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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 REPURCHASE SHARES,  
SPECIFIC MANDATE TO ISSUE SHARES TO SATISFY AWARDS  
PURSUANT TO THE 2013 SHARE AWARD SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the 2014 annual general meeting of Pacific Basin Shipping Limited to be held at the Aberdeen room, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 16 April 2014 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.

14 March 2014

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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 2014 annual general meeting of the Company to be held at the Aberdeen room, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 16 April 2014 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 by the Board granted under the Long Term Incentive Scheme and may be granted under the 2013 Share Award Scheme, both subject to the terms and conditions set out therein 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
“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
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INEDs”	the independent non-executive directors of the Company

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## DEFINITIONS

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“Issue Mandate”	the general mandate enabling the Company to allot, issue and deal with the Shares
“Latest Practicable Date”	12 March 2014, 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 on 8 June 2005, which has been 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
“Restricted Award Issue Mandate”	the specific mandate enabling the Company to allot, issue and deal with up to 38,731,542 new Shares that may be issued by the Company to satisfy Awards pursuant to the 2013 Share Award Scheme
“Repurchase Mandate”	the general and unconditional mandate enabling the Company to repurchase Shares
“Shareholder(s)”	holders of Share(s) in issue
“Share(s)”	Share(s) of US\$0.10 each in the share capital of the Company
“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  
Jan Rindbo  
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

*Hong Kong Principal Office:*

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

14 March 2014

To Shareholders,

**RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES,  
SPECIFIC MANDATE TO ISSUE SHARES TO SATISFY AWARDS  
PURSUANT TO THE 2013 SHARE AWARD SCHEME  
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 seven ordinary resolutions to approve, among other things, the re-election of Directors, the grant of general mandates to issue and to repurchase Shares and the grant of specific mandate to issue Shares to satisfy Awards pursuant to the 2013 Share Award Scheme.

**2. FINAL DIVIDEND AND BOOK CLOSURE (RESOLUTION 2 AS PER NOTICE)**

The Board has recommended a final dividend for the year ended 31 December 2013 of HK 5 cents per Share and if such dividend is approved by the Shareholders at the AGM, it is expected to be paid on or about 9 May 2014 to those Shareholders whose names appear on the register of Shareholders on 25 April 2014.

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## LETTER FROM THE CHAIRMAN

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The register of Shareholders will be closed on 25 April 2014 when no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 24 April 2014. The ex-dividend date for the final dividend will be 23 April 2014.

### **3. RE-ELECTION OF DIRECTORS (RESOLUTION 3 AS PER NOTICE)**

In relation to resolution 3 in the Notice regarding re-election of Directors, Messrs. David M. Turnbull and Jan Rindbo, both Executive Directors, and Daniel R. Bradshaw, an Independent Non-Executive Director ("INED"), 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 3, the re-election of Directors will be individually voted on by Shareholders.

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 mind-set that is independent and constructively challenges the Group's views. INEDs are not required to have a shipping background as, with time on the Board, they become familiar with the specific risks of shipping and better able to exercise their independent judgement when the Board debates strategy. Independence from executive management is particularly important as the Group has no controlling shareholder, hence continuity of the INEDs provides stability to the Board decision-making process, compensating for any turnover in the executive management team. 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 will periodically seek 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 into the performance of the Group, and hence it has not granted, and currently has no intention to grant, any Awards to INEDs.

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## LETTER FROM THE CHAIRMAN

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

At the last annual general meeting of the Company held on 19 April 2013, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to allot, issue and deal in 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 19 April 2013. 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 16 April 2014, 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 5 in the Notice set out on pages 17 to 20 of the circular.

### **5. GENERAL MANDATE TO REPURCHASE SHARES (RESOLUTION 6 AS PER NOTICE)**

At the last annual general meeting of the Company held on 19 April 2013, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to repurchase 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 19 April 2013. No Shares have been repurchased pursuant to the Repurchase Mandate as at the Latest Practicable Date.

As the existing Repurchase Mandate is going to expire at the conclusion of the AGM, the Directors believe that the renewal of the Repurchase 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 repurchase 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 16 April 2014.

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## LETTER FROM THE CHAIRMAN

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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 Repurchase 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 Repurchase Mandate is set out in resolution 6 in the Notice set out on pages 17 to 20 of this circular.

### **6. SPECIFIC MANDATE TO ISSUE SHARES TO SATISFY AWARDS PURSUANT TO THE 2013 SHARE AWARD SCHEME (RESOLUTION 7 AS PER NOTICE)**

Under the 2013 Share Award Scheme, the number of Shares which may be or have been issued or transferred in satisfaction of all Awards to be granted under the 2013 Share Award Scheme and the Long Term Incentive Scheme shall not, in aggregate, exceed 193,657,711 Shares, being no more than 10% of the issued share capital of the Company as at the first date of each financial year during the term of the 2013 Share Award Scheme (being 193,657,711 Shares as at 1 January 2014). Such current overall limit of 193,657,711 Shares that may be used to satisfy Awards includes existing Shares that may be purchased from the market and new Shares that may be allotted and issued by the Company utilising the Issue Mandate or a specific mandate separately obtained from the Shareholders in a general meeting of the Company. No new Shares are to be allotted and issued to any connected persons of the Company to satisfy the Awards. Also, the Board has resolved not to make any further grants of Awards under the Long Term Incentive Scheme. The Board has not granted, and currently has no intention to grant, any Awards to INEDs as they administer the scheme at their sole discretion in accordance with the rules of the 2013 Share Award Scheme.

At the last annual general meeting of the Company held on 19 April 2013, an ordinary resolution was passed to grant a specific mandate to the Directors whereby an annual cap of no more than 2% of the total issued share capital of the Company as at the first date of each financial year during the term of the 2013 Share Award Scheme (being 38,731,542 Shares as at 1 January 2013) for the issue of new Shares to satisfy Awards pursuant to the 2013 Share Awards Scheme. No Shares have been issued pursuant to such specific mandate as at the Latest Practicable Date.

As the existing Restricted Award Issue Mandate is going to expire at the conclusion of the AGM, the Directors believe that it is in the interests of the Company and the Shareholders as a whole to seek from 2014 onward a specific mandate from its shareholders in a general meeting for the issue of new Shares to satisfy Awards with an annual cap of no more than 1% (previously no more than 2%) of the issued share capital of the Company as at the first date of each financial year during the term of the 2013 Share Award Scheme.



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## LETTER FROM THE CHAIRMAN

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Accordingly, an ordinary resolution whereby an annual cap of no more than 1% of the total issued share capital of the Company as at the beginning of this financial year (being 19,365,771 Shares as at 1 January 2014) for the issue of new Shares to satisfy Awards will be proposed at the AGM. The Restricted Award Issue Mandate shall lapse at the earlier of (i) the conclusion of the Company's next annual general meeting, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act or the Byelaws to be held; and (iii) the revocation or variation of the authority by ordinary resolution of the Shareholders in general meeting. If the Company were to issue all 19,365,771 Shares under the Restricted Award Issue Mandate, the estimated fair value of such new Shares would be approximately HK\$93.15 million, based on a closing price of HK\$4.81 per Share on the Latest Practicable Date. The Company will apply to the Stock Exchange for the grant of listing of and permission to deal in the new Shares to satisfy Awards as soon as practicable after any grant of Awards as and when required.

The Company will make voluntary disclosures in respect of the 2013 Share Award Scheme and the Awards so as to allow the Shareholders to continue to receive relevant and appropriate information on matters that would affect the share structure of the Company.

The full text of the ordinary resolution to be proposed at the AGM in relation to the Restricted Award Issue Mandate is set out in resolution 7 in the Notice set out on pages 17 to 20 of this circular. No Shareholders are required to abstain from voting on the resolution in relation to the Restricted Award Issue Mandate.

Shareholders may refer to the Company's announcements published on 28 February 2013 and 28 March 2013 for a summary of the rules of the 2013 Share Award Scheme and other relevant information. In addition, copies of the documents relating to the Long Term Incentive Scheme and the 2013 Share Award Scheme will be available for inspection during normal business hours at the principal office of the Company in Hong Kong up to and including 16 April 2014 and at the AGM.

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

The Group 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.

### **8. 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 the business day following the AGM.

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## LETTER FROM THE CHAIRMAN

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### 9. 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.

### 10. RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the re-election of Directors, the renewal of the Issue Mandate, the Repurchase Mandate and the Restricted Award Issue 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 DIRECTORS****David M. Turnbull – age 58, Chairman**

Mr. Turnbull graduated from Cambridge University with a Master of Arts degree in Economics. He then joined the Swire Group and held various senior management positions during his 30 years with the group. He has held the following positions in Hong Kong publicly listed companies: chairman of Swire Pacific Ltd., Cathay Pacific Airways Ltd., and Hong Kong Aircraft Engineering Company Ltd.; a non-executive director of the Hongkong and Shanghai Banking Corporation, Hysan Development Co. Ltd. and Air China Ltd. He is non-executive director of Green Dragon Gas Limited and Greka Drilling Limited, both listed on the AIM market of the London Stock Exchange. Mr. Turnbull also serves as independence non-executive director of Hong Kong-listed Sands China Limited and The Wharf (Holdings) Limited.

Mr. Turnbull joined the Company on 17 May 2006 as an Independent Non-executive Director. He assumed the position of Chairman of the Company on 1 January 2008 and was further appointed as an Executive Director on 1 July 2008. The Company intends to extend his term of appointment until 17 May 2017 or the conclusion of the 2017 annual general meeting, whichever is earlier (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company). Pursuant to his service agreement with the Company, Mr. Turnbull currently receives an emolument at the rate of US\$364,000 per annum, which is inclusive of salary and retirement scheme contribution. He is also eligible to receive, at the discretion of the Remuneration Committee, a bonus of up to 100% of his emolument. In addition, an aggregate of 2,060,000 Shares in the form of restricted shares have been granted to Mr. Turnbull since 5 August 2008 pursuant to the Long Term Incentive Scheme and the 2013 Share Award Scheme, of these (i) 963,000 Shares have vested; (ii) 352,000 Shares will vest on 14 July 2014; (iii) 300,000 Shares will vest on 14 July 2015, and (iv) 445,000 Shares will vest on 14 July 2016. Mr. Turnbull's emolument was agreed between the Company and Mr. Turnbull 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. Turnbull 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. Turnbull 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. Turnbull 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.

**Jan Rindbo – age 39, Chief Operating Officer**

Mr. Rindbo graduated from Naestved Business College in Denmark in 1993 and has attended the International Executive Development programme at INSEAD. In 1994 following his military service, he joined TORM, a major Danish ship owning and operating group listed in Copenhagen and on NASDAQ in New York, where he specialised in handysize chartering activities and pool operations. He was promoted to the position of Chartering Manager with TORM Asia, Hong Kong in 1996. From 1998 to 1999, he served with TORM in Denmark and was promoted as Vice President with TORM Bulk USA in Portland Oregon in 1999.

Mr. Rindbo joined Pacific Basin in 2001 under secondment from TORM to head Pacific Basin's chartering and commercial operations. He became fully employed by the Group in 2004 and was appointed an executive Director in April 2007 and further appointed Chief Operating Officer in January 2010 with responsibility for the Company's dry bulk activities including asset management (sale and purchase) and the technical and commercial operations of the Group's dry bulk fleet. Mr. Rindbo's appointment was extended at the 2012 annual general meeting for three years until conclusion of the 2015 annual general meeting. The Company intends to extend his term of appointment until the conclusion of the 2017 annual general meeting (subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws). Pursuant to his service agreement with the Company, Mr. Rindbo currently receives from the Company an emolument at the rate of US\$585,000 per annum, which is inclusive of salary, director's fee and retirement scheme contribution. He is also eligible to receive at the discretion of the Remuneration Committee, a bonus of up to 100% of his emolument. In addition, an aggregate of 4,221,000 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 (i) 2,112,000 Shares have vested; (ii) 503,000 Shares will vest on 14 July 2014; (iii) 934,000 Shares will vest on 14 July 2015; and (iv) 672,000 Shares will vest on 14 July 2016. Mr. Rindbo's emolument was agreed between the Company and Mr. Rindbo 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. Rindbo 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. Rindbo 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. Rindbo 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 67**

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 New Zealand, 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 a member of the board of Kadoorie Farm & Botanic Garden and of 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 appointment was extended at the 2011 annual general meeting until the conclusion of the 2014 annual general meeting. The Company intends to extend his term of appointment until the conclusion of the 2017 annual general meeting (subject to retirement by rotation at the general meeting of the Company in accordance with the Bye-laws of the Company). Pursuant to his service agreement with 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 Company’s audit, remuneration and nomination committees. His total remuneration of HK\$650,000 per annum will be payable in arrears in quarterly installments on 31 March, 30 June, 30 September, 31 December. 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.

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 Company’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;
- (d) Mr. Bradshaw does not receive any remuneration from the Company apart from 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. 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**

The interests of the Directors 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:

Name of Director	Long/Short Position	Personal interests	Family interests	Corporate interests	Trust & similar interests	Total Share interests	Approximate percentage of issued share capital of the Company
David M. Turnbull	Long	1,559,000	-	-	3,621,873 <sup>1</sup>	5,180,873	0.27%
Jan Rindbo	Long	5,162,370	-	-	-	5,162,370	0.27%
Daniel R. Bradshaw	Long	-	-	386,417 <sup>2</sup>	-	386,417	0.02%

*Notes:*

- (1) 3,621,873 shares are in the form of convertible bonds due 2016 at nominal value of US\$3,350,000, held by a Trust named Bentley Trust (Malta) Limited, of which Mr. Turnbull is the founder.
- (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 Repurchase Mandate.

### **REPURCHASE 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 repurchases 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 repurchasing 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, purchases may only be effected out of the capital paid up on the purchased Shares 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 purchase over the par value of the Shares to be purchased 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 repurchased**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,936,577,119 Shares. Subject to the passing of resolution 6 approving the Repurchase 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 repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 193,657,711 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 6 by an ordinary resolution of the Shareholders in general meeting, whichever is earliest.



**REASONS FOR REPURCHASE**

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 repurchase Shares on the Stock Exchange. Such repurchases, 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 repurchase will benefit the Company and the Shareholders.

**FUNDING OF REPURCHASES**

Repurchases 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 repurchase any Shares and they would exercise the power to repurchase in circumstances only where they consider that the repurchase 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 repurchased 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 2013, and taking into account the current working capital position of the Company, the Directors consider that if the general mandate to repurchase 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 Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

No 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 Repurchase 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 purchases pursuant to the Repurchase 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> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
<b>2013</b>		
March	4.80	4.56
April	4.73	4.28
May	4.55	4.35
June	4.71	4.26
July	4.44	4.09
August	5.05	4.27
September	5.38	4.71
October	5.59	5.18
November	5.59	5.22
December	5.55	5.14
<b>2014</b>		
January	5.60	4.80
February	5.40	4.75
March (up to the Latest Practicable Date)	5.19	4.80

**TAKEOVERS CODE**

If as a result of a Share repurchase 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 269,888,000 Shares (representing approximately 13.94% of the Company's issued share capital of 1,936,577,119). Based on the said interests of Aberdeen Group in the issued share capital of the Company as at the Latest Practicable Date, in the event that the Directors exercise in full the power to repurchase 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 13.94% to approximately 15.48% 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 Repurchase 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 REPURCHASE MADE BY THE COMPANY**

No purchase 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 2014 Annual General Meeting of Pacific Basin Shipping Limited (the “Company”) will be held at the Aberdeen room, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 16 April 2014 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 2013;
2. To declare a final dividend for the year ended 31 December 2013;
3. To re-elect Directors and to authorise the Board of Directors of the Company to fix their remuneration;
4. 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:

5. **“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:

6. **“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.”

7. **“SPECIFIC MANDATE TO ISSUE SHARES TO SATISFY AWARDS PURSUANT TO THE 2013 SHARE AWARD SCHEME**

**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 allot, issue or otherwise deal with new Shares to satisfy the Awards granted or to be granted under the 2013 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), be and is hereby approved;”

- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to paragraph (a) of this resolution to satisfy the Awards, shall during the Relevant Period not exceed 1% of the aggregate nominal amount of the share capital of the Company in issue as at the beginning of each such financial year (being 19,365,771 Shares as at 1 January 2014); 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, 14 March 2014

*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. The register of members of the Company will be closed on 25 April 2014 when no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 24 April 2014. The ex-dividend date for the final dividend will be on 23 April 2014.
5. A circular containing the information regarding, inter alia, the Directors proposed to be re-elected, the general mandate to issue Shares, the general mandate to repurchase Shares and the specific mandate to issue Shares to satisfy Awards pursuant to the 2013 Share Award Scheme will be sent to the Shareholders together with the Company’s 2013 Annual Report.