

Pacific Basin Shipping Limited

Press Release

New equity-based funding enables Pacific Basin to purchase five modern ships while enhancing its balance sheet strength

Consideration to the ships' sellers comprises: (a) new Pacific Basin shares (b) cash raised through a share placement (c) Group cash

Hong Kong, 2 August 2017 – Pacific Basin Shipping Limited (“Pacific Basin” or the “Company”, 2343.HK), one of the world’s leading dry bulk shipping companies, today announced its conditional agreement to acquire five dry bulk vessels for a total consideration of US\$104.6 million.

The consideration will take the form of:

- 1) 216,903,274 new Pacific Basin shares (the “vessel consideration shares”) to be issued to the ships’ sellers amounting to US\$46.1 million in aggregate;
- 2) Cash of US\$38.0 million in aggregate, conditionally raised through a placing of new Pacific Basin shares (the “placing shares”) to institutional investors, with HSBC as placing agent; and
- 3) US\$20.5 million to be funded from the Group’s cash.

The acquisition of the ships and the share placing are all conditional upon the Hong Kong Stock Exchange’s approval of the listing of the vessel consideration shares and the placing shares respectively, which we expect to be granted within several days.

The acquisitions relate to:

- two secondhand Supramaxes (built 2014) for a consideration of US\$34.0 million
- one secondhand Handysize (built 2014) for a consideration of US\$21.1 million
- one secondhand Supramax (built 2016) for a consideration of US\$23.5 million
- one resale newbuilding Supramax (delivery due Jan 2018) for a consideration of US\$26.0 million

The vessel consideration shares and the placing shares will in aggregate represent approximately 9.09% of Pacific Basin’s enlarged issued share capital after the allotment and issue of all these new shares. These shares are to be issued by using the Company’s General Mandate.

The issue price of HK\$1.66 per vessel consideration share issued to the ships’ sellers is equal to the average closing price for the last five trading days immediately prior to the date of the ship acquisition contracts.

The placing price of HK\$1.59 per placing share represents a discount of approximately 7.56% to the closing price of HK\$1.72 per share on the date of the placing agreement.

The secondhand vessels are currently expected to be delivered to our fleet between mid-August and end December this year.

Mr. Mats Berglund, CEO of Pacific Basin, said:

“These ship purchases represent attractive opportunities to grow and renew our fleet with modern, efficient vessels built by large, reputable shipbuilders Imabari and Tsuneishi. They are of the best design for our trades and will enhance our fleet for the long term.

We are increasing our relatively low proportion of owned vs chartered in Supramaxes at what we consider an attractive time.

The Handysize ship we are buying is currently under our long-term time charter, so our purchase of this vessel would replace our charter cost with significantly lower operating and depreciation costs, and thus benefit our operating cash flow.

The share issue and placement transactions enable immediate equity financing of the acquisitions of the five ships and will enhance our operating cash flow, EBITDA and balance sheet strength.

We considered other fund raising alternatives such as secured debt financing and convertible bonds. However, while the dry bulk market is recovering, supply and demand factors remain uncertain and financing the ship acquisitions initially through equity, and not adding interest costs or repayment obligations, affords us greater flexibility in the coming years.

We appreciate our relationships with the sellers and their belief in the longer term prospects for Pacific Basin and its shareholder value. We are delighted to have secured these five excellent ships.”

About Pacific Basin

Pacific Basin Shipping Limited (www.pacificbasin.com) is one of the world's leading owners and operators of modern Handysize and Supramax dry bulk vessels. As at 30 June 2017, the Company operates about 250 dry bulk ships of which 101 are owned and 156 are chartered. Pacific Basin is listed and headquartered in Hong Kong, and provides a quality service to around 500 customers, with approximately 3,000 seafarers and 330 shore-based staff in 12 offices in key locations around the world.

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