

Press Release

Pacific Basin commits to purchase four modern ships approximately 33% funded by new shares issued to ship sellers

Hong Kong, 17 September 2019 – 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\$73.84 million to be 33% funded by equity.

The consideration will take the form of:

- 1) 105,912,033 new Pacific Basin shares (the “new shares”) to be issued to the ships’ sellers amounting to US\$24.37 million in aggregate; and
- 2) US\$49.47 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	61,400	2012	Oct-Nov 2019	US\$17.50 million
▪ one secondhand Supramax	57,600	2015	Mar-Apr 2020	US\$20.51 million
▪ one secondhand Handysize	35,900	2015	Oct-Nov 2019	US\$17.20 million
▪ one secondhand Handysize	35,900	2015	Mar-Apr 2020	US\$18.63 million

The new shares are to be issued under the Company’s General Mandate, and will in aggregate represent approximately 2.22% of Pacific Basin’s enlarged issued share capital after the allotment and issue of all these new shares.

The issue price of HK\$1.80 per new share issued to the ships’ sellers represents a premium of 5.94% to the average closing price for the last ten trading days immediately prior to the date of the ship acquisition contracts.

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

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

The Handysize ships are logs-fitted, and all the ships are of excellent 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 to be an attractive time.

The three 2015-built ships are currently under our long-term time charter with one expiring in October 2019 and two expiring in 2022, so our purchase of these vessels will replace our charter costs with significantly lower owned vessel cash costs.

The share issue enables immediate 33% equity-based funding of the acquisitions of the four ships and will enhance our operating cash flow, EBITDA and competitive 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. The Company currently owns 115 dry bulk ships. Including chartered ships, we operated an average of 230 Handysize and Supramax ships overall during the first half of 2019. Pacific Basin is listed and headquartered in Hong Kong and provides a quality service to over 500 customers, with approximately 3,800 seafarers and over 330 shore-based staff in 12 offices in key locations around the world.

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