Pacific Basin Shipping Limited

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Board of Directors (the "Board") of Pacific Basin Shipping Limited ("Pacific Basin" or the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016 as follows:

BUSINESS HIGHLIGHTS

Extraordinarily weak dry bulk market conditions during first half 2016

GROUP

- Market freight rates fell further to a record low for dry bulk shipping leading to weak results for the Group
- We booked a net loss of US$49.8 million and positive operating cash flow of US$7.7 million
- Our Handysize daily TCE earnings outperformed the market index by 56%
- We completed a rights issue raising new capital of US$143 million net
- Towage disposals in first half of 2016 have generated cash proceeds of US$12 million
- Our cash position increased to US$406 million with net gearing of 29%
- US$272 million of undrawn committed loan facilities exceeds US$237 million of remaining dry bulk newbuilding capital commitments
- We achieved further reductions in our daily Handysize vessel operating costs and G&A expenses

US$ Million	Six Months Ended 30 June 2016	2015
Revenue	488.4	634.6
Operating cash flow	7.7	58.8
Underlying loss	(61.6)	(14.6)
(Loss)/profit Attributable to Shareholders	(49.8)	5.8
Basic Earnings per share *(HK cents)*	(14.4)	1.7*

* *Adjusted for the 1:1 rights issue completed in June 2016*

Our Fleet (as at 30 June 2016)

	Vessels in operation		Newbuildings on order		Total
	Owned	Chartered	Owned	Chartered	
Handysize	70	59	7	5	141
Supramax	16	65	5	–	86
Post-Panamax	1	1	–	–	2
Total	87	125	12	5	229

FLEET

- We are fully focused on dry bulk with substantially all our long-term assets invested in our market leading Handysize and Supramax business
- We have further reduced our owned Handysize operating costs to US$4,060 per day through scale benefits and good cost control
- We are operating more owned ships enabling greater control and service quality
- We are not entering into new long-term charters, relying instead on our growing fleet of owned and low-cost short-term ships
- We now operate 212 dry bulk ships including 87 owned – in addition, 12 owned newbuildings join our fleet in the next year
- We have covered 58% of our 19,420 Handysize revenue days for second half 2016 at US$7,670 per day net

MARKET/POSITION

- Market rates were undermined by a general seasonal and Chinese New Year slowdown, lingering oversupply and lower Chinese coal imports
- Rates have improved on increasing activity since mid-February driven primarily by South American agricultural exports
- High levels of scrapping and negligible new ship ordering will contribute to a healthier market in time
- Our recent rights issue enhances our ability to safely navigate the protracted challenging environment, attract cargo as a strong partner, and carefully assess and potentially purchase secondhand vessels in the weak market
- We continue to manage our business for a weak market in the medium term – we are driving further cost savings and conducting our business efficiently and safely while astutely combining ships and cargoes to maximise our margins

CHIEF EXECUTIVE'S REVIEW

FINANCIAL RESULTS

In a record low half-year period for dry bulk shipping, Pacific Basin made a net loss of US$49.8 million (2015: US$5.8 million net profit) and a positive operating cash flow of US$7.7 million (2015: US$58.8 million). Basic EPS was a negative 14.4 cents.

RIGHTS ISSUE STRENGTHENS LIQUIDITY

We successfully completed a one-for-one rights issue in June raising US$143 million (after expenses) of new capital. Pursuing a rights issue is not easy in this very weak market and it is a reflection of our sector-leading business model and corporate and financial profile that we were able to do it. We consider the rights issue to have been an equitable way to strengthen our balance sheet and liquidity position, further increasing our profile as a preferred carrier for our cargo customers while enhancing the value of our Company overall.

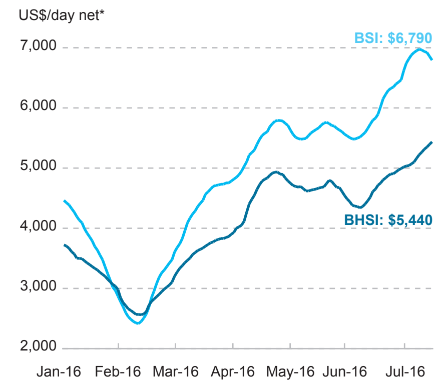
PERFORMANCE OVERVIEW

We generated average Handysize and Supramax daily TCE earnings of US$6,080 and US$5,910 per day net, outperforming the BHSI and BSI indices by 56% and 29% respectively. The TCE premium we generate is due mainly to our ability to draw on our experienced teams, global office network, strong cargo support and large fleet of high-quality substitutable ships in a way that optimises ship and cargo combinations for maximum utilisation.

As stated in our first quarter trading update, dry bulk freight market indices continued in early 2016 to decline to new record lows for all bulk carrier types since Baltic indices began in 1985. Freight earnings conditions are estimated to have been as poor as those of the early 1970s and the Supramax segment was especially hard hit resulting in average Supramax rates falling below Handysize rates. Freight rates were undermined by a general seasonal and Chinese New Year slowdown in demand, lingering oversupply of dry bulk tonnage and lower Chinese imports of coal.

Increased activity since mid-February has supported improved market freight rates with Supramax rates returning to a premium over Handysize rates. Growth was recorded in Chinese grain, bauxite and copper concentrates imports. Chinese steel exports remained at high levels following strong growth in 2015, and Chinese imports of seven key minor bulks grew by 4% year on year.

Baltic Handysize Index (BHSI) & Baltic Supramax Index (BSI)



* excludes 5% commission
Source: Baltic Exchange, data as at 27 July 2016

We have been working hard with our customers around the world to further develop our core trades and routes for even greater fleet utilisation. As ship operators and owners with greater control of all processes from crewing and maintenance to dealing with the commodity end users, we are able to fine-tune every activity benefitting our customers and ourselves. We continue to look for ways to improve our systems and processes for better performance and results. For example, as charters expire, we are replacing inward chartered ships with higher quality vessels for an improved fleet efficiency overall. We remain focused on safe and cost-efficient operations and scale benefits, which have contributed to a reduction in both our daily Handysize vessel operating costs and shore-side G&A expenses compared to last year.

FUNDING & BALANCE SHEET

The rights issue reflects our prudent financial planning and represents a valuable shot in the arm for the Company. Raising net proceeds of US$143 million removes any doubt about our ability to safely navigate the protracted challenging environment. Instead, it puts us in an advantageous position: the new shareholder equity raised ahead of the expected October 2016 put of US$124 million of our 2018 convertible bonds leaves our existing cash intact to cover general working capital needs, and it enhances our ability as a strong partner to attract cargo and to carefully assess and potentially purchase secondhand vessels in the weak market.

As at 30 June 2016, we had cash and deposits of US$406 million, net borrowings of US$466 million and net gearing of 29%. We remain in compliance with our loan covenants. We also had US$272 million of committed but undrawn loan facilities – mainly attractive Japanese export credit – which exceeds the US$237 million of remaining payments due on our 12 Japanese newbuildings still to deliver.

Our cash position, the successful rights issue, our robust business model and our solid track record are all attributes that contribute to the strong corporate profile that sets us apart as a preferred, strong, reliable and safe partner for customers and other stakeholders in these weak market conditions.

STRATEGY AND POSITION

SOLID STRATEGY WITH A STRONG COMPETITIVE EDGE

Having divested out of non-core businesses in recent years, we are now fully focused on our world-leading Handysize and Supramax dry bulk business where we have developed a strong competitive edge, underpinned by 99 high-quality owned ships (including newbuildings) which make up the best fleet we have ever had.

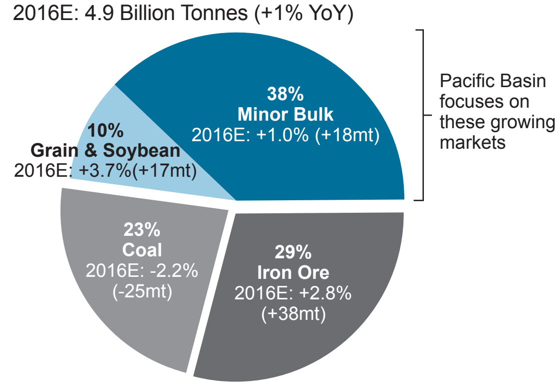
We have a solid strategy – to be the best operator in our space and achieve high laden utilisation and premium TCE earnings by leveraging all the key attributes of our business model – and we remain committed to our minor bulk shipping sphere.

RESILIENT MINOR BULK

Analysts often focus on iron ore and coal and the fact that the outlook for those segments is challenging. However, the cargoes we focus on – minor bulks and grain – together represent 48% of global dry bulk volumes and are still expected to grow. Minor bulk demand is less dependent on China and has a more diversified geographical, cargo and customer profile. This allows for the combination of trades to achieve higher laden utilisation, which is exactly our strategy and how we can deliver value over average market earnings.

Minor Bulk is Not So Minor

Global Dry Bulk Trade:
2016E: 4.9 Billion Tonnes (+1% YoY)



Source: Clarksons Platou, Data as at 1 July 2016

SHRINKING ORDERBOOK

The average age of the global Handysize fleet is higher than in other segments which will help drive scrapping. In view of the weak freight environment and outlook, and the significant gap between newbuilding and secondhand prices, there has been negligible Handysize and Supramax new ship ordering this year. While the dry bulk orderbook for 2016 remains relatively large, deliveries in the next few years will be significantly reduced. Combined with current high levels of scrapping, this will lead to a healthier supply/demand balance in due course.

With better demand and supply fundamentals compared to the larger dry bulk ships, we consider ourselves to be in the right dry bulk segments.

PROMOTING SCRAPPING

Older ships and ships of poor design have typically generated negative cash flows in the recent extremely weak markets and, instead of prolonging the lives of such ships by investing further in repairs, dry-dockings and ballast water treatment systems, our industry should scrap them to shrink the oversupply.

HIGHER OIL PRICES A POSITIVE FACTOR

Higher oil prices are positive for the freight market as increased fuel prices reduce the sensitivity of ship operating speeds to increasing freight rates. This allows freight rates room to recover without being undermined by faster speeds which increase supply.

LIMITED EXPOSURE TO TOWAGE

Our limited remaining towage activity is focused in the Middle East where we are operating five tugs and two barges in the oil and gas and construction sectors. Our remaining towage assets have a net book value of approximately US$18 million and we continue to market them for sale.

Our towage disposals in the year to date have generated cash proceeds of US$12 million.

MANAGING FOR A CONTINUED WEAK DRY BULK MARKET IN THE MEDIUM TERM

Despite the boost provided by our rights issue and our belief that supply-side corrections are beginning to lay the foundations for an eventual market improvement, we cannot in any way relax. We are continuing to manage for a weak market in the medium term, driving further cost savings and conducting our business efficiently and safely while astutely combining ships and cargoes to maximise our margins.

With our experienced staff, robust business model and strengthened balance sheet and liquidity, we are well positioned to navigate this extremely weak market and to benefit from a cyclical upturn when it comes. We thank you for your continued support.

Mats Berglund
Chief Executive Officer

Hong Kong, 29 July 2016

POSSIBLE MARKET DRIVERS IN THE MEDIUM TERM

OPPORTUNITIES

- Increased ship scrapping and lay-up encouraged by low freight rates, costly dry-dockings and new ballast water treatment requirements
- Negligible new ship ordering, shrinking orderbook, more shipyard failures and significant deliveries shortfall driven by weak market and reduced lending and investment
- Low commodity prices stimulating re-stocking and demand for dry bulk imports
- Continued strong Asian demand for long-haul South American agricultural exports
- Higher fuel oil prices encouraging continued slower ship operating speeds even when freight rates increase
- Diverse minor bulks and grain (48% of global dry bulk) are still expected to grow while less dependent on China

THREATS

- Further reduction in Chinese industrial growth impacting demand for dry bulk shipping
- Slower economic growth in the US and OECD countries
- Increased protectionism favouring domestic supplies over foreign imports, especially Chinese steel
- Increased new ship ordering if subsidies support shipbuilding at loss-making prices
- Insufficient scrapping to offset new ship deliveries and weaker demand
- Continued low fuel prices supporting faster ship operating speeds which increases supply

MARKET & BUSINESS REVIEW

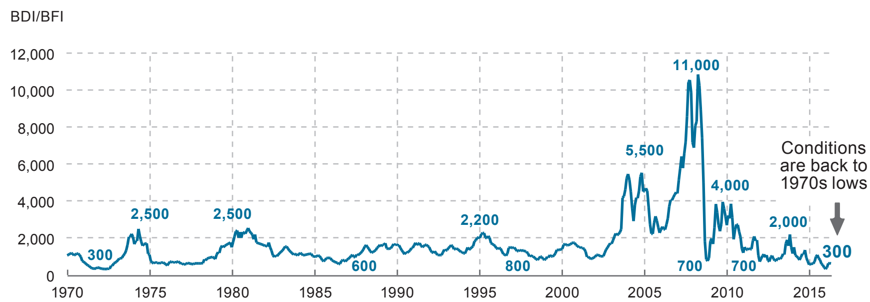
DRY BULK MARKET REVIEW

FREIGHT MARKET SUMMARY

Handysize and Supramax spot market rates averaged US$3,900 and US$4,570 per day net respectively in the first half of 2016, representing a 22% and 27% decline in average earnings year on year.

Baltic dry bulk freight market indices continued to decline in early 2016 to new record lows for all bulk carrier types which, in February, all recorded TCE earnings of less than US$3,000 per day. Such level of earnings is below cash operating expenses and conditions are estimated to have been as poor as those of the early 1970s.

Dry Bulk Freight Market since 1970



Source: Pacific Basin (pre-1985 estimates), Baltic Exchange (1985 onwards)

Freight rates were undermined mainly by a general seasonal and Chinese New Year slowdown in demand, lingering oversupply of dry bulk tonnage and lower Chinese imports of coal.

Increased activity after mid-February supported improved market freight rates – more notably in the Atlantic due primarily to increased South American grain exports – albeit from a very low base and resulting in a very weak half-year period overall for dry bulk shipping.

KEY SUPPLY DEVELOPMENTS

The global fleet of 25,000-40,000 dwt Handysize and 50,000-60,000 dwt Supramax ships grew 1.4% net and 2.3% net respectively during the half year, and there has been negligible net growth in the dry bulk fleet overall since the seasonal surge in new ship deliveries in January.

Following a similar pattern to last year, new ship deliveries in the first half represented 3.6% of existing dry bulk capacity and full-year deliveries are projected to fall significantly short of the scheduled orderbook.

All-time low freight earnings encouraged increased scrapping to 1.8% of existing dry bulk capacity in the first quarter – a level not seen in over 30 years. The second quarter saw a reduced pace of scrapping due to improved freight market conditions. In the half year overall, shipowners opted to delete 2.8% of total dry bulk capacity and 2.5% of Handysize capacity rather than continue to operate their older or poorly designed ships in such depressed trading conditions.

For the first time since the 1980s, we observed a meaningful number of vessels withdrawn from the market for short-term idling or longer-term lay-up.

SHIP VALUES

Values of benchmark five year old and newbuilding Handysize bulk carriers have reduced by 2% and 5% since the start of the year to US$9.3 million and US$19.5 million respectively as estimated by Clarksons Platou, and they appear to have stabilised. The significant gap between newbuilding and secondhand prices continues to discourage new ship ordering activity which will benefit freight market fundamentals in the future.

Cancelled or abandoned newbuildings especially from Chinese shipyards are occasionally marketed for sale by shipbuilders at significant discounts.

KEY DEMAND DEVELOPMENTS

Year on year, Clarksons Platou estimate dry bulk shipping demand in the first quarter to have increased by 0.4%. Key drivers through the first half included increased iron ore exports – especially from Brazil – as well as growth in Chinese steel exports and bauxite and copper concentrates imports, and strong exports of long-haul South American agricultural products.

Chinese imports of seven key minor bulks increased by 5 million tonnes or 4% year on year, reflecting slower growth in Chinese industrial output.

Having declined significantly in early 2015, coal volumes have been steadier since a year ago. Reduced bauxite exports from Malaysia have been largely offset by growth in longer haul volumes from Guinea and other Atlantic exporters. US petcoke exports in January to April increased 6% year on year driven by strong growth in Indian demand which has more than offset a decline in volumes to China.

Despite the marginally positive year-on-year demand data, a typical seasonal fall in dry bulk trade volumes from the last quarter of 2015 to the first quarter of 2016 contributed to record low freight rates in the first quarter. Overall dry bulk demand improved in the second quarter, particularly in the Atlantic due primarily to increased South American grain exports.

ORDERBOOK

The dry bulk orderbook has reduced to 15% from 18% a year ago. New ordering for most dry bulk ship types was negligible in the first half of the year which is further increasing pressure on underutilised shipyards. New orders were substantially limited to thirty Valemax ore carriers dedicated to Vale's own iron ore export trades and primarily built to replace an ageing Very Large Ore Carrier fleet.

The significant orderbook shortfall and slippage continues, and we expect new ship deliveries in the full year 2016 to be similar to last year's 49 million deadweight tonnes. We expect the absence of new ordering to result in significantly reduced new ship deliveries from next year onwards.

OUR PERFORMANCE

Our core dry bulk business generated a net loss of US$60.4 million (2015: net loss US$15.4 million) in what was a record low half-year period for dry bulk market rates.

In the challenging market conditions, we generated daily earnings that outperformed the BHSI and BSI indices by 56% and 29% respectively and continued to maintain good control of our vessel operating costs.

DRY BULK OPERATING PERFORMANCE

US$ Million	Six months ended 30 June 2016	2015	Change
Handysize Contribution	(30.2)	(0.6)	>-100%
Supramax Contribution	(6.8)	10.4	>-100%
Post-Panamax Contribution	2.7	2.7	–
Dry Bulk operating performance before overheads	(34.3)	12.5	>-100%
Overheads and tax	(26.1)	(27.9)	+6%
Dry Bulk net loss	(60.4)	(15.4)	>-100%
Dry Bulk vessel net book value	1,577.9	1,535.0	+3%

+/- Note: *In our tabulated figures, positive changes represent an improving result and negative changes represent a worsening result.*

OUR DRY BULK CARGO VOLUMES IN 1H 2016

Minerals

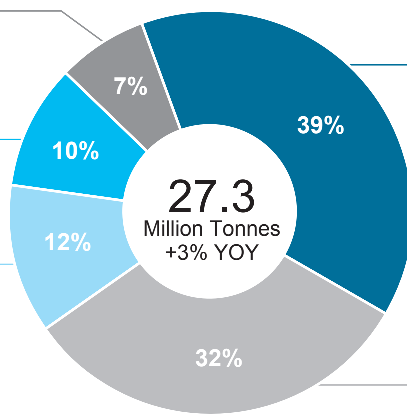
Sand & Gypsum	3%
Salt	3%
Soda Ash	1%

Energy

Petcoke	5%
Coal	4%
Wood Pellets	1%

Metals

Concentrates & Other Metals	7%
Ores	3%
Alumina	2%



Construction Materials

Steel & Scrap	15%
Logs & Forest Products	14%
Cement & Cement Clinkers	10%

Agricultural Products and Related

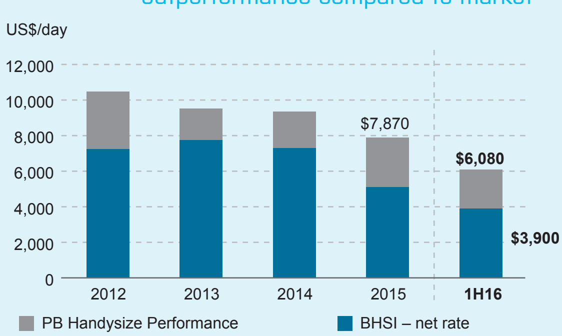
Grains & Agriculture Products	19%
Fertiliser	8%
Sugar	5%

KEY PERFORMANCE INDICATORS KPI

Performance vs Market

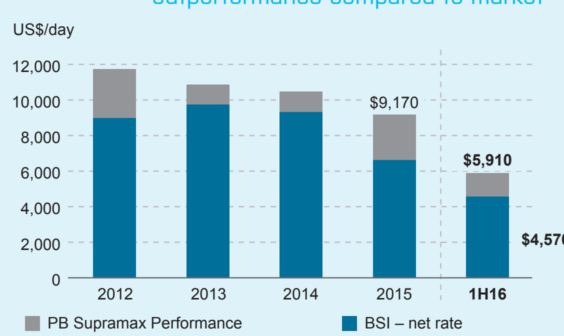
Handysize

56% 1H2016 outperformance compared to market



Supramax

29% 1H2016 outperformance compared to market

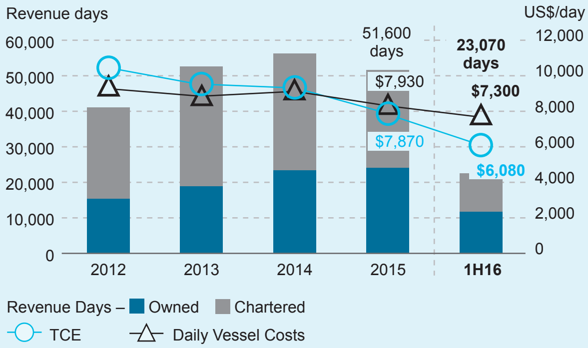


- Our 56% and 29% outperformance in first half 2016 compared to spot market indices reflects the value of our fleet scale and cargo book, and our ability to optimise cargo combinations and match the right ships with the right cargoes.

Profitability

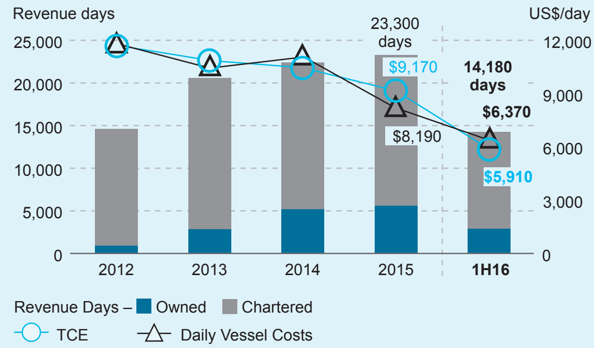
Handysize

US$(30.2)m contribution



Supramax

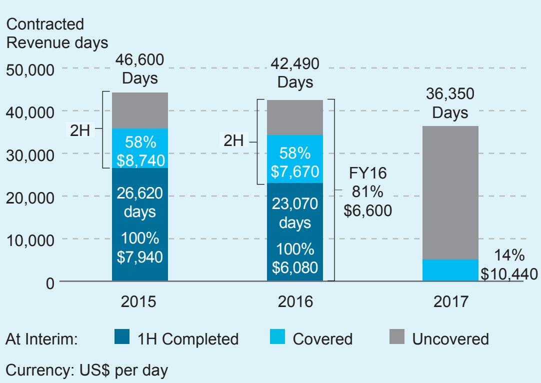
US$(6.8)m contribution



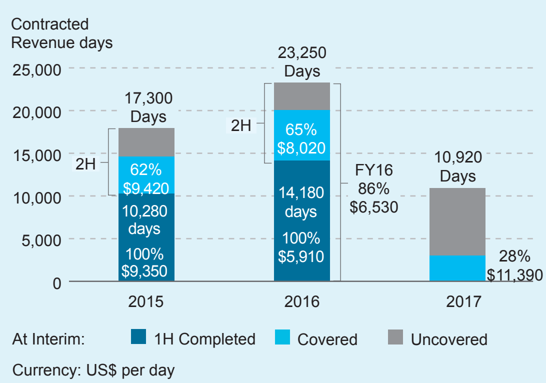
- We generated Handysize daily earnings of US$6,080 with daily costs of US$7,300 on 23,070 revenue days.
- Our Handysize and Supramax results were under pressure in the weak market resulting in negative contributions despite our strong premium.
- We operated an average of 129 Handysize and 79 Supramax ships resulting in a 13% reduction and 39% increase in our Handysize and Supramax revenue days year on year.
- We are redelivering expiring medium- and long-term chartered vessels to gradually lower our charter-in costs, relying instead on our growing fleet of owned ships and low-cost shorter-term and index-linked charters.

Future Earnings and Cargo Cover

Handysize



Supramax



- We have covered 58% and 65% of our 19,420 Handysize and 9,070 Supramax revenue days currently contracted for the second half of 2016 at US$7,670 and US$8,020 per day respectively.

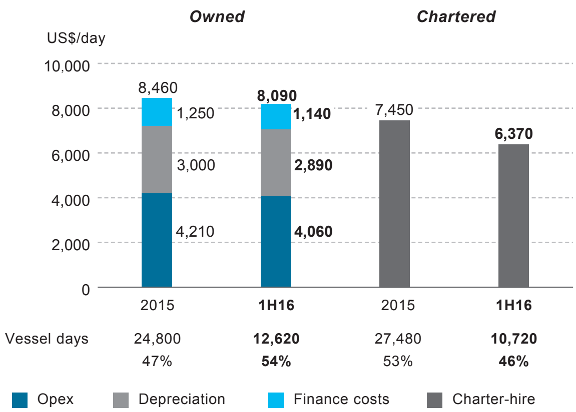
  (cargo cover excludes revenue days related to inward-chartered vessels on variable, index-linked rates)
- While ship operators such as ourselves typically face significant exposure to the spot market, our contract cover provides a degree of earnings visibility.

ANALYSIS OF DAILY VESSEL COSTS

Handysize Daily Vessel Costs

Blended US$7,300 (FY2015: US$7,930)

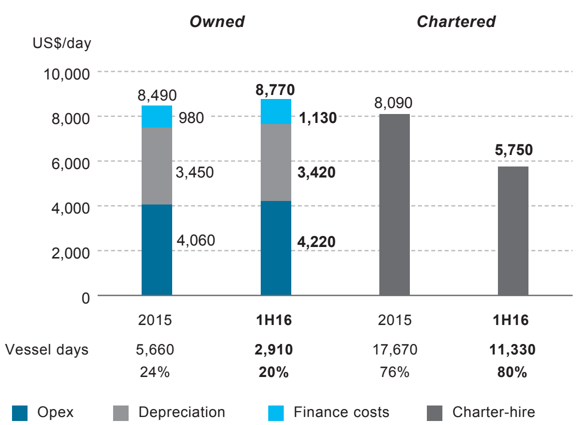
(excluding overheads)



Supramax Daily Vessel Costs

Blended US$6,370 (FY2015: US$8,190)

(excluding overheads)



The cost of owning and operating dry bulk ships is the major component of our Group's total costs, and our ability to maintain good control of our "daily vessel costs" has a significant bearing on our operating margins and our financial performance overall. We provide below a short analysis of our daily vessel costs for a better understanding of their components and development.

Opex – The daily opex element of our vessel costs decreased 4% for Handysize mainly due to crewing and procurement cost efficiencies, while increasing 4% for Supramax mainly due to a few one-off repair and maintenance costs.

Depreciation – Daily Handysize depreciation (including capitalisation of dry-docking costs) decreased due to the redelivery on expiry in December 2015 of finance leased vessels with higher depreciation costs.

Finance costs – Our owned Handysize vessels' daily P/L and cash finance costs were US$1,140 and US$870 respectively, and our Supramax daily P/L and cash finance costs were US$1,130 and US$1,040 respectively. The difference between the P/L and cash finance costs reflects the difference in the coupon and effective interest rate of our convertible bonds. Our Handysize daily finance costs reduced compared to 2015 while Supramax daily finance costs increased due to the allocation of more convertible bonds interest to this vessel type as more Supramax owned newbuildings deliver.

Charter-hire – Our chartered Handysize vessels' daily P/L and cash charter-hire costs were US$6,370 and US$7,280 respectively, and our Supramax daily P/L and cash charter-hire costs were US$5,750 and US$6,110 respectively. The difference between the P/L and cash charter-hire costs reflects the write-back of onerous contract provisions made in 2014 relating to the 2016 element of our charter commitments.

Chartered-in days represented 46% and 80% of our total Handysize and Supramax vessel days respectively. Our Handysize chartered-in days decreased 28% to 10,720 days (2015: 14,820 days) while our Supramax chartered-in days increased 50% to 11,330 days (2015: 7,570 days). Our Supramax fleet benefitted in the weak market from its larger proportion of low-cost short-term chartered-in ships and the redelivery of more expensive vessels.

Daily cash cost – Our average owned and chartered daily cash cost excluding overheads was US$6,010 (2015: US$6,730) for our Handysize fleet and US$5,940 (2015: US$7,880) for our Supramax fleet.

Overheads – Our dry bulk direct staff overheads and office costs, along with all overheads categorised as indirect overheads, amounted to US$25.6 million (2015: US$27.9 million). Spread across our vessel days, the aggregate overheads translated into a daily cost of US$680 per ship per day (2015: US$750 per day).

The Group's total administrative expenses amounted to US$27.4 million (2015: US$30.4 million). The year-on-year saving of US$3.0 million reflects the reduction in costs after the disposal of most of our non-dry bulk operations and a range of cost savings initiatives undertaken during the period.

During the period, we secured 1,630 Handysize vessel days (2015: 4,470 days) and 200 Supramax vessel days (2015: 750 days) via variable-rate, inward charters with rates linked to the Baltic Handysize and Supramax indices. These index-linked vessels represented 15% and 2% of our chartered Handysize and Supramax vessel days respectively.

Our fleet of owned dry bulk vessels experienced an average 1.5 days (FY2015: 2.2 days) unplanned technical off-hire per vessel during the period.

FUNDING

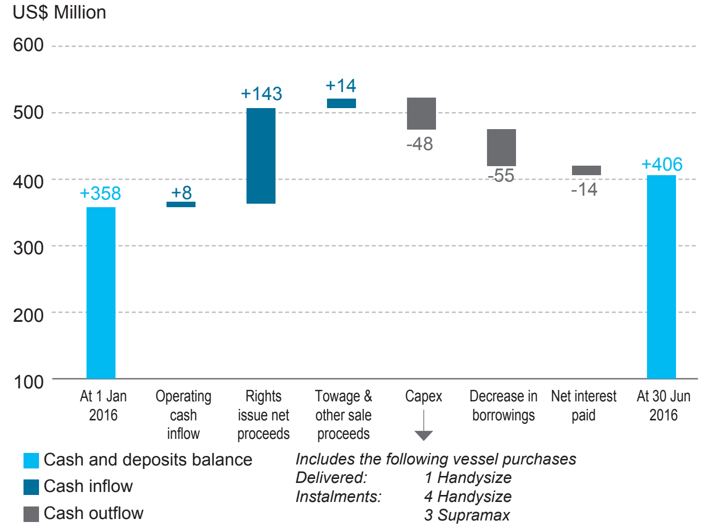
CASH FLOW AND CASH

The Group's four main sources of funds are operating cash flows, bank loans, convertible bonds and equity. The major factors influencing future cash balances are operating cash flows, purchases of dry bulk vessels, sale of assets, and drawdown and repayment of borrowings.

As part of the ordinary activities of the Group, the Treasury function actively manages the cash and borrowings of the Group to ensure sufficient funds are available to meet the Group's commitments and an appropriate level of liquidity is maintained during different stages of the shipping cycle.

Over the long term, the Group aims to maintain a consolidated net gearing of no greater than 50% – defined as the ratio of net borrowings to net book value of property, plant and equipment – which we believe is appropriate over all stages of the shipping cycle.

Sources and Uses of Group Cash in 1H 2016



CURRENT POSITION AND OUTLOOK

In the first half of 2016:

- We raised US$143 million of cash after expenses through the issue of rights shares at the subscription price of HK$0.60 per rights share on the basis of one rights share for every one existing share.
- Borrowings decreased by US$55 million, after:
  - The 2016 convertible bonds principal repayment of US$106 million upon its maturity in April.
  - Our net repayment of US$22 million of bank borrowings and revolving facilities.
  - We drew down US$73 million under our Japanese export credit facilities in respect of four delivered newbuildings.
- We received sale proceeds of US$14 million for Towage and other non-core assets.

As at 30 June 2016:

- The Group's cash and deposits were US$406 million reflecting a 29% net gearing ratio.
- Our undrawn committed borrowing facilities of US$272 million comprise:
  - US$238 million of Japanese export credit facilities for our newbuilding commitments of US$237 million payable over the next year.
  - US$34 million of other secured borrowing facilities.
- Our unmortgaged vessels comprised towage assets with a net book value of US$18 million and three dry bulk vessels.
- Cash and deposits, undrawn committed borrowing facilities and operating cash flows will enable us to fund the following payment obligations:
  - US$124 million of our bank borrowings due between the second half of 2016 and 2017.
  - The 2018 convertible bonds principal repayment of US$124 million in October 2016 if all bondholders exercise their rights to redeem the bonds at 100% of the principal amount.

CASH AND DEPOSITS

The split of current and long-term cash, deposits and borrowings is analysed as follows:

US$ Million	30 June 2016	31 December 2015	Change
Cash and deposits	406.0	358.3	
Restricted bank deposits – non-current	0.1	0.1	
Total cash and deposits	**406.1**	358.4	+13%
Current portion of long-term borrowings	(198.0)	(292.7)	
Long-term borrowings	(674.2)	(633.3)	
Total borrowings	**(872.2)**	(926.0)	+6%
Net borrowings	(466.1)	(567.6)	+18%
Net borrowings to net book value of property, plant and equipment KPI	29%	35%	
Net borrowings to shareholders' equity	44%	59%	
Net working capital	182.9	40.8	>100%

Treasury is permitted to invest in a range of cash and investment products subject to limits specified in the Group Treasury Policy. These include overnight and term deposits, money market funds, liquidity funds, certificates of deposit, structured notes and currency-linked deposits.

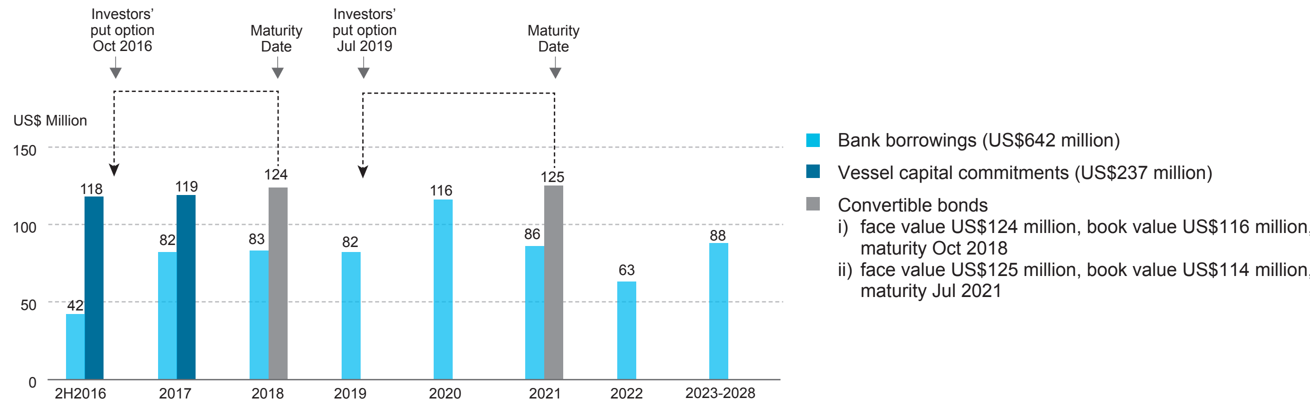
Treasury enhances Group income by investing in a mix of financial products, based on the perceived balance of risk, return and liquidity. Cash, deposits and investment products are placed with a range of leading banks, mainly in Hong Kong.

The Group's cash and deposits at 30 June 2016 comprised US$393.8 million in United States Dollars and US$12.3 million in other currencies. They are primarily placed in liquid deposits of three months or less and saving accounts to maintain the liquidity to meet the Group's vessel purchase commitments and working capital needs.

During the first half of 2016, Treasury achieved a 0.8% return on the Group's cash.

BORROWINGS

Schedule of Repayments and Vessel Capital Commitments



The Group's Treasury function arranges financing by leveraging the Group's balance sheet to optimise the availability of cash resources of the Group. The aggregate borrowings of the Group at 30 June 2016, which comprise bank borrowings and the liability component of convertible bonds, amounted to US$872.2 million (31 December 2015: US$926.0 million) and are denominated in United States Dollars.

BANK BORROWINGS – US$642.3 MILLION (31 DECEMBER 2015: US$593.5 MILLION)

Bank borrowings are in the functional currency of the business segment to which they relate. The overall increase in bank borrowings is mainly due to the drawdowns under our Japanese export credit facilities, partially offset by scheduled loan amortisation.

In the first half of 2016, we drew down US$73.1 million secured on four vessels under our committed Japanese export credit facilities, leaving loans of US$98.3 million and US$139.7 million which are expected to be drawn in the second half of 2016 and in 2017 respectively upon the delivery of our 12 newbuildings under construction.

The Group monitors the loans-to-asset value requirements on its bank borrowings. If the market values of the Group's mortgaged assets fall below the level prescribed by our lenders, the Group may pledge additional cash or offer other additional collateral unless the banks offer waivers for technical breaches.

As at 30 June 2016:

- The Group's bank borrowings were secured by mortgages over 79 vessels with a total net book value of US$1,346.6 million and an assignment of earnings and insurances in respect of these vessels.
- Our unmortgaged vessels comprised towage assets with a net book value of US$18.2 million and three dry bulk vessels.
- The Group was in compliance with all its loans-to-asset value requirements.
- Our undrawn committed borrowing facilities were US$272.3 million, including US$238.0 million of Japanese export credit facilities aforementioned and US$34.3 million of other secured borrowing facilities for drawdown in the second half of 2016.

P/L impact:

The decrease in interest (after capitalisation) to US$10.3 million (1H 2015: US$11.2 million) was mainly due to a decrease in average bank borrowings to US$520.5 million (1H 2015: US$574.2 million). Certain bank borrowings are subject to floating interest rates but the Group manages these exposures by using interest rate swap contracts.

CONVERTIBLE BONDS – LIABILITY COMPONENT IS US$229.9 MILLION (31 DECEMBER 2015: US$332.5 MILLION)

The 1.75% p.a. coupon April 2016 convertible bonds with an outstanding principal of US$105.6 million were fully repaid upon its maturity in April this year. Its liability component at 31 December 2015 was US$105.1 million.

As at 30 June 2016, the liability components of the remaining two convertible bonds, namely the 1.875% p.a. coupon October 2018 convertible bonds and the 3.25% p.a. coupon July 2021 convertible bonds, were US$115.6 million and US$114.3 million respectively (31 December 2015: US$113.9 million and US$113.5 million).

During the period, the Group raised US$142.8 million of cash after expenses through the issue of rights shares at the subscription price of HK$0.60 per rights share on the basis of one rights share for every one existing share. Majority of such proceeds are currently intended to be used for the repayment of the 2018 convertible bonds in October 2016 if bondholders exercise their rights to redeem the bonds at 100% of the principal amount.

P/L impact:

The US$7.4 million (1H 2015: US$7.7 million) interest expense of the convertible bonds is calculated at an effective interest rate of 5.2% (1H 2015: 4.9%).

FINANCE COSTS

FINANCE COSTS BY NATURE

US$ Million	Average interest rate P/L	Cash	Balance at 30 June 2016	Finance costs 1H 2016	1H 2015	(Increase)/ decrease in finance costs
Bank borrowings (including realised interest rate swap costs)	3.9%	3.9%	642.3	**10.3**	11.2	8%
Convertible bonds (Note)	5.2%	2.4%	229.9	**7.4**	7.7	4%
	4.4%	3.4%	872.2	**17.7**	18.9	6%
Finance lease liabilities				**–**	0.6	
Unrealised interest rate swap income				**(0.8)**	(0.7)	
Other finance charges				**1.1**	0.7	
Total finance costs				**18.0**	19.5	7%
Interest coverage (calculated as EBITDA divided by total gross finance costs) KPI				**N/A**	2.1x	

Note: The convertible bonds have a P/L cost of US$7.4 million and a cash cost of US$3.7 million.

The KPIs on which management focuses to assess the cost of borrowings are average interest rates for the sources of borrowings and the Group's interest coverage (see table above).

The Group aims to achieve a balance between floating and fixed interest rates on its long-term borrowings. This is adjusted from time to time, depending on the interest rate cycle, using interest rate swap contracts where appropriate. During the period, US$2.4 million of interest rate swap contract costs were realised and US$0.8 million of unrealised gains arose resulting in a net US$1.6 million swap contract charge. As at 30 June 2016, 23% (31 December 2015: 16%) of the Group's long-term borrowings were subject to floating interest rates. As at 31 December 2016 and 2017, we expect about 30% of the Group's existing and committed long-term borrowings will be subject to floating interest rates.

DELIVERED VESSELS

As at 30 June 2016, the Group had delivered vessels with a net book value of US$1,529 million as follows:

		Number	Average size (dwt tonnes)	Average age (years)	Average net book value (US$ Million)	Total net book value (US$ Million)
Dry Bulk	Handysize	70	32,100	9.4	15.9	1,110
Dry Bulk	Supramax	16	55,400	7.4	22.2	355
Dry Bulk	Post-Panamax	1	115,500	5.0	46.3	46
Towage	Tugs & Barges	7	N/A	8.6	2.6	18

Precise vessel market values are difficult to determine when buying interest is limited in uncertain shipping markets. Latest estimated fair market values published by Clarksons Platou are US$9.3 million and US$13.0 million for 5-year old 32,000 dwt Handysize and 56,000 dwt Supramax vessels respectively.

Certain tugs and barges are denominated in their functional currency of the Australian Dollar, and hence their US Dollar carrying values and commitments are subject to exchange rate fluctuations.

VESSEL COMMITMENTS

As at 30 June 2016, the Group had vessel commitments of US$236.7 million. These vessels are scheduled to deliver to the Group between August 2016 and May 2017.

These commitments, along with future potential vessel acquisitions, will be financed by a combination of cash generated by the Group's operations, existing cash and committed long-term borrowings.

US$ Million	Number	2H16	2017	Total
Contracted and authorised commitments				
Handysize	7	68.9	67.4	136.3
Supramax	5	48.8	51.6	100.4
	12	117.7	119.0	236.7
Funding				
Planned drawdown of committed Japanese export credit facilities		(98.3)	(139.7)	(238.0)

At 30 June 2016, the Group had options to purchase 11 Handysize, 3 Supramax and 1 Post-Panamax vessels at predetermined times and prices during the period of their leases. These options are not expected to be exercised under the current market conditions.

VESSEL OPERATING LEASE COMMITMENTS

Vessel operating lease commitments stood at US$616.8 million (31 December 2015: US$675.4 million), comprising US$407.8 million for Handysize, US$176.5 million for Supramax and US$32.5 million for Post-Panamax.

Our Handysize operating lease committed days decreased 11% to 38,330 days (31 December 2015: 42,980 days) while our Supramax operating lease committed days increased 7% to 16,110 days (31 December 2015: 15,010 days).

Onerous Contract Provisions

Year	Handysize	Supramax	US$ Million Total
2H16	9.8	4.1	13.9
2017	20.4	6.2	26.6
2018	16.7	1.6	18.3
2019	7.0	–	7.0
Total	53.9	11.9	65.8

The Group wrote back US$9.8 million and US$4.1 million for Handysize and Supramax onerous contract provisions in the first six month of 2016 following the utilisation of this elements of the charters. At 30 June 2016, there remains a provision of US$53.9 million for Handysize and US$11.9 million for Supramax time charter contracts substantially expiring during a four-year period and whose charter rates are higher than the expected earnings for the remaining charter periods. The provisions will be released back to the income statement in the periods in which the charter payments for these vessels are due (see table above).

COMMITMENTS EXCLUDING INDEX-LINKED VESSELS

The following table shows the average contracted daily charter rates and the total vessel days of our chartered-in Handysize and Supramax vessels during their remaining operating lease terms by year, assuming the purchase options will not be exercised until the expiry of the charter-hire agreements.

	Handysize			Supramax		
		Average daily rate			Average daily rate	
Year	Vessel days	Before provision write-back (US$)	After provision write-back (US$)	Vessel days	Before provision write-back (US$)	After provision write-back (US$)
2H16	5,300	9,550	7,710	5,430	7,410	6,660
2017	8,460	10,340	7,930	3,300	12,120	10,210
2018	6,940	10,930	8,530	2,790	13,130	12,560
2019	6,430	11,000	9,910	2,190	13,180	N/A
2020	4,030	11,050	N/A	1,610	13,060	N/A
2021+	7,170	10,960	N/A	790	12,380	N/A
Total	38,330			16,110		
Aggregate operating lease commitments		US$407.8m			US$176.5m	

COMMITMENTS INCLUDING INDEX-LINKED VESSELS

Our fixed, after provision, rate and variable rate index-linked lease commitments showing first six months completed and 2016 and 2017 outstanding lease periods can be analysed as follows:

	1H2016		2H2016		2017	
Handysize	Vessel Days	Average daily rate (US$)	Vessel Days	Average daily rate (US$)	Vessel Days	Average daily rate (US$)
Long-term (> 1 year)	4,490	8,110	4,670	7,970	8,460	7,930
Short-term	4,600	5,450	630	5,820	–	–
Index-linked	1,630	4,150	1,250	Market rate	140	Market rate
Total	10,720	6,370	6,550		8,600	
Supramax						
Long-term (> 1 year)	1,650	10,240	1,870	8,950	3,100	10,500
Short-term	9,480	4,990	3,560	5,460	200	5,650
Index-linked	200	4,540	150	Market rate	–	–
Total	11,330	5,750	5,580		3,300	

Index-linked vessel operating lease commitments refer to leases with market-linked variable charter rates. The variable charter rates are linked to the Baltic Handysize Index or Baltic Supramax Index (as applicable) and adjusted to reflect differences in the vessels' characteristics compared to Baltic indices reference vessels. Vessels we chartered are typically larger and more fuel efficient than index reference vessels.

FINANCIAL STATEMENTS

GROUP PERFORMANCE REVIEW

	Six months ended 30 June		
US$ Million	**2016**	**2015**	Change
Revenue	**488.4**	634.6	-23%
Cost of services	**(529.7)**	(623.6)	+15%
Gross (loss)/profit	**(41.3)**	11.0	>-100%
Dry Bulk	**(60.4)**	(15.4)	>-100%
Towage	**(0.1)**	1.4	>-100%
Others	**(1.1)**	(0.6)	-83%
Underlying loss	**(61.6)**	(14.6)	>-100%
Unrealised derivative income	**13.7**	16.7	
Sale of towage assets	**(1.9)**	3.7	
(Loss)/profit attributable to shareholders	**(49.8)**	5.8	>-100%
EBITDA	**(8.3)**	41.5	>-100%
Net profit margin	**(10%)**	1%	-11%
Return on average equity employed	**(5%)**	1%	-6%

+/- Note: In our tabulated figures, positive changes represent an improving result; negative changes represent a worsening result.

The main drivers of our results in the first six months of 2016 were as follows:

- Revenue and cost of services decreased by 23% and 15% respectively mainly due to:
  - a record low half-year period for dry bulk shipping;
  - replacing expiring long-term chartered-in vessels with more lower cost short-term chartered-in vessels; and
  - significantly lower bunker prices.
- Loss attributable to shareholders was affected by:
  - an unrealised derivative accounting gain of US$13.7 million mainly from completed prior year bunker swap contracts; offset by
  - a net loss of US$1.9 million from tug disposals; and
  - release of an exchange loss of US$0.6 million from reserves upon repayment of shareholder loans by subsidiaries after the tug disposals.

EBITDA and underlying earnings were negative due to the extremely weak market conditions.

Our cash and deposits at 30 June 2016 increased to US$406.1 million (31 December 2015: US$358.4 million) with net gearing of 29% (31 December 2015: 35%).

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2016	2015
	Note	**US$'000**	US$'000
Revenue		**488,377**	634,556
Cost of services		**(529,712)**	(623,616)
Gross (loss)/profit		**(41,335)**	10,940
General and administrative expenses		**(3,157)**	(3,320)
Other income and gains		**14,054**	16,153
Other expenses		**(1,903)**	(1,196)
Finance income		**942**	2,960
Finance cost		**(18,027)**	(19,461)
Share of profits less losses/impairment of joint ventures		**–**	178
(Loss)/profit before taxation	4	**(49,426)**	6,254
Taxation	5	**(372)**	(499)
(Loss)/profit attributable to shareholders		**(49,798)**	5,755
Earnings per share for (loss)/profit attributable to shareholders (comparative restated)			
Basic	7	**US(1.86) cents**	US0.22 cents
Diluted	7	**US(1.86) cents**	US0.21 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
(Loss)/profit attributable to shareholders	**(49,798)**	5,755
Other comprehensive income – items that may be reclassified to income statement:		
Cash flow hedges		
– fair value losses	**(905)**	(15,559)
– transferred to finance cost in income statement	**1,938**	3,333
Currency translation differences	**578**	(1,864)
Fair value losses on available-for-sale financial assets	**(734)**	(1,102)
Release of exchange losses/(gains) from reserves to income statement for foreign operations upon:		
– repayment of shareholder loans by subsidiaries	**608**	–
– disposal of a joint venture	**–**	(355)
Total comprehensive income attributable to shareholders	**(48,313)**	(9,792)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2016 US$'000	31 December 2015 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,595,777**	1,611,000
Investment properties		**1,132**	2,400
Land use rights		**1,472**	2,686
Goodwill		**25,256**	25,256
Available-for-sale financial assets		**1,401**	2,135
Derivative assets		**426**	–
Trade and other receivables	8	**–**	5,559
Restricted bank deposits		**58**	58
		1,625,522	1,649,094
Current assets			
Inventories		**53,399**	50,785
Trade and other receivables	8	**85,335**	87,486
Cash and deposits		**406,055**	358,370
Derivative assets		**751**	–
		545,540	496,641
Total assets		**2,171,062**	2,145,735
EQUITY			
Capital and reserves attributable to shareholders			
Share capital		**38,785**	194,480
Retained profits		**178,265**	213,233
Other reserves		**850,394**	563,225
Total equity		**1,067,444**	970,938
LIABILITIES			
Non-current liabilities			
Derivative liabilities		**28,132**	33,797
Long-term borrowings		**674,221**	633,226
Provision for onerous contracts		**38,586**	51,918
		740,939	718,941
Current liabilities			
Derivative liabilities		**8,764**	16,655
Trade and other payables	9	**127,086**	117,364
Current portion of long-term borrowings		**198,004**	292,739
Taxation payable		**1,661**	1,434
Provision for onerous contracts		**27,164**	27,664
		362,679	455,856
Total liabilities		**1,103,618**	1,174,797

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in Bermuda on 10 March 2004 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS").

2. ADOPTION OF NEW/REVISED HKAS

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2015.

Certain new standards, amendments and improvements to standards are mandatory for the accounting period beginning 1 January 2016. However, the adoption of these new standards, amendments and improvements to standards does not result in any substantial change to the Group's accounting policies.

3. REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by division. Reports are presented to the heads of divisions as well as the Board for the purpose of making strategic decisions, allocation of resources and assessing performance. The reportable operating segments in this note are consistent with how information is presented to the heads of divisions and the Board.

The Group's revenue is substantially all derived from the provision of dry bulk shipping services internationally and, accordingly, business segment information is not presented. The presentation of comparative figures have been changed to conform with the current period.

Geographical segment information is not presented as the Directors consider that the nature of the provision of shipping services, which are carried out internationally, precludes a meaningful allocation of operating profit to specific geographical segments.

	Six months ended 30 June	
US$'000	**2016**	2015
Revenue		
Freight and charter-hire	**488,363**	633,415
Maritime management services	**14**	1,141
	488,377	634,556

	Six months ended 30 June	
US$'000	**2016**	2015
Dry Bulk		
Freight and charter-hire	**484,360**	623,272[2]
Bunker & port disbursements	**(254,749)[1]**	(309,997)[1]
Time charter equivalent earnings	**229,611**	313,275
Other segments	**4,033[1]**	11,560[1]
Reclassification		
Bunker & port disbursements	**254,733[1]**	310,445[1]
Freight and charter-hire	**–**	304[2]
Maritime management services	**–**	(1,028)[3]
	488,377	634,556

(1) Net realised bunker swap contract benefits and expenses are under revenue in "Dry Bulk". For the presentation of the financial statements, bunkers & port disbursements are reclassified to cost of services.

(2) In 2015, net realised forward freight agreement benefits and expenses were under revenue in "Dry Bulk". For the presentation of the financial statements, both realised benefits and expenses were reclassified to other income and other expenses.

(3) In 2015, adjustment to the result on the sale of interest in OMSA joint venture was allocated under revenue in "other segments". For the presentation of the financial statements, the above was reclassified to other income.

4. (PROFIT)/LOSS BEFORE TAXATION

(Profit)/loss before taxation is stated after charging/(crediting) the following:

US$'000	Six months ended 30 June 2016	2015
Bunkers consumed	**93,589**	149,936
Depreciation		
– owned vessels	**48,214**	45,427
– other owned property, plant and equipment	**830**	864
– investment properties	**26**	34
– finance leased vessels	**–**	3,266
Amortisation of land use rights	**30**	37
Utilisation of provision for onerous contracts	**(13,832)**	(11,013)
Gain on disposal of a joint venture	**–**	(3,677)
Losses on disposal of tugs	**1,902**	–
Gains on disposal of investment properties	**(222)**	–
Lubricating oil consumed	**4,411**	3,351
Interest on borrowings		
– bank loans	**8,605**	8,182
– convertible bonds	**7,389**	7,662
– finance leases	**–**	580
Provision for impairment losses		
– trade receivables	**101**	894
– available-for-sale financial assets	**–**	337
Net gains on bunker swap contracts	**(4,665)**	(5,858)
Net losses on interest rate swap contracts	**1,599**	2,893
Net losses on forward freight agreements	**–**	304

5. TAXATION

Shipping income from dry bulk international trade is either not subject to or exempt from taxation according to the tax regulations prevailing in the countries in which the Group operates. Income from towage and non-shipping activities are subject to tax at prevailing rates in the countries in which these businesses operate.

The amount of taxation charged/(credited) to the consolidated income statement represents:

US$'000	Six months ended 30 June 2016	2015
Current taxation		
Hong Kong profits tax, provided at the rate of 16.5% (2015:16.5%)	**330**	263
Overseas tax, provided at the rates of taxation prevailing in the countries	**168**	236
Adjustments in respect of prior year	**(126)**	–
Tax charges	**372**	499

6. DIVIDENDS

No interim dividends were declared for the periods ended 30 June 2016 and 30 June 2015. No final dividend was declared for the year ended 31 December 2015.

7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, excluding the shares held by the trustee of the Company's SAS and unvested restricted shares.

Diluted earnings per share are calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, excluding the shares held by the trustee of the Company's SAS but after adjusting for the number of potential dilutive ordinary shares from convertible bonds and unvested restricted shares where dilutive.

The weighted average number of shares used in the calculation of earnings per share have been adjusted for the bonus element of the rights issue following the completion of the rights issue in June 2016 and the prior year comparative had also been restated for such effect.

		Six months ended 30 June		
		Basic and diluted EPS 2016	Basic EPS 2015 (restated)	Diluted EPS 2015 (restated)
(Loss)/profit attributable to shareholders	(US$'000)	**(49,798)**	5,755	5,755
Weighted average number of ordinary shares in issue	('000)	**2,681,595**	2,637,446	2,696,926
Earnings per share	(US cents)	**(1.86)**	0.22	0.21
Equivalent to	(HK cents)	**(14.42)**	1.69	1.65

8. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are net trade receivables and their ageing based on invoice date is as follows:

US$'000	**30 June 2016**	31 December 2015
≤ 30 days	**16,732**	21,824
31-60 days	**2,107**	3,270
61-90 days	**921**	2,988
> 90 days	**6,999**	6,575
	26,759	34,657

Trade receivables consist principally of voyage-related trade receivables. It is industry practice that 95% to 100% of freight is paid upon completion of loading, with any balance paid after completion of discharge and the finalisation of port disbursements, demurrage claims or other voyage-related charges. The Group will not normally grant any credit terms to its customers and trade receivables at the balance sheet date are all past due.

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables and their ageing based on due date is as follows:

US$'000	**30 June 2016**	31 December 2015
≤ 30 days	**33,434**	25,338
31-60 days	**373**	372
61-90 days	**87**	833
> 90 days	**3,204**	4,023
	37,098	30,566

PURCHASE, SALE OR REDEMPTION OF SECURITIES

On 12 April 2016, the Group redeemed at par and cancelled all of the remaining 10,559 units of the Group's US$230,000,000 1.75% p.a. coupon guaranteed convertible bonds due 2016 with a face value of US$10,000 per unit upon maturity. The redemption involved a cash outlay of US$105,590,000 of principal and accrued coupon of US$923,913.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the share capital or convertible bonds of the Company during the period.

COMPLIANCE WITH THE CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Board of Directors has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code").

The Board confirms that, having made specific enquiry, the Directors have complied in full with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions during the six months ended 30 June 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2016, the Group has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

REVIEW OF AUDIT COMMITTEE

The Audit Committee of the Company has reviewed this interim results announcement and the 2016 Interim Report of the Company for the six months ended 30 June 2016.

INTERIM DIVIDEND AND BOOK CLOSURE

As the Board has not declared an interim dividend, the register of members will not be closed for this purpose.

INTERIM REPORT AND DISCLOSURE OF INFORMATION ON STOCK EXCHANGE'S WEBSITE

The announcement of interim results containing all the information required by paragraphs 46(1) to 46(9) of Appendix 16 of the Listing Rules has been published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.pacificbasin.com.

The Company's 2016 Interim Report is printed in English and Chinese languages, and will be available on our website on or around 17 August 2016 when it is sent to those shareholders who have elected to receive a printed copy.

DIRECTORS

As at the date of this report, the executive Directors of the Company are David Muir Turnbull, Mats Henrik Berglund, Andrew Thomas Broomhead and Chanakya Kocherla, and the Independent Non-executive Directors of the Company are Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison, Daniel Rochfort Bradshaw, Irene Waage Basili and Stanley Hutter Ryan.

Note: The English text of this announcement shall prevail over the Chinese text in case of any inconsistency.

Shareholders and investors are reminded that this announcement of interim results for the six months ended 30 June 2016 is based on the Group's internal records and management accounts. Shareholders and investors are cautioned not to rely unduly on this announcement of interim results and are advised to exercise caution when dealing in the shares of the Company.