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Pacific Basin Shipping Limited

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

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Pacific Basin Shipping Limited (the “**Company**”) will be held at Cliftons, Room 508-520, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Monday, 23 May 2016 at 10:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions of the Company:

ORDINARY RESOLUTION

1. “**THAT** conditional upon (i) resolution 2 as set out in this notice being passed by the shareholders of the Company (the “**Shareholders**”); (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of and permission to deal in the Rights Shares (as defined below) (in their nil-paid and fully-paid forms); (iii) the fulfillment or waiver of the conditions set out in the Underwriting Agreement (as defined below); and (iv) the filing and registration of all documents relating to the Rights Issue (as defined below) required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong):
 - (a) the issue by way of rights (the “**Rights Issue**”) of a minimum of 1,946,823,119 new shares and a maximum of 2,386,367,644 new shares (the “**Rights Shares**”) at a subscription price of HK\$0.60 per Rights Share to the Shareholders whose names shall appear on the register of members of the Company at 5:00 p.m. on Monday, 30 May 2016 (the “**Qualifying Shareholders**”), or such other date as the Company and the Underwriters (as defined below) may agree to be the record date for determination of the entitlements of the Shareholders to the Rights Issue (the “**Record Date**”) (excluding those Shareholders (the “**Non-Qualifying Shareholders**”) whose addresses on the register of members of the Company are outside Hong Kong on the Record Date in respect of whom the director(s) of the Company (the “**Director(s)**”), after making relevant enquiries, consider it necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant statutory body or stock exchange in that (those) place(s)), on the basis of one Rights Share for every one existing share held on the Record Date pursuant to the terms and conditions as set out in the underwriting agreement (the “**Underwriting Agreement**”) dated 18 April 2016 entered into between the Company and the underwriters in respect of the Rights Issue (the “**Underwriters**”) (a copy of which marked “A” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification), and all the transactions contemplated thereunder (including but not limited to the underwriting of the Rights Shares by the Underwriters), be and are hereby approved, confirmed and ratified;
 - (b) the execution, delivery and performance by the Company of the Underwriting Agreement and the transactions contemplated thereunder and all actions taken or to be taken by the Company pursuant to or incidental to the Underwriting Agreement be and are hereby approved, confirmed and ratified;

- (c) any Director be and is hereby authorised to issue and allot the Rights Shares pursuant to and in connection with the Rights Issue notwithstanding that (i) the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or Non-Qualifying Shareholders as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the bye-laws of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; (ii) the Rights Shares which would otherwise have been made available for application by the Qualifying Shareholders or the Non-Qualifying Shareholders (as the case may be) will be made available for subscription under forms of application for excess Rights Shares;
- (d) the issue and allotment of Shares upon exercise of the conversion rights attached to the 1.875% Guaranteed Convertible Bonds due 2018 (the “**Convertible Bonds due 2018**”) issued in accordance with the subscription agreement dated 20 September 2012 and entered into among the Company, PB Issuer (No. 3) Limited and Goldman Sachs (Asia) L.L.C., and all other matters of and incidental thereto or in connection therewith be and are hereby generally and unconditionally approved;
- (e) any Director be and is/are hereby authorised to issue and allot such number of Shares as may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds due 2018 at the prevailing conversion price of HK\$4.75 per share (subject to adjustment provided in the terms and conditions of the Convertible Bonds due 2018) on and subject to such terms and conditions; and
- (f) any one or more of the Directors be and is/are hereby authorised to all such acts and things, to sign and execute all such further documents and to take such steps as the Director(s) in his/their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Rights Issue, the Underwriting Agreement and all the transactions contemplated thereunder or incidental thereto.”

SPECIAL RESOLUTION

2. “**THAT** conditional upon (i) compliance with the requirements of Section 46(2) of the Companies Act 1981 of Bermuda (as amended from time to time), and (ii) The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the ordinary shares of the Company with a nominal value of US\$0.01 each, with effect from 9:00 a.m. on Tuesday, 24 May 2016 (the “**Effective Date**”):
 - (a) the paid up capital of each issued share of the Company of par value of US\$0.10 each be reduced from US\$0.10 to US\$0.01 by cancelling US\$0.09 on each issued Share (the “**Capital Reduction**”) so as to form new Shares of par value of US\$0.01 each;
 - (b) each of the unissued shares of US\$0.10 each in the authorised share capital of the Company be subdivided into 10 new Shares of US\$0.01 each (the “**Sub-Division**”);
 - (c) the entire amount standing to the credit of the share premium account of approximately US\$604.8 million of the Company be as at the Effective Date be cancelled (the “**Share Premium Cancellation**”);
 - (d) the credit arising from the Capital Reduction (approximately US\$175.2 million) and the Share Premium Cancellation (approximately US\$604.8 million) be transferred to the contributed surplus account of the Company or other account of the Company and Directors be and are hereby authorised to apply the amount standing to the credit of the contributed surplus account or such other account of the Company in any manner permitted by the laws of Bermuda and the bye-laws of the Company; and

- (e) any one or more of the Directors be and is/are hereby authorised to all such acts and things, to sign and execute all such further documents and to take such steps as the Director(s) in his/their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Capital Reduction, the Sub-Division and the Share Premium Cancellation (collectively, the “**Capital Reorganisation**”).

By Order of the Board
Mok Kit Ting Kitty
Company Secretary

Hong Kong, 29 April 2016

Notes:

1. Every member entitled to attend and vote at the SGM 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, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).
3. Completion and return of the form of proxy will not preclude shareholders of the Company 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.

As at the date of this announcement, the Directors are:

Executive Directors: David Muir Turnbull, Mats Henrik Berglund, Andrew Thomas Broomhead and Chanakya Kocherla

Independent non-executive Directors: Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison, Daniel Rochfort Bradshaw and Irene Waage Basili