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Pacific Basin Shipping Limited

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

DISCLOSEABLE TRANSACTION DISPOSAL OF SHARES IN A JOINT VENTURE

On 17 November 2014, PB Sea-Tow Holdings (BVI) Limited, an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement relating to the disposal of its entire equity interest in OMSA to Skilled Offshore (Australia) Pty Ltd, the other shareholder of OMSA, for a cash consideration of AUD12 million (subject to adjustment) (the “**Disposal Agreement**”) following a recent cash dividend from OMSA of AUD6.1 million.

Following Completion, PB Sea-Tow Holdings (BVI) Limited will no longer hold any of the issued share capital of OMSA.

PRINCIPAL TERMS OF THE DISPOSAL AGREEMENT

Date

17 November 2014 (after trading hours).

Parties

- (i) PB Sea-Tow Holdings (BVI) Limited (the “**Seller**”), an indirect wholly-owned subsidiary of the Company; and
- (ii) Skilled Offshore (Australia) Pty Ltd (the “**Purchaser**”), a subsidiary of Skilled Group Limited.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries,

- (i) the Purchaser, together with its ultimate beneficial owner, are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and connected persons of the Company; and
- (ii) the principal business activity of the Purchaser and its ultimate beneficial owner is the provision of staffing services in Australia and New Zealand providing total workforce management, flexible labour solutions and project-based workforce solutions.

Assets to be sold

The Seller’s entire equity interest in OMSA, being 150 fully paid ordinary shares in OMSA (the “**Sale Shares**”), representing 50% of the issued share capital of OMSA as at the date of this announcement (the “**Disposal**”).

Consideration

The aggregate consideration of AUD12 million for the Disposal is payable by the Purchaser to the Seller in cash according to the following schedule:

- (i) an initial cash payment of AUD3.8 million payable upon Completion;
- (ii) a second cash payment of AUD6.9 million payable on 5 January 2015; and
- (iii) AUD1.3 million payable in equal instalments on 1 April 2015 and 1 July 2015 (the “**Subsequent Instalments**”).

Such consideration was determined by the Seller and the Purchaser at arm's length by reference to (i) the value of the net tangible assets of OMSA as shown in its latest management accounts as at 31 October 2014, (ii) the outlook of OMSA with the impending completion of the construction phase of the Gorgon project, and (iii) the estimated results of OMSA for the subsequent period to 30 June 2015.

The above consideration shall be subject to upward or downward adjustment based on certain amounts that may be received or paid by OMSA subsequent to Completion relating to its business operations. Any such adjustment shall be reflected in the Subsequent Instalments or settled on a future date(s) and in a manner to be mutually agreed by the Seller and the Purchaser. Based on information currently available and to the best of the Directors' knowledge, information and belief, it is currently estimated that the applicable consideration ratio (as defined in Rule 14.07 of the Listing Rules) will not exceed 5% after taking such adjustment into account.

Completion

Completion of the Disposal (the "**Completion**") is conditional upon, inter alia, there being no material adverse change in the financial or trading position of OMSA's business. Completion shall take place on the third Business Day after all conditions precedent have been satisfied or waived by the parties. The Board currently expects that Completion will take place within approximately one week of the signing of the Disposal Agreement.

INFORMATION ABOUT OMSA

The principal business activity of OMSA is the execution of the tugs and barges contract(s) relating to the Gorgon LNG project. The Gorgon project is nearing completion of its construction phase, and tugs and barges are being redelivered.

Based on the audited accounts of OMSA prepared in accordance with Australian Accounting Standards and Interpretations, (i) the net profit before taxation and after taxation for the year ended 30 June 2014 was AUD15,050,810 and AUD10,504,036 respectively; (ii) the net profit before taxation and after taxation for the year ended 30 June 2013 was AUD22,816,305 and AUD15,948,345 respectively; (iii) the net asset value as at 30 June 2014 was AUD27,025,993; and (iv) the net asset value as at 30 June 2013 was AUD46,521,957.

On 13 November 2014 the board of directors of OMSA resolved to declare a cash dividend of AUD12,260,000, resulting in a receipt of AUD6,130,000 by PB Sea-Tow Holdings (BVI) Limited on 17 November 2014 (the "Cash Dividend").

REASONS FOR AND FINANCIAL EFFECTS OF THE DISPOSAL

The Company is one of the world's leading owners and operators of modern Handysize and Handymax dry bulk vessels. The Company's primary reason for entering into the Disposal is consistent with its stated strategy to further focus its activities on its dry bulk business.

The Company expects to record a gain on the Disposal of approximately USD3.5 million in its consolidated income statements for the year ending 31 December 2014 calculated based on the carrying value of OMSA as stated in the consolidated financial statements of the Company as at 31 October 2014 and taking into account the Cash Dividend. The Disposal will result in a release of an estimated USD3.5 million non-cash charge from foreign exchange reserves to the consolidated income statement of the Company. This charge represents the cumulative USD/AUD exchange rate movements since inception of the investment.

Following Completion, the Seller will no longer hold any of the issued share capital of OMSA, and OMSA will cease to be recognised as a joint venture in the consolidated financial statements of the Company.

The Directors consider the terms of the Disposal to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

USE OF PROCEEDS

The Board intends that the cash proceeds from the Disposal be used for general working capital.

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Pacific Basin Shipping Limited is one of the world's leading owners and operators of modern Handysize and Handymax dry bulk vessels. The Company is listed and headquartered in Hong Kong, and currently operates in two main maritime sectors under the banners of Pacific Basin Dry Bulk and PB Towage. Our dry bulk fleet (including newbuildings on order) comprises over 250 vessels directly servicing blue chip industrial customers. Our towage fleet comprises over 30 vessels. Pacific Basin provides a quality service to a wide range of customers, with approximately 3,000 seafarers and 370 shore-based staff in 16 offices in key locations around the world.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The transaction is therefore subject to the reporting and disclosure requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong and Australia;
“Company” or “Pacific Basin”	Pacific Basin Shipping Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“OMSA”	Offshore Marine Services Alliance Pty Ltd, a joint venture of the Company incorporated in Australia, whose issued share capital is held by the Seller and the Purchaser in equal shares as at the date of this announcement; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

Note: For the purpose of this announcement, an exchange rate of US\$1.00 to AUD1.1385 has been used.

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

Hong Kong, 17 November 2014

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

Executive Directors: David Muir Turnbull, Mats Henrik Berglund, Andrew Thomas Broomhead and Chanakya Kocherla

Independent non-executive Directors: Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison, Daniel Rochfort Bradshaw and Irene Waage Basili