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Pacific Basin Shipping Limited

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

VOLUNTARY ANNOUNCEMENT ADOPTION OF NEW SHARE AWARD SCHEME

The board (the “**Board**”) of directors (the “**Directors**”) of Pacific Basin Shipping Limited (the “**Company**”) is pleased to announce that on 31 July 2023, the Board approved the adoption of the 2023 Share Award Scheme (hereunder the “**2023 Scheme**”) as an interim scheme to replace the 2013 Share Award Scheme which expired in February 2023 so as to maintain the Company’s share awards program.

The 2023 Scheme is a single share award scheme under which no share options can be granted. It will involve the purchase of the existing Shares of the Company through the Trustee on the secondary market at the market trading price.

The 2023 Scheme constitutes a share award scheme governed by Chapter 17 of the Listing Rules. However, the 2023 Scheme does not involve granting awards that are to be satisfied by issue of new shares, therefore the adoption of the 2023 Scheme is not subject to Shareholders’ approval.

A summary of the principal terms of the 2023 Scheme is set out in this voluntary announcement.

1. Purpose and Participants

The purpose of the 2023 Scheme is to enable the Company to grant Awards to Eligible Participants, including executive Directors of the Company and employees of the Group (and exclude non-executive Directors and independent non-executive Directors of the Company), as retention incentives or rewards for their contributions to the Group, to attract suitable personnel to enhance the development of the Group and to align the interests of the Grantees generally with those of the Shareholders for the benefit of the medium to long term development of the Group.

2. Administration

The 2023 Scheme shall be subject to the administration of the Board and the Remuneration Committee in accordance with the scheme rules and terms of the Trust Deed. The Remuneration Committee may at any time within the term of the 2023 Scheme make Offers to such Eligible Participants as the Remuneration Committee may in its absolute discretion select. Where any offer of an Award is to be made to an executive Director, a chief executive or a substantial shareholder of the Company or any of their respective associates (“chief executive”, “substantial shareholder” and “associates” shall have the meaning ascribed to them in the Listing Rules), such offer must first be approved by the independent non-executive Directors of the Company.

3. Scheme Limit

The total number of Shares which may be awarded under the 2023 Scheme must not exceed 2% of the Shares in issue as at the Adoption Date.

4. Limit for Each Eligible Participant

The maximum number of Shares for any specific Eligible Participant which may be subject to an Award or Awards in the 12-month period up to and including the date of such Award in aggregate shall not exceed 1% of the number of Shares in issue on the date of grant.

5. Procedures of Granting Awards

The Company entered into a Trust deed to appoint a Trustee to administer the Awards under the 2023 Scheme and to constitute a Trust to hold property transferred by the Company to the Trustee (which shall include cash or Shares) in order to satisfy grants of Awards. At the direction of the Board, the Trustee shall acquire existing Shares in the market in accordance with the rules of the 2023 Scheme. The Remuneration Committee administers and oversees the 2023 Scheme. Their review and approval is required prior to the granting of Awards to any Eligible Participants.

6. Rights Attaching to the Awards

Awards granted under the 2023 Scheme shall be personal to the Grantee and shall not be sold, transferred, assigned, charged, mortgaged or encumbered by the Grantee nor shall the Grantee create any interest in favour of any third party over and in relation to any Award.

A Grantee shall not be entitled to vote, to receive dividends or to have any other rights of a Shareholder in respect of the Shares subject to the Award until the Shares are issued or transferred to the Grantee. However, the Grantee shall be entitled to receive Dividend Equivalent which will be payable to the Grantee as soon as practicable after the actual date of payment by the Company of the dividend to which the Dividend Equivalent corresponds.

7. Voting of Unvested Shares

The Trustee shall abstain from voting any Unvested Shares held by it under the 2023 Scheme on any matter that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

8. Vesting of Awards

An award will vest on the date or dates specified in the Award Agreement, provided that all relevant conditions to which it is subject have been satisfied or waived in accordance with the scheme rules. Awards typically vest annually over a three-year period. New Awards for existing awardees are considered each year by the Remuneration Committee on a discretionary basis to maintain the incentive period, in which case they vest at the end of the third year.

9. Clawback mechanism to recover or withhold any unvested portion of any Award

For Employee Participant, the unvested portion of any Award shall lapse on the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his employment without notice (including, but not limited to, if he has been guilty of serious misconduct, or has committed any act of bankruptcy or has made any composition with his creditors generally or has been convicted of any criminal offence involving his integrity or honesty) whether pursuant to the terms of the contract of employment of the Grantee or otherwise, or the date on which a notice terminating the employment is in fact given, whichever is the earlier.

For Related Entity Participant, the unvested portion of any Award shall lapse on the occurrence of any event which, if he had been an employee of the Company, would have entitled the Company to terminate his employment without notice, or the date the person ceases to be a director or an employee of the Related Entity on grounds entitling the Related Entity to effect such termination without notice, or the date on which a notice terminating the employment is in fact given by the Related Entity, whichever is the earlier.

10. Duration and Termination

The 2023 Scheme shall terminate on the earlier of (i) the 1st anniversary of the Adoption Date, (ii) the date of the adoption by the Shareholders in general meeting a new share award scheme that may involve the issuance of new Shares pursuant to Chapter 17 of the Listing Rules, and (iii) such earlier date of termination as the Board may determine. Upon termination of the Scheme, no further Awards shall be offered but in all other respects the provisions of the 2023 Scheme shall remain in full force and effect. All Awards granted prior to such termination and not vested at the date of termination shall remain valid.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“2013 Share Award Scheme” means the share award scheme adopted by the Company on 28 February 2013 (as supplemented by the Company’s announcement in relation thereto dated 28 March 2013), the term of which expired on 28 February 2023;

“2023 Scheme” means the 2023 Share Award Scheme adopted by the Board in its present form or as amended, modified or supplemented from time to time in accordance with the provisions hereof;

“Adoption Date” means the date on which this 2023 Scheme is approved and adopted by the Board;

“Associated Companies” means, in relation to a company, any body corporate or other entity whose results are recorded in that company’s financial statements using the equity method of accounting;

“Award” means a Restricted Share Award or a Restricted Unit Award, or a combination of these;

“Award Agreement” means the Offer and acceptance letter between the Company and the Grantee evidencing the terms and conditions of an Award;

“Dividend Equivalent” means, in relation to any Award, an amount equal in value to the dividends attributable to the number of Shares subject to that Award;

“Eligible Participant” means any (a) Employee Participant, or (b) Related Entity Participant;

“Employee Participant” means any director or employee of, or any person who has accepted an employment offer from, or who is being granted Awards as an inducement to enter into employment contract with, any member of the Group, but, for the avoidance of doubts, excludes non-executive directors and independent non-executive directors of the Company irrespective of whether they have entered into an employment contract with any member of the Group;

“Grantee” means any eligible participant who accepts an Offer in accordance with the terms of the 2023 Scheme or (where the context so permits) the personal representatives of such eligible participant;

“Group” means the Company and its Subsidiaries;

“Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

“Offer” means an offer for the grant of an Award;

“Related Entity Participants” means any director or employee of the Associated Companies of the Company;

“Remuneration Committee” means the remuneration committee of the Company;

“Restricted Share Award” means Shares held in the name of or for the benefit of a Grantee in accordance with the Award Agreement;

“Restricted Unit Award” means a conditional right to acquire Shares granted under the 2023 Scheme;

“Shareholder” means a holder of Shares;

“Shares” means ordinary shares of U.S.\$0.01 each of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;

“Trust” means the trust to be constituted by the trust deed entered into between the Company and an independent third party trustee for the purpose of establishing and operating the employee share trust in connection with the 2023 Scheme; and

“Trustee” means such persons as the Company may from time to time appoint as the trustee of any employee trust.

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

Hong Kong, 31 July 2023

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

Executive Director:
Martin Fruergaard

Independent non-executive Directors:
Irene Waage Basili, Stanley Hutter Ryan, Kirsi Kyllikki Tikka and John Mackay McCulloch Williamson

Non-executive Director:
Alexander Howarth Yat Kay Cheung