

Press Release

Pacific Basin purchases four modern ships 50% funded by new shares issued to ship sellers

Hong Kong, 14 May 2018 – 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 four dry bulk vessels for a total consideration of US\$88.5 million to be 50% funded by equity.

The consideration will take the form of:

- 1) 170,760,137 new Pacific Basin shares (the “new shares”) to be issued to the ships’ sellers amounting to US\$44.29 million in aggregate; and
- 2) US\$44.21 million to be funded from the Group’s cash.

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

The acquisitions relate to:

Ship type	DWT	Year of Build	Expected delivery	Consideration
▪ one secondhand Supramax	58,000	2010	Q1 2019	US\$15.5 million
▪ one resale newbuilding Supramax	64,000	2018	mid-2018	US\$28.0 million
▪ one secondhand Handysize	37,000	2015	Q4 2018	US\$20.5 million
▪ one resale newbuilding Handysize	37,000	2018	Q4 2018	US\$24.5 million

The new shares are to be issued under the Company’s General Mandate, and will in aggregate represent approximately 3.68% of Pacific Basin’s enlarged issued share capital after the allotment and issue of all these new shares.

The issue price of HK\$2.036 per new 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.

Unrelated to these transactions, Pacific Basin also acquired a 2009 Japanese-built 32,000 dwt Handysize log/bulk carrier at the end of April in an all-cash deal with expected delivery in June 2018. Following the delivery of this ship and the four vessels in the above-mentioned transactions, our owned fleet will grow to 111 ships.

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

“Consistent with our previously stated goal of looking at good quality secondhand ships at still historically low prices, these ship purchases represent another attractive opportunity to grow and renew our fleet with modern, efficient vessels built by large, reputable shipbuilders Imabari and Tsuneishi.

The Handysize ships are logs-fitted, and all the ships are of the best design for our trades and will enhance our fleet for the long term. They will also increase further the proportion of our owned versus chartered-in vessels at what we consider an attractive time.

The 2015-built 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 costs and thus benefit our operating cash flow.

The share issue enables immediate 50% equity-based funding of the acquisitions of the four ships and will enhance our operating cash flow, EBITDA and balance sheet strength. The transactions will also lower our P&L breakeven levels and are expected to be accretive to our earnings per share.

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 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 14 May 2018, the Company operates around 230 dry bulk ships of which 106 are owned and the rest chartered. Pacific Basin is listed and headquartered in Hong Kong, and provides a quality service to over 500 customers, with approximately 3,400 seafarers and 330 shore-based staff in 12 offices in key locations around the world.

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