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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold** all your Shares in Pacific Basin Shipping Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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 **Pacific Basin Shipping Limited**

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

**RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO ISSUE SHARES AND TO BUY BACK SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the 2016 annual general meeting of Pacific Basin Shipping Limited to be held at Hong Kong Maritime Museum, Central Pier No. 8, Hong Kong on Tuesday, 19 April 2016 at 10:30 a.m. is set out on pages 17 to 20 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

15 March 2016

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## DEFINITIONS

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

“2013 Share Award Scheme”	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)
“AGM”	the 2016 annual general meeting of the Company to be held at Hong Kong Maritime Museum, Central Pier No. 8, Hong Kong on Tuesday, 19 April 2016 at 10:30 a.m., notice of which is set out on pages 17 to 20 of this circular
“associate”	has the meaning ascribed thereto in the Listing Rules
“Awards”	include restricted share awards and restricted unit awards, which are awards granted by the Board under the 2013 Share Award Scheme and the Long Term Incentive Scheme and may be granted under the 2013 Share Award Scheme, both subject to the terms and conditions thereof respectively
“Board”	the board of Directors or a duly authorised committee thereof
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Buy-back Mandate”	the general and unconditional mandate enabling the Company to buy back Shares
“Bye-laws”	the bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company” or “Pacific Basin”	Pacific Basin Shipping Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“core connected person”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INEDs”	the independent non-executive directors of the Company
“Issue Mandate”	the general mandate enabling the Company to allot, issue and deal in the Shares
“Latest Practicable Date”	11 March 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Long Term Incentive Scheme”	the share option scheme adopted by the Company on 17 June 2004 and amended and re-named the long term incentive scheme pursuant to a resolution passed by Shareholders at a special general meeting held on 8 June 2005, which has been subsequently replaced by the 2013 Share Award Scheme adopted and with effect from 28 February 2013
“Notice”	the notice of the AGM set out on pages 17 to 20 of this circular
“Share(s)”	Share(s) of US\$0.10 each in the Share capital of the Company
“Shareholder(s)”	holders of Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission

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## LETTER FROM THE CHAIRMAN

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# 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

15 March 2016

*To Shareholders,*

### **RE-ELECTION OF DIRECTORS, GENERAL MANDATES TO ISSUE SHARES AND TO BUY BACK SHARES AND NOTICE OF ANNUAL GENERAL MEETING**

#### **1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with the Notice of the AGM to be convened for the purpose of considering and, if thought fit, passing five ordinary resolutions to approve, among other things, the re-election of Directors and the grant of general mandates to issue and to buy back Shares.

#### **2. RE-ELECTION OF DIRECTORS (RESOLUTION 2 AS PER NOTICE)**

In relation to resolution 2 in the Notice regarding re-election of Directors, Messrs. Andrew T. Broomhead (Executive Director), Robert C. Nicholson and Daniel R. Bradshaw (both Independent Non-executive Directors) will retire at the AGM by rotation pursuant to the Company's Bye-laws and, being eligible, will offer themselves for re-election. None of the above Directors to be re-elected has any relationship with any of the other Directors, senior management or substantial or controlling Shareholders of the Company. Under resolution 2, the re-election of Directors will be individually voted on by Shareholders.

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## LETTER FROM THE CHAIRMAN

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The biographical details and interests in Shares of the Directors to be re-elected at the AGM are set out in Appendix I below.

For the information of the Shareholders, the Board selects INEDs based on their ability to contribute to the affairs of the Group, and of overriding importance is that each INED possesses a mindset that is independent and constructively challenges the management's views. Independence from executive management is particularly important as the Group has no controlling shareholder; continuity of the INEDs provides stability to the Board's decision-making process, compensating for any turnover in the executive management team. Accordingly, the Board believes that it is not appropriate to apply an arbitrary period of service beyond which a director is no longer considered independent. However, the Board periodically seeks new INEDs to join the Board so as to sustain its source of independent views. In recognition of the importance in identifying INEDs with relevant experience for the Group, the Chairman and the Nomination Committee engage international search firms to identify suitable candidates when needed. The Nomination Committee acknowledges the importance of diversity within the Board in terms of nationality, industry experience, background and gender.

The Board also recognises that INEDs' emoluments should not be tied to the performance of the Group, and hence it has not granted, and currently has no intention to grant, any Awards to INEDs.

### **3. GENERAL MANDATE TO ISSUE SHARES (RESOLUTION 4 AS PER NOTICE)**

At the last annual general meeting of the Company held on 22 April 2015, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to allot, issue and deal with Shares with additional Shares up to a limit of 10% of the aggregate nominal amount of the issued Share capital of the Company as at 22 April 2015. No Shares have been issued pursuant to the Issue Mandate as at the Latest Practicable Date.

As the existing Issue Mandate is going to expire at the conclusion of the AGM, the Directors believe that it is in the best interests of the Company and the Shareholders as a whole to renew the Issue Mandate. Accordingly, an ordinary resolution will be proposed at the AGM which will give the Directors a general mandate to allot, issue and deal in additional Shares up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant resolution, which if passed shall be 19 April 2016, provided that any Shares to be allotted and issued pursuant to the Issue Mandate shall not be issued at a discount of more than 10% to the Benchmarked Price of the Shares (which shall be a price which is the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of signing of the agreement to which the transaction relates; or (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the earliest of (a) the date of signing of the agreement to which a transaction relates; or (b) the date on which such relevant transaction is announced; or (c) the date on which the price of the Shares to be issued pursuant to such relevant transaction is fixed).

The full text of the ordinary resolution to be proposed at the AGM in relation to the Issue Mandate is set out in resolution 4 in the Notice set out on pages 17 to 20 of the circular.

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## LETTER FROM THE CHAIRMAN

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### **4. GENERAL MANDATE TO BUY BACK SHARES (RESOLUTION 5 AS PER NOTICE)**

At the last annual general meeting of the Company held on 22 April 2015, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to buy back the Shares on the Stock Exchange of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at 22 April 2015. No Shares have been bought back pursuant to the Buy-back Mandate as at the Latest Practicable Date.

As the existing Buy-back Mandate is going to expire at the conclusion of the AGM, the Directors believe that the renewal of the Buy-back Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, an ordinary resolution will be proposed at the AGM which will give the Directors a general and unconditional mandate to exercise the powers of the Company to buy back Shares at any time until the earlier of (i) the conclusion of the next annual general meeting of the Company following the passing of such resolution; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act or the Bye-laws to be held; or (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting, as stated in the ordinary resolution up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the relevant resolution, which if passed shall be 19 April 2016.

The explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide the Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Buy-back Mandate is set out in Appendix II to this circular.

The full text of the ordinary resolution to be proposed at the AGM in relation to the Buy-back Mandate is set out in resolution 5 in the Notice set out on pages 17 to 20 of this circular.

### **5. PRINCIPAL BUSINESS OF THE GROUP**

The Group is one of the world's leading owners and operators of modern Handysize and Supramax dry bulk vessels.

The Company is listed and headquartered in Hong Kong and operates globally. Our fleet of over 200 ships trades worldwide and we employ 3,000 seafarers and 330 shore-based staff in 12 key locations around the world.

### **6. VOTING BY POLL**

Pursuant to Rule 13.39 of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Therefore, the chairman of the AGM will demand a poll for each and every resolution put forward at the AGM pursuant to Bye-law 66. The Company will appoint the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, as the scrutineer to handle vote-taking procedures at the AGM. The results of the poll will be published on the HKExnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.pacificbasin.com](http://www.pacificbasin.com) no later than 8:30 a.m. of the business day following the AGM.

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## LETTER FROM THE CHAIRMAN

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### 7. NOTICE OF ANNUAL GENERAL MEETING

The Notice is set out on pages 17 to 20 of this circular.

There is enclosed a form of proxy for use at the AGM. A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. The completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM should you so wish.

### 8. RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the re-election of Directors, the renewal of the Issue Mandate and the Buy-back Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all of the resolutions to be proposed at the AGM.

Yours faithfully,  
By order of the Board  
**David M. Turnbull**  
*Chairman*



**EXECUTIVE DIRECTOR****Andrew Thomas Broomhead – age 54, Chief Financial Officer**

Mr. Broomhead graduated from Cambridge University in 1982 with a Bachelor of Arts (subsequently Master of Arts) degree in Natural Sciences. He is a fellow of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He attended the Breakthrough Programme for Senior Executives at IMD Business School in 2010. His experience covers company and project financing with emphasis on the infrastructure sector through his work with Deloitte, Haskins & Sells, Samuel Montagu & Co., International Finance Corporation, Bakrie Investindo and Sanwa International Finance. Mr. Broomhead was appointed non-executive director of the Standard Club Ltd in May 2014. He has been based in the UK, USA, Singapore, Indonesia and Hong Kong, and has been working in Asia for over 20 years.

Mr. Broomhead joined the Company in April 2003 as the Group's Chief Financial Officer and Company Secretary (subsequently stood down from Company Secretary in July 2012). He was further appointed as an Executive Director in September 2010 with responsibility for Group finance and accounting, investor relations, corporate governance and compliance. Mr. Broomhead's term of office is expiring at the conclusion of 2016 annual general meeting and the Company intends to extend his term of appointment until conclusion of the 2019 annual general meeting (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company). Mr. Broomhead currently receives an emolument at the rate of US\$513,350 per annum, which is inclusive of salary, rental reimbursement and retirement scheme contribution. He is also eligible to receive a bonus which will be paid at the discretion of the Board. In addition, an aggregate of 4,118,000 Shares in the form of restricted Share Awards have been granted to him since May 2007 pursuant to the Long Term Incentive Scheme and the 2013 Share Award Scheme. Of these restricted Share Awards, (i) 2,304,000 Shares have vested; (ii) 550,000 Shares will vest on 14 July 2016; (iii) 453,000 Shares will vest on 14 July 2017; and (iv) 811,000 Shares will vest on 14 July 2018. Mr. Broomhead's emolument was agreed between the Company and Mr. Broomhead and was determined by reference to the levels of emolument of other senior executives of the Company and in the market generally.

Save as aforesaid, Mr. Broomhead did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Broomhead does not have any relationship with any other Directors or senior management or any substantial or controlling Shareholders of Pacific Basin and save as disclosed in the paragraph below relating to interests of the Directors to be re-elected at the AGM, he does not have any interest (within the meaning of Part XV of the Securities Futures Ordinance) in the Shares.

Save for the information disclosed above, the Board and Mr. Broomhead have indicated that there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders.

**INDEPENDENT NON-EXECUTIVE DIRECTOR****Robert C. Nicholson – age 60**

Mr. Nicholson, a graduate of the University of Kent, qualified as a solicitor in England and Wales and in Hong Kong. He is an executive director of First Pacific Company Limited and an independent non-executive director of HK-listed Lifestyle Properties Development Limited. He also holds the following positions in certain subsidiaries, associates or investees of First Pacific group: a director of Metro Pacific Investments Corporation, Philex Mining Corporation and Philex Petroleum Corporation, and serves as a commissioner of PT Indofood Sukses Makmur Tbk. He is also executive chairman of Forum Energy Plc which was listed at the Alternative Investment Market of the London Stock Exchange until mid-2015. Previously, he was a senior partner of Reed Smith Richards Butler from 1985 to 2001 where he established the corporate and commercial department, and was also a senior advisor to the board of directors of PCCW Limited between August 2001 and September 2003.

Mr. Nicholson joined the Company as an Independent Non-executive Director in March 2004 and his term of office is expiring at the conclusion of the 2016 annual general meeting. The Company intends to extend his term of appointment until conclusion of the 2019 annual general meeting (subject to retirement by rotation at the general meeting of the Company in accordance with the Bye-laws of the Company). Mr. Nicholson currently receives HK\$400,000 per annum for being an Independent Non-executive Director and he is entitled to receive a fee of HK\$300,000 per annum for being a member of the audit, remuneration and nomination committees and for being Chairman of the remuneration and nomination committees. His total remuneration of HK\$700,000 per annum will be payable quarterly in arrears. Mr. Nicholson's emolument was agreed between the Company and Mr. Nicholson and was determined by reference to the levels of emolument of other senior executives of the Company and in the market generally.

Mr. Nicholson has served the Company as an Independent Non-executive Director for more than 9 years, however the Company considers Mr. Nicholson continues to be independent and is able to satisfy the Listing Rules' requirements for independence as an INED. Mr. Nicholson has given written confirmation that he remains independent. In reaching this conclusion, the following points are considered and confirmed:

- (a) Mr. Nicholson is able to confirm his independence to the Stock Exchange in respect of each of the factors set out in Rule 3.13 of the Listing Rules;
- (b) Mr. Nicholson has demonstrated continued independent judgement which contributes positively to the development of the Group's strategy and policies;
- (c) Since the listing of the Company in 2004, Mr. Nicholson has not had and does not have any executive or management role or functions in the Company and its subsidiaries, nor has he been employed by any member of the Pacific Basin group;
- (d) Mr. Nicholson does not receive any remuneration from the Company apart from the Director's fees and does not participate in the Group's staff incentive plan or pension scheme;

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**APPENDIX I      PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED**

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- (e) Mr. Nicholson does not have any remuneration from a third party in relationship to his directorship;
- (f) Mr. Nicholson does not have any financial, business, family or other material relationships with the Group, its management, advisers and business;
- (g) Mr. Nicholson does not hold any cross directorships or other significant links with other directors through involvement with other companies;
- (h) Mr. Nicholson holds less than 1% of the common stock of the Company;
- (i) Mr. Nicholson does not serve as a director or employee of a significant competitor of the Group;
- (j) Mr. Nicholson has long and upstanding professional legal and commercial background, the Board believes that he is able to exercise his professional judgement and draw upon his legal, corporate and commercial knowledge for the benefit of the Company and its Shareholders as a whole, in particular, the independent shareholders; and
- (k) After due and careful consideration, the Company's Nomination Committee considers Mr. Nicholson suitably independent to carry out his duties as an Independent Non-executive Director.

Save as aforesaid, Mr. Nicholson did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Nicholson does not have any relationship with any other Directors or senior management or any substantial or controlling Shareholders of Pacific Basin and save as disclosed in the paragraph below relating to interests of the Directors to be re-elected at the AGM, he does not have any interest (within the meaning of Part XV of the Securities Futures Ordinance) in the Shares.

Save for the information disclosed above, the Board and Mr. Nicholson have indicated that there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders.

**INDEPENDENT NON-EXECUTIVE DIRECTOR****Daniel R. Bradshaw – age 69**

Mr. Bradshaw graduated from Victoria University of Wellington (New Zealand) with a Bachelor of Laws and a Master of Laws and has been admitted as a solicitor in England and Hong Kong. Since 1978 he has worked at Johnson, Stokes and Master (now Mayer Brown JSM) (“JSM”), as a solicitor, a partner, the head of the firm’s shipping practice and now as a 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. He is currently on the board of Euronav, a Euronext listed tanker company and of IRC Limited, the Hong Kong listed iron ore unit of Russia’s third-biggest gold producer Petropavlovsk Plc. He is also an independent non-executive director of NYSE-listed Glaslog Partners LP and a director of Greenship Offshore Manager Pte. Ltd., Kadoorie Farm and Botanic Garden Corporation and WWF Hong Kong.

Mr. Bradshaw joined the Company as a Non-executive Director and Deputy Chairman in April 2006. He stood down from the position of Deputy Chairman on 1 January 2008 and continued his position as a Non-executive Director of the Company until he was re-designated as an Independent Non-executive Director on 1 September 2010. His term of office is expiring at the conclusion of the 2017 annual general meeting and the Company intends to extend his term of appointment until the conclusion of the 2019 annual general meeting (subject to retirement by rotation at the general meeting of the Company in accordance with the Bye-laws of the Company). Mr. Bradshaw currently receives HK\$400,000 per annum for being an Independent Non-executive Director and he is entitled to a fee of HK\$250,000 per annum for being a member of the audit, remuneration and nomination committees. His total remuneration of HK\$650,000 per annum will be payable quarterly in arrears. Mr. Bradshaw’s emolument was agreed between the Company and Mr. Bradshaw and was determined by reference to the levels of emolument of other senior executives of the Company and in the market generally.

Mr. Bradshaw has served the Company as an Independent Non-executive Director for more than 9 years, however the Company considers Mr. Bradshaw continues to be independent and is able to satisfy the Listing Rules’ requirements for independence as an INED. Mr. Bradshaw has given written confirmation that he remains independent. In reaching this conclusion, the following points are considered and confirmed:

- (a) Mr. Bradshaw is able to confirm his independence to the Stock Exchange in respect of each of the factors set out in Rule 3.13 of the Listing Rules;
- (b) Mr. Bradshaw has demonstrated continued independent judgment which contributes positively to the development of the Group’s strategy and policies;
- (c) Mr. Bradshaw has not had and does not have any executive or management role or functions in the Company and its subsidiaries, nor has he been employed by any member of the Pacific Basin group;

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**APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED**

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- (d) Mr. Bradshaw does not receive any remuneration from the Company apart from the Director's fees and does not participate in the Group's staff incentive plan or pension scheme;
- (e) Mr. Bradshaw does not receive any remuneration from a third party in relationship to his directorship;
- (f) Mr. Bradshaw does not have any financial, business, family or other material relationships with the Group, its management, advisers and business;
- (g) Mr. Bradshaw does not hold any cross directorships or other significant links with other directors through involvement with other companies;
- (h) Mr. Bradshaw holds less than 1% of the common stock of the Company;
- (i) Mr. Bradshaw does not serve as a director or employee of a significant competitor of the Group;
- (j) Mr. Bradshaw has over 40 years of experience and knowledge of the shipping industry. He held senior positions with various maritime related bodies and organisations. Together with his long and upstanding professional legal background, the Board believes that he is able to exercise his professional judgment and draw upon his extensive shipping knowledge for the benefit of the Company and its Shareholders as a whole, in particular, the independent shareholders; and
- (k) After due and careful consideration, the Company's Nomination Committee considers Mr. Bradshaw suitably independent to carry out his duties as an Independent Non-executive Director.

Save as aforesaid, Mr. Bradshaw did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Bradshaw does not have any relationship with any other Directors or senior management or any substantial or controlling Shareholders of Pacific Basin and save as disclosed in the paragraph below relating to interests of the Directors to be re-elected at the AGM, he does not have any interest (within the meaning of Part XV of the Securities Futures Ordinance) in the Shares.

Save for the information disclosed above, the Board and Mr. Bradshaw have indicated that there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders.

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**APPENDIX I PARTICULARS CONCERNING DIRECTORS TO BE RE-ELECTED**

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**INTERESTS AND LONG POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at the Latest Practicable Date, the interests of the Directors proposed to be re-elected at the AGM in the Shares, underlying Shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company under Section 352 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) or as notified to the Company were as follows:

<b>Name of Director</b>	<b>Long/Short Position</b>	<b>Personal interests</b>	<b>Family/ Corporate interests</b>	<b>Total Share interests</b>	<b>Approximate percentage of issued Share capital of the Company</b>
Andrew T. Broomhead	Long	2,959,000	1,732,180 <sup>1</sup>	4,691,180	0.24%
Daniel R. Bradshaw	Long	–	386,417 <sup>2</sup>	386,417	0.02%

*Notes:*

- (1) 1,732,180 Shares are held via Paulatim Investments Limited which is jointly owned by Mr. Broomhead and his wife, of which 1,336,476 Shares are in the form of the Group's convertible bonds due 2016 at nominal value of US\$1,200,000.
- (2) 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.

At no time during the year was the Company, its subsidiaries, or its associated companies a party to any arrangement to enable 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.

This appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to accompany the Notice at which a resolution is to be proposed in relation to the Buy-back Mandate.

### **BUY-BACK MANDATE**

The relevant sections of the Listing Rules which permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange, subject to certain restrictions, are summarised below:

#### **(a) Shareholders' approval**

The Listing Rules provide that all proposed buy-backs of shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction. The Listing Rules require an explanatory statement such as is contained herein to be sent to shareholders to give shareholders adequate information to enable them to decide whether to approve the grant of such a mandate.

#### **(b) Source of funds**

In buying back its Shares, the Company may only apply funds entirely from the Company's available cashflow or working capital facilities which will be funds legally available for such purpose in accordance with its memorandum of association and Bye-laws and laws of Bermuda.

Under Bermuda law, buybacks may only be effected out of the capital paid up on the Shares to be brought back or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose.

Any premium payable on a buy-back over the par value of the Shares to be brought back must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account.

#### **(c) Maximum number of Shares to be brought back**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,946,823,119 Shares. Subject to the passing of resolution 5 approving the Buy-back Mandate as set out in the Notice appearing on pages 17 to 20 of this circular and on the basis that no further Shares are issued or bought back prior to the AGM, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 194,682,311 Shares until (i) the conclusion of the next annual general meeting; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act or the Bye-laws to be held; or (iii) the revocation or variation of the authority given under resolution 5 by an ordinary resolution of the Shareholders in general meeting, whichever is earliest.

**REASONS FOR BUY-BACK**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to buy back Shares on the Stock Exchange. Such buy-backs, depending on market conditions and funding arrangements at the time, may lead to an enhancement of the net asset value of the Company and/or its earnings per share and will be made only when the Directors believe that such a buy-back will benefit the Company and the Shareholders.

**FUNDING OF BUY-BACKS**

Buy-backs must be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association and Bye-laws and the laws of Bermuda.

The Directors have no present intention to buy back any Shares and they would exercise the power to buy back in circumstances only where they consider that the buy-back would be in the best interests of the Company and the Shareholders as a whole and in circumstances where they consider that the Shares can be brought back on terms favourable to the Company. As compared with the position as disclosed in the Company's most recent published audited accounts for the year ended 31 December 2015, and taking into account the current working capital position of the Company, the Directors consider that if the general mandate to buy back Shares were to be exercised in full at the currently prevailing market value, it could have a material adverse impact on the working capital position of the Company.

**DISCLOSURE OF INTERESTS**

None of the Directors or, to the best of the knowledge of the Directors, having made all reasonable enquiries, any associates of Directors has a present intention, in the event that the proposed Buy-back Mandate is approved by the Shareholders, to sell Shares to the Company.

No core connected persons of the Company have notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares to the Company in the event that the Buy-back Mandate is granted by the Shareholders.

**DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make buy-backs pursuant to the Buy-back Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.



**SHARE PRICE**

During each of the previous twelve months preceding the Latest Practicable Date, the highest and lowest prices at which Shares were traded on the Stock Exchange were as follows:

	<b>Highest</b> (HK\$)	<b>Lowest</b> (HK\$)
<b>2015</b>		
March	2.89	2.46
April	3.30	2.55
May	3.10	2.76
June	2.93	2.51
July	2.87	1.97
August	2.57	2.24
September	2.66	2.33
October	2.47	2.23
November	2.44	2.00
December	2.00	1.66
<b>2016</b>		
January	1.74	1.36
February	1.42	0.99
March (up to the Latest Practicable Date)	1.30	1.05

**TAKEOVERS CODE**

If as a result of a Share buy-back a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code. As at the Latest Practicable Date, the largest Shareholder of the Company, Aberdeen Asset Management Plc and its Associates ("Aberdeen Group") is interested in 271,873,000 Shares (representing approximately 13.96% of the Company's issued share capital of 1,946,823,119). Based on the said interests of Aberdeen Group in the issued share capital of the Company as at the Latest Practicable Date, and on the basis that no further Shares are issued or bought back prior to the AGM, in the event that the Directors exercise in full the power to buy back Shares in accordance with the terms of the resolution to be proposed at the AGM, the interests of Aberdeen Group in the issued share capital of the Company will be increased from approximately 13.96% to approximately 15.52% which is below the 30% threshold prescribed under the Takeovers Code and Aberdeen Group would not be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of such increase.

The Directors have no intention to exercise the Buy-back Mandate in such a way and to such extent that would give rise to an obligation on the part of Aberdeen Group or any other Shareholder to make a mandatory general offer under Rule 26 of the Takeovers Code.

**SHARE BUY-BACK MADE BY THE COMPANY**

No buy-back has been made by the Company of its Shares (on the Stock Exchange or otherwise) in the six months prior to the date of this document.

 **Pacific Basin Shipping Limited**

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

**NOTICE IS HEREBY GIVEN** that the 2016 Annual General Meeting of Pacific Basin Shipping Limited (the “Company”) will be held at the Hong Kong Maritime Museum, Central Pier No. 8, Hong Kong on Tuesday, 19 April 2016 at 10:30 a.m. for the following purposes:

**ORDINARY RESOLUTIONS**

1. To receive and adopt the audited financial statements and the reports of the Directors and auditors for the year ended 31 December 2015;
2. To re-elect Directors and to authorise the Board of Directors of the Company to fix their remuneration;
3. To re-appoint Messrs. PricewaterhouseCoopers, Certified Public Accountants, as the auditors of the Company and to authorise the Board of Directors of the Company to fix their remuneration;

As special business, to consider and, if thought fit, pass the following resolutions as an Ordinary Resolution:

**4. “GRANT OF A GENERAL MANDATE TO ISSUE SHARES****THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue or otherwise deal with new shares of US\$0.10 each in the capital of the Company (the “Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers be generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and warrants which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to Shares issued as a result of a Rights Issue (as defined below), the exercise of the subscription or conversion rights attaching to any warrants issued by the Company or the

exercise of options granted under the long term incentive scheme of the Company or any scrip dividend providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares, shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, provided that any Shares to be allotted and issued pursuant to the approval in paragraph (a) above shall not be issued at a discount of more than 10% to the Benchmarked Price of the Shares, and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Benchmarked Price” shall be a price which is the higher of:

- (i) the closing price of the Shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of signing of the agreement to which the transaction relates; or
- (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five trading days immediately preceding the earliest of:
  - (A) the date of signing of the agreement to which the transaction relates; or
  - (B) the date on which the relevant transaction is announced; or
  - (C) the date on which the price of the Shares to be issued pursuant to the transaction is fixed.

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company’s Bye-laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of shares open for a period fixed by the Directors of the Company to holders of the Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

5. **“GRANT OF A GENERAL MANDATE TO REPURCHASE SHARES**

**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase the Shares on Stock Exchange or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange be generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which may be purchased or repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during that Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company’s Bye-laws to be held; and
  - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.”

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

Hong Kong, 15 March 2016

*Notes:*

1. Every member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons as their proxy to attend and vote on behalf of themselves. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other document of authority, if any, under which the form is signed, or a certified copy thereof, must be deposited with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof (as the case may be).
3. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the meeting or any adjourned meeting or upon the poll concerned if the Shareholders so wish. In such event, the instrument appointing the proxy shall be deemed to be revoked.
4. A circular containing the information regarding, inter alia, the Directors proposed to be re-elected, the general mandate to issue Shares and the general mandate to buy back Shares will be sent to the Shareholders together with the Company's 2015 Annual Report.