of the Directors

The business address of the Directors is the same as the Company's principal place of business in Hong Kong located at 7th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.

10. GENERAL

This Prospectus is prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

11. EXPENSES

The expenses in connection with the Rights Issue, including the payments to the Underwriters, financial advisory fees, printing, registration, translation, legal and accounting fees are estimated to be in the range of approximately US\$7.7 million (approximately HK\$59.5 million) to US\$9.0 million (approximately HK\$70.1 million) and are payable by the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong located at 7th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong, for 14 days from the date of this Prospectus:

- (A) the bye-laws of the Company;
- (B) the annual reports of the Company for the three financial years ended 31 December 2013, 31 December 2014 and 31 December 2015;
- (C) the independent reporting accountants' assurance report on the compilation of unaudited pro forma financial information of the Group issued by PricewaterhouseCoopers set out in Appendix II to this Prospectus;
- (D) the written consent referred to in the paragraph headed "EXPERT AND CONSENT" in this Appendix;
- (E) the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" in this Appendix;

(F) the Circular; and

(G) this Prospectus.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent referred to in sub-paragraph (B) under the paragraph headed “EXPERT AND CONSENT” in this Appendix III have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If necessary, a copy of each of the Prospectus Documents will be delivered to the Registrar of Companies in Bermuda on or as soon as practicable after the publication of this Prospectus as required by the Bermuda Companies Act.