

CHARTING A COURSE FOR SUSTAINABLE GROWTH



Pacific Basin



CORPORATE GOVERNANCE REPORT 2024

STOCK CODE: 2343

#WithYouForTheLongHaul

CORPORATE GOVERNANCE

Accountability

We conduct our business with high standards of corporate governance to ensure responsible direction and management of the Group and to achieve long-term sustainable value for our shareholders and other stakeholders

The Board is responsible for, among other things, the development of the Group's long-term corporate strategies and broad policies. In setting its standards, the Board considers the needs and requirements of the business, its stakeholders and the Corporate Governance Code (the "Code") as well as the Environmental, Social and Governance ("ESG") Reporting Code (the "ESG Code") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Throughout the year ended 31 December 2024, the Group has complied with all code provisions of the Code as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Group adopts all the recommended best practices under the Code except that the Group publishes a quarterly trading update, instead of quarterly financial results. The Board considers this format provides shareholders with the key information to assess the performance, financial position and prospects of the Group's business following on from the full year and interim results.

With regards to the Group's sustainability strategy and reporting, including identifying, evaluating and managing ESG-related risks, details can be found in the Company's 2024 Sustainability Report which will be available together with this Annual Report on the websites of both the Company and the Stock Exchange.

Corporate Strategy

The Company's purpose is to deliver by sea the dry bulk commodities that are essential to society in a safe and sustainable manner. Its vision is to be the leading ship owner/operator in dry bulk shipping and the first choice partner for its customers and other stakeholders. In order to achieve this long-term vision, the Company focuses on a number of strategic areas, including investment in its fleet and people, safeguarding the environment etc. More details of our strategic focus can be found in the "Strategy Delivery" section of this Annual Report.


During the year ended 31 December 2024, the Board has regularly reviewed the strategic focus of the Company. The Company ensures its staff members are well informed of its vision and strategies, its activities and performance by a number of means, including hosting town hall forums, inviting department heads or other colleagues to participate in Board meetings, regular management meetings, individual departmental meetings and internal communication via intranet.

Our ability to achieve our vision depends on the effectiveness of our people and we strive to ensure that at the point of recruitment, we select people who would most likely fit in and foster the Company's culture. In addition, the Company has developed a Code of Conduct which has to be abided by all staff. It aims to provide a psychologically and physically safe, inclusive, caring and supporting working environment, the necessary training, coaching and professional development to staff.

These forums are all important means for the Company to foster a corporate culture which aligns with the Company's strategy, purpose and value.

The Board of Directors

Board Composition and Responsibilities

As at the date of this Annual Report, the Board comprises nine Directors, including four women. The Board includes six Independent Non-executive Directors (INEDs), with one serving as the Chairman, two Non-executive Directors (NEDs), and one Executive Director. The INEDs represent two-thirds of the Board, exceeding the Listing Rules requirement of at least one-third. Biographical details of each Board member are available in the "Our Directors" section of this Annual Report. 

All Directors have disclosed to the Company the number and nature of offices they hold in Hong Kong or overseas listed companies or organisations, along with other significant commitments and the identity of such public companies or organisations. During the year ended 31 December 2024, all Directors dedicated sufficient time and attention to the Group's affairs. In accordance with the Company's Bye-laws, at each annual general meeting (AGM), one-third of the Directors (rounded up if the number is not a multiple of three) shall retire from office by rotation, ensuring that every Director retires at least once every three years and is eligible for re-election. In addition, any Director appointed by the Board shall hold office until the first AGM after his/her appointment and then be eligible for re-election at the AGM pursuant to the Company's Bye-laws.

An effective Board is crucial for setting the strategic direction and policies of the Company. It is achieved through a combination of fresh perspectives and a long-term understanding of shipping cycles. The following attributes are important for achieving an effective Board.

■ **Dynamic Board Composition**

A list of the Board members and their roles and functions is available on the websites of the Company and the Stock Exchange. Our Board members come from diverse business and professional backgrounds, bringing valuable experience to the Board for the best interests of the Company and its shareholders. As at the date of this Annual Report, the Board comprising nine members with expertise in accounting, commercial, commodities, corporate finance,

merger and acquisition, financial services, legal, human resources, multi-national companies, marine technology, naval architect and shipping business. They are collectively responsible for directing and supervising the affairs of the Group.

■ **Board Nomination and Diversity**

The Nomination Committee follows the criteria and principles outlined in the Company's Nomination Policy and the Board Diversity Policy to identify qualified candidates for Board membership. The Committee evaluates the scope and responsibility of the position and uses various channels to identify candidates, including recommendations from Board members, independent recruitment consultants and other appropriate means.

The selection criteria for Directors include, but are not limited to, the candidate's education, qualifications, skills, knowledge, and experience that can benefit the Company's business and development. Diversity in all aspects, such as cultural and educational background, ethnicity, gender and age, is also considered. The Nomination Committee assesses whether candidates can positively contribute to the Board's performance. It conducts interviews with prospective candidates and makes recommendations to the Board on the individuals nominated for directorships.

During the year, the Nomination Committee engaged an independent recruitment consultant who identified and shortlisted a number of potential candidates for the Directors' positions for the consideration of the Nomination Committee. After evaluating and interviewed a substantial number of candidates, the Board, with the recommendation of the Nomination Committee, appointed Mr. Alexandre Emery as INED and Mr. Mats Berglund as NED of the Company, both appointments have taken effect from 2 January 2024.

The Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity Policy, and the Nomination Policy, and concluded that both policies are effective and appropriate for the Company. The Board currently comprises four women, following the appointment of two female Directors in February 2025.

In 2024, our Company conducted internal workshops to refine our ambitions and goals for certain priority ESG issues, including promoting gender diversity across all levels of the Group. More details on the gender ratio are available in the Sustainability Report.

ESG Sustainability Report p.53-55
Board Diversity
Gender in our Workforce

Board Skills and Experience

	Strategy & growth	International expertise	Commercial, Commodity risk management & Operations	Legal, Governance, Regulatory & Compliance	Corporate Finance, capital markets & Investor Relations	Accounting & financial management	Shipping Industry & Technology
Independent Non-executive Directors							
Irene Waage Basili	•	•	•				•
Stanley H. Ryan (Chairman)	•	•	•				•
Kirsi K. Tikka	•	•	•				•
John M.M. Williamson	•	•	•	•		•	
Kalpana Desai	•	•	•		•	•	
Wang, Xiaojun Heather	•	•	•	•			
Non-executive Directors							
Alexander H.Y.K. Cheung	•	•	•	•	•		•
Mats H. Berglund	•	•	•		•	•	•
Executive Director							
Martin Fruergaard (Chief Executive Officer)	•	•	•				•

■ **Separate Formalised Roles for the Chairman and Chief Executive Officer (CEO)**

Our Chairman Mr. Stanley Hutter Ryan, an INED of the Company, oversees the executive team and meets regularly with the CEO to discuss the Group's operations. The Chairman is responsible for reviewing proposed plans for the Group before they are presented to the Board. His review focuses on long-term strategic matters such as capital structure and fleet growth, as well as group operation and strategic financial matters such as effective internal control, risk assessment, levels of debt, cash flow, cash balances, capital expenditure, and accountable to shareholders.

The CEO Mr. Martin Fruergaard, an Executive Director of the Company, is responsible for the day-to-day management and execution of the Group's activities and strategic initiatives. He formulates and proposes Group strategy and policy to the Board and ensures the timely dissemination of appropriate information to the Board members, enabling their active contribution to the Group's development.

■ **Executive Director Commitment to the Business Activities of the Group**

The Executive Director is required to devote all his contracted business time to the Group's business and affairs. He is not permitted to engage in any other business that competes with the Group.

■ **Role of the INEDs and NEDs**

The INEDs and NEDs play a crucial role in protecting shareholders' interests. They come from diverse business and professional backgrounds, bringing a broad range of financial, regulatory, technical and commercial expertise to the Board. Their independent, constructive and informed contributions enhance the strategic management of the Group. The INEDs and NEDs provide a long-term perspective on business development through economic and shipping cycles, offering insights that extend beyond short-term market movements.

■ **NEDs' and INEDs' Period of Office**

NEDs and INEDs are initially appointed for a term of three years and are subject to re-election at the annual general meeting in accordance with the Company's Bye-laws.

The Board selects INEDs based on their qualifications, experience and ability to contribute to the Group's affairs, and of overriding importance is their independent mindset, which constructively challenges management's views. Although some INEDs may not have a shipping background, their familiarity with the business and the industry over the years has enabled them to manage risk effectively and add diverse skills and perspectives to the Board. Independence from executive management is particularly crucial as the Group has no controlling shareholder.

Continuity of the INEDs provides stability to the Board's decision-making process, compensating for any turnover in the executive management team. The Board believes that the long tenure of an INED does not compromise their independence but instead brings significant positive qualities and board dynamic for succession planning. However, the Board recognises the importance of succession to balance deep understanding of the Group's business with fresh ideas and perspectives. This is manifested by the appointment of two new INEDs in February 2025. The Board will continue to periodically seek new INEDs to sustain its source of independent views.

■ **Assessment of INEDs' Independence**

The Board considers that all existing INEDs provide strong independent oversight and continue to demonstrate independence. For the year end 31 December 2024, the Company received an annual confirmation from each INED regarding their independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Board continues to consider all INEDs to be independent and have met the independence guidelines as set out in Rule 3.13 of the Listing Rules.

Mrs. Irene Waage Basili has served the Company as an INED for over nine years since May 2014. She has confirmed her independence pursuant to Rule 3.13 of the Listing Rules. Mrs. Basili has held various executive and general management roles in shipping companies and has over 25 years of experience in the shipping industry. She possesses extensive commercial, strategic and operational experience in the dry bulk and other shipping sectors. The Board believes she can leverage her extensive shipping knowledge and experience for the Company's strategic development and provide independent views. The Board considers her suitably independent to carry out her duties as an INED.

Dr. Kirsi Tikka holds cross-directorship with Mr. Mats Berglund since they both serve on the Board and as non-executive directors at Ardmore Shipping Corporation. Given that each of Dr. Tikka and Mr. Berglund occupies a non-executive role in both companies and holds less than 1% of the total number of issued shares (excluding treasury shares (if any)) in both companies, the Board considers that such cross-directorship would not undermine Dr. Tikka's independence with respect to her directorship at the Company. Ardmore Shipping Corporation is a third party independent of the Company and its connected persons.

Directors' Continuous Professional Development

All Directors are encouraged to participate in continuous professional development to enhance their knowledge and skills as required by the Code. To assist them, the Company Secretary recommends relevant seminars, which the Company covers. The Company Secretary also identifies relevant reading materials. Each Board member has provided a record of their training, details on page 47 of this Annual Report.

All new Directors receive a comprehensive, formal and tailored induction upon their appointment to the Board. The key objective is to assist them in understanding their duties and responsibilities as Directors, the Company's business, risks, governance, and Board and committee dynamics.

The Company appointed Mr. Alexandre Emery as an INED and Mr. Mats Berglund as a NED with effect from 2 January 2024. In accordance with Rule 3.09D of the Listing Rules, each of Mr. Emery and Mr. Berglund had on 28 November 2023 and 30 November 2023 respectively obtained legal advice from a firm of solicitor qualified to advise on Hong Kong law as regards to the requirement under the Listing Rules that are applicable to them as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Each of them has confirmed that they understood their obligations as a director of a listed company.

In February 2025, the Company appointed Ms. Kalpana Desai and Ms. Wang Xiaojun Heather as INEDs. Prior to their appointments, both Ms. Desai and Ms. Wang obtained legal advice on 7 January 2025 as required under Rule 3.09D of the Listing Rules and confirmed that they understood their obligations as a director of a listed company.

Board Evaluation

The Board conducted a self-evaluation during the year led by the Chairman with the support of the Company Secretary, using a questionnaire completed by each Director. The aim was to evaluate the Board's performance and ensure continuous improvement, positively influencing the Group's business and development. Directors' recommendations were analysed, discussed and prioritised.

The Board considers that it has operated effectively during the year. Its composition, size and structure are appropriate to the Group's business needs, reflecting diverse perspectives and a desirable combination of skills and experience. Recommendations for improvement are being followed up.

The Board and its members' responsibilities

The Board is accountable to the shareholders of the Company, and its primary responsibilities are to:

- Develop the Group's long-term corporate strategies and broad policies
- Approve budgets and business plans
- Approve acquisition or disposal of investments and assets, in particular those that require shareholders' notification or approval under the Listing Rules
- Lead corporate governance and sustainability
- Oversee the management of the Group, including the design, implementation, and monitoring of the risk management, internal controls and sustainability management systems
- Prepare accounts and financial statements of the Group
- Monitor the Group's operating and financial performance
- Assess the achievement of targets set by the Board periodically
- Oversee matters that may involve a conflict of interest of a substantial shareholder or a Director
- Review and monitor the training and continuous professional development of the Board and senior management

The Board delegates certain responsibilities to Board Committees as outlined below. Executive Director(s) are authorised to oversee the Group's business operations, implement Board strategies and make day-to-day operating decisions.

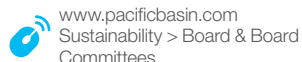
The Company adopts a diverse approach to Board composition enhancing perspectives and independence. The Chairman meets with the INEDs at least once a year without other Directors or management present, to facilitate open expression of views. Directors are free to engage external independent professional advisers, at the Company's expense, to assist in discharging their duties, including identifying suitable director candidates. They may also invite staff members to attend meetings or engage with them directly for information as needed.

The Nomination Committee annually reviews the implementation and effectiveness of these mechanisms and make recommendations for changes to the Board where appropriate.

Board Committees

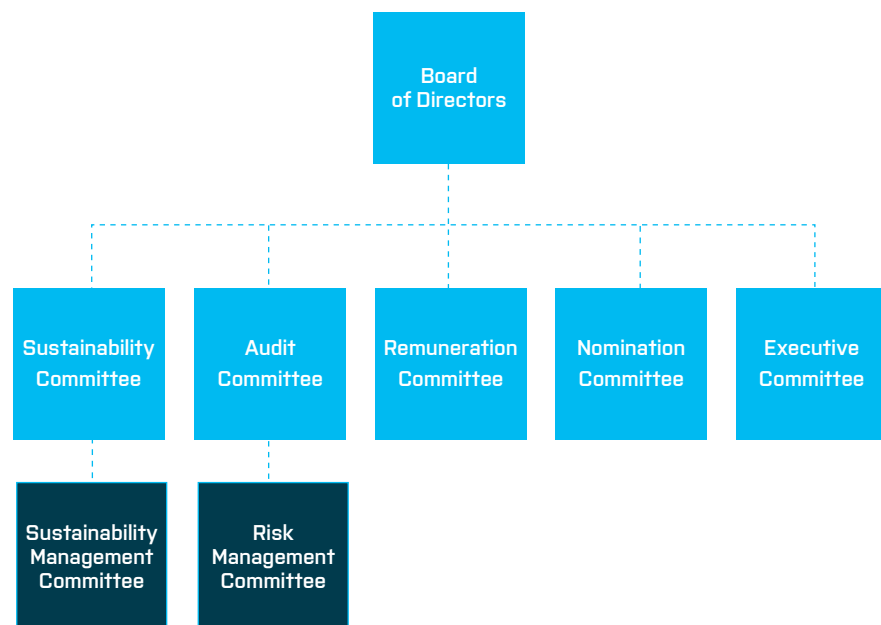
The Board has established the Audit, Remuneration and Nomination Committees in accordance with the Code. The terms of reference of these Board Committees are available on the Company's website and the Stock Exchange's website.

The Board elevated board-level oversight of sustainability from our Audit Committee to a Sustainability Committee established in January 2024, comprising Mr. Stanley Ryan, Mr. Mats Berglund and chaired by Dr. Kirsi Tikka. The Board also operates through an Executive Committee to streamline the decision-making process of the Company in certain circumstances.



Decisions made by the Board and the Board Committees are based on detailed analyses prepared by the management which include:

- (i) monthly operations performance analysis;
- (ii) periodic asset investment and divestment proposals;
- (iii) periodic proposals on financing and capital structure; and
- (iv) periodic Board meetings to evaluate management's strategic priorities.



Board, Board Committee and General Meetings in 2024

The meetings schedule for the Directors and Board Committees is planned a year in advance to facilitate participation by all members. The Board holds four regular meetings annually, focusing on business strategy, operational issues and financial performance. Additional meetings are called as and when necessary.

The Board met five times during the year with notice given to the Directors at least 14 days in advance. The attendance of each Director at Board meetings, Board Committee meetings and the general meeting is detailed below. High attendance by Board members demonstrates their strong commitment in discharging their duties.

Meetings held in 2024

	Annual General Meeting	Board Meeting	Audit ² Committee	Remuneration Committee	Nomination Committee	Sustainability ¹ Committee	Training [#]
Executive Director							
Martin Fruergaard (Chief Executive Officer)	1	5/5					√
Non-executive Directors							
Alexander H.Y.K. Cheung	0	5/5	4/4	4/4			√
Mats H. Berglund	0	5/5			3/3	3/3	√
Independent Non-executive Directors							
Irene Waage Basili	0	5/5		4/4	3/3		√
Stanley H. Ryan (Chairman)	1	5/5		4/4	3/3	3/3	√
Kirsi K. Tikka	0	5/5			3/3	3/3	√
John M.M. Williamson	0	5/5	4/4				√
Alexandre F.A. Emery	1	5/5	4/4	4/4			√
Total number of meetings held in 2024	1	5	4	4	3	3	

¹ The Sustainability Committee was established on 2 January 2024

² Representatives of the external auditor participated in all four Audit Committee meetings

[#] Training includes (i) continuous professional development through attending expert briefings/seminars/conferences relevant to the Company's business or directors' duties arranged by the Company or external organisations, and reading regulatory/corporate governance or industry related updates, and (ii) induction and familiarisation programmes attended by Directors who are newly appointed or where there is a role change

The Audit Committee

Membership

Chairman: John M.M. Williamson (INED)

Members: Alexander H.Y.K. Cheung (NED), Alexandre F.A. Emery (INED, stepped down in January 2025) and Kalpana Desai (INED, appointed in February 2025)

Main Responsibilities

1. Oversee the financial reporting process and review the financial statements to ensure the balance, transparency and integrity of published financial information.
2. Review the adequacy and effectiveness of the Group's financial controls, internal controls and risk management systems, and report to the Board on the conclusion of the review.
3. Review the work of the Risk Management Committee.
4. Review the significant accounting principles adopted by the Group and other financial reporting matters.
5. Review the Group's process of monitoring compliance with the laws and regulations affecting financial reporting.
6. Develop and review the Company's policies and practices on corporate governance in compliance with the Code and make recommendations to the Board.
7. Review the independent audit process and the effectiveness of the risk management and internal audit function.
8. Make recommendations to the Board on the appointment, reappointment and removal, remuneration and terms of engagement of the external auditors and other non-audit services.
9. Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

Work Done in 2024

The Audit Committee held four meetings during the year, all of which were joined by representatives of the Company's external auditor, and the work undertaken included the following:

- review and discussion of the external auditor's Audit Committee Report in respect of the 2023 full year audit and the 2024 interim review and the audit strategy memorandum;
- review of the 2023 Annual Report and accounts, Sustainability Report and the 2024 interim report and accounts with a recommendation to the Board for approval;
- review of the Risk Management Committee reports including enterprise risk assessment, the internal audit work plan for 2024, the internal controls testing results and the effectiveness of the risk management and internal control systems and function of the Group;
- review of the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting function; and
- review of the adequacy of the Group's marine-related and other insurance coverages.

During the year, the Audit Committee met with the external auditor once in the absence of management.

The Remuneration Committee

Membership

Chairman: Irene Waage Basili (INED)

Members: Stanley H. Ryan (INED), Alexander H.Y.K. Cheung (NED), Alexandre F.A. Emery (INED, stepped down in January 2025) and Wang Xiaojun Heather (INED, appointed in February 2025)

Main Responsibilities

1. Make recommendations to the Board on the Company's remuneration policy and structure for Directors and certain higher paid employees, the desirability of performance-based remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.
2. Determine, through authority delegated by the Board, the remuneration packages of the Executive Directors, certain selected members of management and any proposed new hire with an award of equity with reference to the Board's Corporate goals and objectives.
3. Review and make recommendations to the Board on the remuneration packages of individual Directors when considered necessary.
4. Make recommendations to the Board relating to fair (and not excessive) compensation payments and appropriate arrangements, taking into account contractual entitlements of the Directors, in the case of any loss or termination of office or appointment and dismissal or removal for misconduct.
5. Administer and oversee the Company's 2013 Share Award Scheme and 2023 Share Award Scheme and other equity or cash-based incentive schemes of the Company in place from time to time, and review and approve the granting of share awards to any staff members of the Group.
6. Approve the disclosure statements of the Company's policy and remuneration for Directors in the Annual Report.

Work Done in 2024

The Remuneration Committee met four times during the year. Through these meetings, the work undertaken included the following:

- review and discussion of the salary increase percentage and submitted the same to the full Board for approval;
- review and approval of the 2024 year-end bonuses for all staff employees;
- review and discussion of performance-based cash bonus system and the share award schemes of the Company;
- review and approval of the grant of restricted share awards to the Executive Director and certain staff members.
- review and approval of the extension of the 2023 Share Award Scheme for 12 months until 31 July 2025;
- review and discussion of the proposed changes to the 2023 Share Award Scheme to address concerns and align with best practice such as performance criteria and holding requirements, which would be put forward to the full Board for discussion; and
- review and approval of improvement changes to the remuneration policy, considering various factors in the internal guide on KPIs and assessment.

The Nomination Committee

Membership

Chairman: Stanley H. Ryan (INED)

Members: Irene Waage Basili (INED), Kirsi K. Tikka (INED) and Mats H. Berglund (NED, appointed in January 2024)

Main Responsibilities

1. Review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy.
2. Report to the Board on compliance with the Stock Exchange's rules and guidelines on Board composition from time to time.
3. Review the implementation and effectiveness of the Board Diversity Policy on an annual basis and make recommendations to the Board where appropriate.
4. Identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorship.
5. Assess the independence of the Company's INEDs.
6. Make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer
7. Review annually the implementation and effectiveness of mechanisms that ensures independent views and input are available to the Board, and make recommendations on proposed changes to the Board where appropriate.

Work Done in 2024

The Nomination Committee held three meetings during the year and together with e-mail communication, the work undertaken included the following:

- review of the structure, size and composition and tenure of the Board;
- review of the composition of the Board Committees;
- review of the Board skills matrix and the implementation and effectiveness of the Board Diversity Policy;
- review of the Board's succession plan and the strategy for INED renewal program;
- engagement of an external advisor for the INED selection process and involvement in the interview process of best candidates, leading to the recommendation to the Board for the appointments of Ms. Kalpana Desai and Ms. Wang Xiaojun Heather as INEDs; and
- assessment of the independence of the Company's INEDs.

The Executive Committee

Membership

Chairman: Chief Executive Officer

Members: Chief Financial Officer (stepped down in October 2024) and one senior executive

Main Responsibilities

1. Identify and execute transactions within the parameters approved by the Board.
2. Identify and execute vessel purchase and sale transactions.
3. Identify and execute long-term charter contracts and cargo contracts with duration exceeding 5 years.
4. Identify and execute bunker physical contracts and bunker swap contracts with duration exceeding 5 years.
5. Identify and execute transactions for non-vessel marine fixed assets exceeding US\$5 million for any single unbudgeted investment/project and accumulated US\$10 million for the same investment/project over multiple vessels or multiple years.
6. Make decisions over financing and related guarantees.
7. Exercise the Company's general mandate to issue new shares or buy back shares in accordance with the parameters set by the Board and the limits approved by the shareholders.

Work Done in 2024

The Executive Committee approved and executed a range of business matters based on detailed analysis submitted by management, and the work undertaken included the following:

- execution of contracts relating to the disposal of five smaller and older Handysize vessels and exercise of option to purchase one Supramax vessel;
- execution of two shipbuilding contracts and two ship purchase contracts for the order of four Ultramax dual-fuel newbuilding low-emission vessels;
- execution of a short-term facility in the form of top up tranche of US\$29 million at a new reduced margin offered by an existing loan financier;
- publication of announcements related to the grant of share awards under the 2023 Share Award Scheme and a supplemental announcement in relation thereto;
- publication of an announcement regarding an application for listing approval of the additional conversion shares following conversion price adjustments of the convertible bonds due 2025 since inception;
- approval of announcements notifying the adjustment to the conversion price of convertible bonds due 2025;
- publication of an announcement notifying the completion of the 2024 share buy-back program;
- approval of the change in bank authorised signatories and signing authority of a cash equity bank account; and
- execution of an authority letter to add the Company's accounts to a new e-channel set up.

Sustainability Governance

The Group's business draws on and impacts resources and relationships it relies on to create value. Its operations have an effect on the environment, its stakeholders and society, and have a bearing on the long-term sustainability of its business.

The Group's active approach to sustainability is rooted in its culture and, governed by policies and systems, is integrated into its daily business behaviour and operating practices. The Group believes that many of the responsible actions it takes – its commitment to sustainability – make it competitively stronger and enhance its financial performance, reputation and the longevity and future value of its business.

ESG metrics are increasingly used by stakeholders to analyse a business' environmental, health and safety, community and ethical impact and sustainability practices.

Sustainability is a Board Responsibility

The Board is responsible for, among other things, the development of the Group's long-term corporate strategies and broad policies. In setting its standards, it considers the needs and requirements of the business, its stakeholders, the Code and ESG Reporting Guide encompassed in the Listing Rules.

As such, the Board also has overall responsibility for, and is engaged in, the Group's sustainability strategy and reporting, including identifying, evaluating and managing ESG-related risks, and ensuring appropriate and effective ESG risk management and internal control systems are in place. Management provides confirmation to the Board of the effectiveness of these systems. The Board also regularly reviews progress made against ESG-related goals and targets.

The Board delegates to the Sustainability Committee more regular oversight of the Group's sustainability programme and the work of the Sustainability Management Committee ("SMC").

Elevated Board-level Oversight

In 2024, we elevated board-level oversight of sustainability from our Audit Committee to a newly established Sustainability Committee, comprising three INEDs and one NED. The Sustainability Committee is appointed by the Board to assist the Board in overseeing the management team and advising the Board on matters that are material to the long-term sustainability of the Company, including ensuring effective management of the Company's sustainability risks and opportunities, overseeing the Company's sustainability approach, priorities and implementation, monitoring progress towards sustainability targets, and overseeing sustainability reporting.

Functions of SMC

The Group's SMC comprises the CEO, CFO, Head of Sustainability and five more senior executives from different functions. It reports to the Sustainability Committee at least twice a year, and is responsible for reviewing, assessing and enhancing the Group's sustainability policies, strategies and performance, and ensuring the Group is in full compliance with ESG requirements. This approach affirms and enables the Group's commitment to sustainability, and ensures that members with different backgrounds and expertise are represented to deliver meaningful outcomes.

Day-to-day Implementation

We have a dedicated sustainability team to enhance and help to coordinate our approach to sustainable business practices and investments in sustainable assets. Supported by the sustainability team, day-to-day execution of sustainability initiatives and sustainable business practice lies with managers across the business, most notably the Fleet Director (supported by his technical, personnel, marine & safety and decarbonisation & optimisation managers), the Commercial Operations Director and the Human Resources and Administration Director.

Compliance with ESG Code

Our sustainability reporting follows the latest Environmental, Social and Governance Reporting Code ("ESG Code") as set out in Appendix C2 to the Listing Rules. We monitor developments and trends in areas of sustainability and sustainability reporting to better meet the expectations of our stakeholders in light of evolving business and regulatory requirements.

The Sustainability Committee

Membership

Chairman: Kirsi K. Tikka (INED)

Members: Mats H. Berglund (NED, appointed in January 2024), Kalpana Desai (INED, appointed in January 2025), Wang, Xiaojun Heather (INED, appointed in January 2025), Stanley H. Ryan (stepped down in February 2025)

Main Responsibilities

1. Monitor and review emerging ESG responsibility trends and issues, with a focus on those most relevant to the dry bulk shipping industry.
2. Oversee the Company's ESG management approach, strategy and the process used to identify, evaluate and manage material ESG-related issues including the risks and opportunities they represent for the Company and to recommend any improvements.
3. Oversee the development and execution of the Company's ESG policies and practices, provide direction to Management on the Company's ESG vision and objectives/priorities, ensure alignment with the Company strategy and make recommendations to the Board.
4. Review the internal procedures and system for the generation and maintenance of appropriate and accurate sustainability data.
5. Review Management's ESG performance reports, including progress made against material ESG-related goals and targets, steps taken to achieve these targets, and covering any other relevant ESG issues; such ESG reports to be submitted to the Board at least two times a year.
6. Consider ESG investments proposed by Management and make appropriate recommendations to the Board.
7. Review the annual "Sustainability Report" to ensure the balance, transparency and integrity of published information as well as proper disclosure and compliance with the ESG Code, and make appropriate recommendations to the Board.
8. Review the ESG-related performance of and work done by Management and the SMC.
9. Ensure that a sustainability culture is promoted across the Company, with sufficient resources and training provided to manage the Company's material ESG issues and the risks and opportunities they represent.
10. Conduct an annual review to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget to manage the Company's ESG performance and reporting.

Work Done in 2024

The Sustainability Committee held three meetings in 2024 and, together with e-mail communication, the work undertaken included:

- review and approval of the Sustainability Report 2023 for recommendation to the Board;
- review and ratification of the terms of references of the Sustainability Committee;
- review of key ESG programmes, performance metrics and targets;
- review of compliance with recent and upcoming decarbonisation regulations and other ESG challenges;
- endorsement of the proposed strategies for managing some of our most material ESG priorities; and
- review of investment case for LEV (green ship) newbuilding contract.

The Sustainability Management Committee

Membership

Chairman: Chief Executive Officer

Members: Chief Financial Officer (stepped down in October 2024), Head of Sustainability, Director of Chartering, Director of Operations, Director of Fleet Management, Director of Group HR & Admin, Director of Risk, Group Company Secretary

Main Responsibilities

1. Oversee and execute the Company's sustainability strategy;
2. Review and ensure proper disclosure and compliance with the ESG Code;
3. Review the assessment of the Company's material ESG issues;
4. Ensure appropriate ESG KPI targets and steps taken to achieve them;
5. Review the internal procedures and system for the generation and maintenance of appropriate and accurate ESG KPI data;
6. Foster cross-functional collaboration and coordination on ESG issues;
7. Ensure strong ESG engagement and commitment, and ensure that ESG is treated as a strategic business issue, promoting a culture of sustainability across the Company;
8. Make recommendations to enhance sustainability strategies, practices and investment; and
9. Present and regularly report to the Sustainability Committee and the Board on the Group's sustainability performance.

Work Done in 2024

In 2024, the SMC met two times and reported to the Sustainability Committee on the Group's Sustainability programme, performance and work done. The work undertaken included:

- review of the materiality of ESG topics and risks with reference to the Company's strategy and industry relevance;
- review of the progress of activating ESG awareness within the Company and the proposed strategies for managing some of our most material ESG priorities;
- review of key ESG performance metrics, corporate ESG ratings, competitor ESG benchmarking and proposed ESG targets with a recommendation to the Sustainability Committee for approval;
- review of noteworthy ESG initiatives and projects;
- review of the incoming energy-efficiency and decarbonisation regulations and measures in the shipping industry; and
- review of the terms of reference of the SMC.

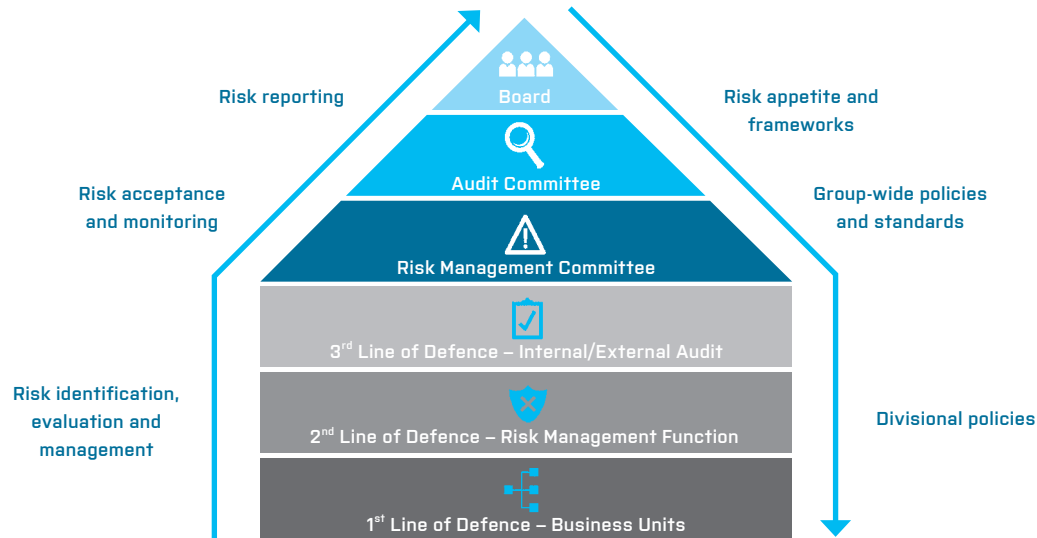


Climate Training for Board

In May 2024, we invited Dr. Tristan Smith (Professor at University College London (UCL) Energy Institute and a regular IMO MEPC delegate) to speak to our Board and senior management team on the subject of "Climate Change & Decarbonising Shipping", including climate targets industry goals, and an assessment of the main alternative fuels for shipping for the next couple of decades.

RISK MANAGEMENT

The Group's risk governance structure is based on a "Three Lines of Defence" model, with oversight and directions from the Board and the Audit Committee.



Framework

The risk management and internal control systems are implemented to help the Group achieve its long-term vision and business principles and business sustainability by identifying and evaluating the Group's risks (including ESG risks) and formulating appropriate mitigating controls to protect our business, stakeholders, assets and capital. Risk management and internal control systems are embedded in our business functions and we believe that they enhance long-term shareholder value. The risks of the Group are subject to and are directly linked to the Group's strategy.

The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems, which are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. A review of their effectiveness are conducted annually by the Risk Management Committee ("RMC") and reported to the Board through the Audit Committee. The primary responsibility for detailed risk identification and management lies with the respective business units.

The RMC, reporting to the Audit Committee, is responsible for strengthening the Group's risk management culture, ensuring the overall framework of risk management is comprehensive and responsive to changes in the business and market, and managing the internal audit function. It regularly reviews the completeness and accuracy of risk assessments, risk reporting and the adequacy of risk mitigation efforts.

As the first line of defence, individual business units are responsible for managing risks. They identify operational risks, develop and implement respective controls. These activities are monitored and evaluated by division heads and relevant staff managers. The risk management function engages fully to provide advisory support to business units which are overseen by the RMC as the second line of defence. As the third line of defence, internal/external reviews are regularly conducted and reported to the Audit Committee charged with the role of ensuring that the enterprise risk management arrangements and structures are appropriate and effective.

The Group has in place a risk management and internal control framework that is consistent with the COSO (the Committee of Sponsoring Organisations of the Treadway Commission) Enterprise Risk Management (ERM) - Integrated Framework and has the following five components:

■ Governance and Culture

The Group has reinforced enterprise risk management culture, including ethical values, transparency, desired behaviours and risk appetite. The Code of Conduct, together with the Anti-Bribery and Whistleblowing policies provide a comprehensive compliance framework and reporting channels for employees and other parties to raise concerns. Effective board oversight, with sound organisational structure is established to delegate business functions to respective business units within limits set by the Board or the head office management in the pursuit of the Group's strategy and business objective.

■ Strategy and Objective-setting

The Board meets on a regular basis to discuss and agree on business strategies within risk appetite, plans and budgets prepared by management. The Board considers business context and risk implications when establishing strategies to ensure that they align, support and integrate with the defined vision and business principles.

■ Performance

The Group identifies, assesses and prioritises the risks that are most relevant to the Group's success according to their likelihood and impacts.

Based on the risk assessment, mitigation plans or controls enhancement are developed and implemented by individual business units. The result of this process is reported to the Board by the RMC annually.

■ Review and Revision

The Group continuously reviews its risk framework in light of substantial changes and pursues improvements of enterprise risk management.

■ Information, Communication, and Reporting

The Group encourages obtaining and sharing information, from both internal and external sources, which flows up, down and across the organisation. Information systems, channels and reporting tools are established and regularly upgraded to support enterprise risk management communications of the Group.

The Risk Management Committee

Membership

Chairman: Chief Financial Officer (stepped down in Oct 2024), Chief Executive Officer (acting since Oct 2024)

Members: Chief Executive Officer, Director of Chartering, Director of Risk, General Manager of Risk and Governance, Senior Manager of Risk

Main Responsibilities

1. Promote and strengthen the Group's risk management culture and improving awareness.
2. Facilitate the identification of significant risks of the Group and recommend and /or implement suitable policies and controls.
3. Review significant risks of the Group through an annual risk assessment with division heads.
4. Review and recommend appropriate internal controls and policies.
5. Develop and maintain risk management framework and internal audit plan.
6. Manage the annual risk assessment and testing of internal controls.

Work Done in 2024

The RMC met three times during the year and reported to the Audit Committee twice on the annual risk assessment and internal controls review. The work undertaken included the following:

- develop internal audit plan with appropriate emphases on risk assessment results;
- audit and review internal controls based on the audit plan;
- implement, maintain and improve the risk management policy and risk management framework;
- perform annual risk assessment by way of an online questionnaire and executive workshop to review and discuss the input in collaboration with division heads and top management;
- review the Group's significant and emerging risks with division heads and recommend and implement new policies and controls;
- report to the Audit Committee on the management of the marine related and other insurances;
- review the Group's key policies such as the authorisation matrix and due diligence policies;
- report by way of a deep dive review to the Board regarding digitalisation on process optimisation;
- assist in the enhancement of the Group's Environmental, Social and Governance (ESG) Reporting in preparation for the upcoming climate-related disclosure requirements of the HKEX;
- conduct anti-bribery training for seafarers and shore-based employees to further bolster the Group's anti-corruption culture;
- conduct training to new offices on the Group's key policies to improve staff knowledge and awareness;
- conduct orientation briefing to newly joined shore-based staff on the Group's corporate governance framework and culture; and
- conduct periodic business continuity drills at the headquarters and other overseas offices to simulate a situation of business disruption in the event of a shutdown of essential IT systems.

Annual Assessment of Risk and Internal Controls


The Group carries out an annual risk assessment using an integrated approach which combines top-down and bottom-up approaches by way of an online questionnaire completed by senior staff members and discussion during an executive risk workshop with the objective to identify and evaluate potential risks to business objectives and strategies, and also to improve the design and the effectiveness of the Group's internal controls. Any changes in the risk profile and related mitigating measures, new risks or other proposal in risk management are evaluated and documented in the Group's risk register. The impact of risks, mitigants and recommendations are communicated to the relevant business divisions and reported to the RMC and the Audit Committee.

The mitigating controls of the Group's risks are reviewed and tested periodically by the RMC. The frequency of testing of individual internal controls is by reference to the ranking of the underlying risk areas and the strategy of the Group. The Group adopts a peer review format in its annual testing of internal controls by appointing appropriate staff members auditing selected controls of departments other than their own.

The criteria for assessing the effectiveness of internal controls are based on whether the mitigating controls have been operated and enforced throughout the period being reviewed. Findings and recommendations are communicated with the relevant division heads and staff to formulate appropriate measures to refine or enhance the controls, or rectify any control deficiency.

The RMC conducts regular meetings with division heads and managers at the headquarters and regional offices so as to keep abreast of issues and new risks that are embedded in business operations and to refine or enhance existing procedures and controls in line with business needs and market changes. The Group has a robust mechanism of regular reporting of key business and operations performance to both management and the Board, which is a key element of a healthy risk management system.

The Group also conducts annual customer and investor surveys which generate feedback that we act on to further enhance the quality of our service and our investor relations and corporate governance practices.

 **p.11 The Year in Review**

Effectiveness of the Risk Management and Internal Control Systems

The RMC reports at least twice a year to the Audit Committee which assesses the adequacy and effectiveness of the risk management and internal control systems (including those relating to ESG risks, performance and reporting) on an ongoing basis. Such systems are crucial for the fulfilment of the Group's business objectives. The Audit Committee reviews how management designs, implements and monitors those systems, the findings, recommendations and the follow-up procedures of the annual risk assessment and internal controls testing, as well as the Group's risk register and management's confirmation on the effectiveness of the Group's risk management and internal control systems, and reports to the Board annually.

In respect of the year ended 31 December 2024, the Board, with confirmation from management, considers the risk management and internal control systems (covering all material controls such as financial, operational, ESG and compliance controls) effective and adequate. No significant areas of concern were identified.

OUR PRINCIPAL RISKS

The Group is faced with a number of risks that might derail our progress towards achieving our vision and impact shareholder value. This section sets out our key risks and their mitigating measures, arranged by our areas of key strategic focus. These key risks are by no means exhaustive or comprehensive, and there may be other risks that may not be known or material at this juncture, but could turn out to become material in the future. The risks, impacts and mitigating measures in this section are consistent with the Group's risk register, taking into account the outcome of the annual risk assessment process in collaboration with division heads and executive management level including the Risk Management Committee. The Group remains vigilant in monitoring the evolving risk landscape and developing appropriate mitigating measures to address these areas of concern.

1. Investing in Our Fleet p.34-36 Delivering on Our Strategy

 p.33 How We Create Value

Risk/Impact

Market Risk

Adverse financial impacts include:

- freight rate and market sentiment;
- cost volatility including fuel prices and other operating expenses;
- tightened sanctions regulations and other trade restrictions;
- uncertainty on environmental regulations; and
- geopolitical complexities affecting world trade and Hong Kong's trading partnership in evolving regional conflicts and Sino-US trade tension, could result in increasing cost of trades.

Change from last year: 

Mitigating Measures

Our large fleet scale and uniformity enable us to achieve high laden utilisation and TCE earnings that outperform the market indices in our core business over the shipping cycle.

Our operating activity is able to generate a margin throughout the shipping cycle complementing our core business. Earnings volatility is partially managed by securing contracts of affreightment of one year or longer. We remain focused on the Handysize and Supramax segments of the dry bulk sector which is where we have a strong competitive edge.

Continue to invest and utilise technology to manage sanctions compliance, forward fleet and cargo exposure, optimise port calls and monitor operational and financial performance. Access to real-time data enables us to respond swiftly to any change in market dynamics.

Fuel costs for our long-term cargo contracts are passed to our customers through bunker price adjustment clauses or hedged with either bunker swap contracts or forward price agreements.

Bunker swap contracts can also be used to lock in the prevailing future fuel price spread between low and high sulphur fuel for a portion of our estimated fuel consumption on some of our Supramax vessels that are fitted with scrubbers.

Sanctions compliance, cargo volumes, seasonality and trends are closely monitored by a dedicated team.

Forward freight agreements are used to hedge against the volatility of freight rates.

Constant monitoring of the development of the political landscape and keeping track of the sanctions and environmental regulatory development to ensure compliance.

 p.101 Financial Statements Note 14
Derivative Assets and Liabilities

Vessel Investment, Deployment and Operational Risk

Inappropriate vessel investment timing, deployment and operations may reduce the competitiveness of our cost structure and margins.

Vessel values vary significantly through shipping cycles, and we need competitively priced and high-quality vessels to provide our services to customers.

Furthermore, stricter decarbonisation and environmental regulations increase the uncertainty to the economic life of fossil-fuelled vessels and therefore the need to introduce alternative fuels and technologies.

Inadequate vessel maintenance could jeopardise crew safety and lead to vessel down-time and service disruptions.

Change from last year: 

The Group regularly evaluates potential vessel investments and divestments based on relevant market information, estimated future earnings and residual values. We adopt a flexible ownership/leasing strategy that is aligned with shipping cycles, and we pursue an active fleet growth and renewal programme by:

- contracting for four 64,000 dwt dual-fuel Ultramax newbuilding LEVs of the newest and most fuel-efficient design with dual-fuel engines;
- continuing to collaborate with our two Japanese partners Nihon Shipyard Co. and Mitsui & Co. on the design and development of an efficient dual-fuel methanol Ultramax ship design;
- partnering with Mitsui & Co. to give the Company access to green methanol;
- continuing to dispose of the older, fuel inefficient and smaller vessels;
- assessing environmental KPIs such as the EEXI and AER in our vessel purchase due diligence;
- monitoring the development of future LEVs that run on methanol or other green fuels; and
- chartering vessels from quality shipowners.

Our Technical team and crews operate and maintain our ships under our International Safety Management (ISM) Code-compliant "Pacific Basin Management System" to ensure safety and service reliability.

 Sustainability Report p.36
Pacific Basin Management System

2. Investing in Our People p.34-36 Delivering on Our Strategy

Risk/Impact

Succession Risk


Inadequate succession planning may lead to prolonged executive searches, disruption to our strategic momentum and the Group's business, and undermine stakeholders' confidence within the Group.

Change from last year: 

Employee Recruitment, Engagement, Retention Risk

We are only as good as our people and so our ability to achieve our vision depends on the effectiveness of our staff both ashore and at sea. Loss of key staff or an inability to attract, train or retain staff could affect our ability to grow our business and achieve our long-term goals.

Due to the nature of the profession, working at sea can be physically and emotionally demanding which brings challenges to recruit seafarers and to maintain their health and wellbeing as failure to do so may impact operational safety.

Change from last year: 

Mitigating Measures

Our Group's dedicated HR department oversees the organisational design, talent management, recruitment and remuneration. Succession plans for senior management are regularly reviewed.

The Nomination Committee closely monitors the Board succession planning process to ensure Board continuity and diversity.

Actively promote our brand and culture and proactive engagement among staff. The Group implemented measures to modernise our way of work, facilitate work flexibility and travel for staff members.

The Group has a clear vision, mission and business principles with which to equip any potential Board, management and staff successors to lead the business forward.

Our Group's HR and crewing departments are tasked with recruiting, developing and maximising engagement of staff ashore and at sea by:

- refreshing our Diversity, Equity & Inclusion (DEI) strategy to enhance engagement, teamwork, performance and success;
- maintaining regular contact with talent representing a wide cross-section of the shipping industry, and using diverse manning sources for seafarers to engage our diversified crew pools in several countries;
- reviewing salary structure regularly to ensure that it remains adequate and competitive to attract and retain the best talent;
- conducting staff engagement survey to enhance employee's engagement;
- providing in-person, interactive officer training and seminars to facilitate education and communication;
- offering regular training for staff ashore and at sea, not only to ensure that they are capable of performing their duties but also to help improve professional fulfilment;
- implementing annual staff performance appraisals, incentives and other initiatives to encourage, retain and otherwise engage staff;
- upgrading satellite data plans and wellbeing facilities on-board to offer our crews better internet access 24/7 and entertainment facilities;
- providing 24/7 medical and specialist advice to our seafarers; and
- providing an employee wellness programme on a global basis including offering counselling services and wellness workshops to all employees.



Sustainability Report p.33-58
Responsibility to our People

3. Deepening Our Relationships p.34-36 Delivering on Our Strategy


Risk/Impact

Credit and Counterparty Risk ^A

Default or failure of counterparties to honour their contractual obligations may cause financial losses.

Counterparties include:

- our cargo customers;
- ship owners;
- ship builders, sellers and buyers;
- suppliers;
- derivatives counterparties; and
- banks and financial institutions.

Change from last year: 

Mitigating Measures


Our global office network enables us to know our counterparties better. We take measures to limit our credit exposure by:

- transacting with a diverse range of counterparties with successful track records and sound credit ratings;
- actively assessing the creditworthiness of counterparties;
- establishing a due diligence team to perform on-boarding counterparties due diligence;
- enhancing our counterparty on-boarding procedures to enable comprehensive evaluation;
- deploying a comprehensive, automated and API-enabled sanctions compliance solution, supplemented by independent risk appraisal reports to perform sanction checks and full evaluation on all new counterparties and systematic daily screening of our active counterparties, to ensure the Group complies with international sanctions legislation;
- engaging with our counterparties on a regular basis to keep up to date with their financial situations; and
- obtaining refund guarantees from newbuilding shipyards.

 **p.105 Financial Statements Note 15**
Trade and other receivables

Customer Satisfaction and Reputation Risk

Poor service may impair our brand value and reputation as a trusted counterparty, which could restrict our access to customers, cargoes, high-quality vessels, funding and talent.

Change from last year: 

Our global office network positions us closer to our customers enabling direct and frequent customer engagement, a clearer understanding of their needs and localised customer service. With 14 offices on 6 continents, we provide a localised global service for any customers on any route, anywhere, anytime.

Our fleet scale and uniformity, complemented by our comprehensive in-house technical operations, utilising an extensive and integrated marine online trading platform to enhance our ability to deliver a high-quality and reliable service.

Customer engagement includes surveys and regular telephone or face-to-face contact to gather feedback with a view to further improve customer satisfaction.

Banking Relationships Risk

Poor loan administration and relationships with banks may limit our funding sources.

Change from last year: 


Our Group's dedicated corporate finance function develops and maintains relationship with a diverse group of reputable banks worldwide through regular senior management contact. We also work on the diversification of our funding profile.

4. Safeguarding Health and Safety p.34-36 Delivering on Our Strategy

Risk/Impact

Health, Safety and Security Risk

Inadequate safety maintenance and operational standards, increased risk of drug smuggling, piracy or other causes of accidents may lead to security issues, injuries, loss of life, severe damage to our third party and owned properties or vessels, affecting profitability and impacting the Group's reputation among seafarers, customers and other stakeholders.

Change from last year: 

Mitigating Measures

We nurture an empowered, risk and safety-focused organisation. Our commitment to the safe operation of our ships is manifested through a proactive and robust system ashore and at sea – the Pacific Basin Management System ("PBMS") – which is reviewed and updated regularly. The PBMS is further enhanced by comprehensive risk assessment, well-conceived training and maintenance programmes, as well as innovative initiatives to ensure our vessels are in good condition and in all respects safe to trade.

We adopt comprehensive anti-drug smuggling measures and take appropriate precautions according to the level of risk, including hiring a security expert to further assess security risks and enhance mitigation measures.

Our high-quality attention to safety is evidenced by an excellent safety record and our several safety-related awards in recent years.

We maintain high retention of senior officers and sufficient crews on board to ensure our crews are experienced in our trades with a good rest-to-work ratio. We focus on enhancing our seafarers' health, safety and wellbeing on board by providing comprehensive support including physical and mental wellbeing support with the latest in remote medical support services.

We provide training and development for our seafarers, adopting a well-designed and structured approach that boosts the overall health and safety performance of our seafarers and our fleet.



Sustainability Report p.37-46
Safety, Security, Health & Wellbeing

Insurance Risk

Vessel incidents could endanger our crew, adversely affect the strength of our brand and reputation and result in service disruption and significant costs.

Change from last year: 

Despite best efforts to ensure safe operations, incidents do happen. We place insurance cover at competitive rates through marine insurance products both on our owned fleets and chartered fleets, including hull and machinery, war risk, protection and indemnity, loss of hire, drug seizure loss, freight demurrage and defence cover. Sufficiency of insurance cover is regularly evaluated and adjusted in line with prevailing asset values and in compliance with loan covenants and internal policies.

5. Evolving Management & Governance Practices p.34-36 Delivering on Our Strategy

Risk/Impact


IT Security Risk

Our business processes rely heavily on IT systems (including cloud-based) on daily communications ashore and at sea. Failure of a key IT system, targeted attacks on our system, or a breakdown of security systems could result in communications breakdown, business disruption and potential financial and/or reputational losses. Business disturbances due to cybersecurity risks can be significant.

Change from last year: 


Corporate Governance Risk

Inadequate corporate governance measures may adversely impact the diligence, integrity and transparency of our risk assessment, decision-making and reporting processes and undermine stakeholders' confidence.

Change from last year: 

Investor Relations Risk

Lack of transparency or adequacy in our external communications could undermine stakeholders' confidence in our Group.

Change from last year: 

Mitigating Measures

Our IT Steering Committee chaired by our CEO oversees the Group's IT policies and procedures and ensures the Group's IT strategies meet our business needs.

Our IT team works closely with the business departments to tailor appropriate and effective IT solutions, support, and preventive and contingency measures. We have a formalised business continuity plan ("BCP") system in place and arrange periodic company-wide drills and webinars to simulate a situation of essential IT systems shutdown.

Our system migrations to reputable cloud-based services had significantly enhanced the Group's data security and reduced the likelihood of cyber incidents. We regularly evaluate our cloud-service providers, ensuring that they have organisational controls in place to safeguard systems and data. We also verify if they are independently certified by international standard audits so as to comply with industry standards and our internal policies.

We continue to enhance our cyber security maturity by upgrading our IT infrastructure and enhancing employees' knowledge and awareness. We further protect our business against financial loss due to cyber-crimes by taking commercial crime insurance cover.

The Group is committed to good corporate governance to meet the requirements of our business and stakeholders. The Board has established the Audit (supported by the Risk Management Committee), Sustainability (supported by the Sustainability Management Committee), Remuneration and Nomination Committees, to proactively ensure the overall corporate governance, risk management framework and sustainability strategy of the Group are appropriate and effective.

The Group has put in place appropriate internal procedures to monitor changes in applicable laws and regulations, ensure compliance with all relevant local and international laws and regulations in the places we trade, including comprehensive regulations enacted by the International Maritime Organization (and enforced by its member countries) and international sanctions legislation. Our commitment to anti-bribery practices and high standards of corporate governance has been certified by TRACE, and is underscored by our admission as a member of the Maritime Anti-Corruption Network (MACN).

Regular anti-bribery trainings were organised to shore-based staff and seafarers.

The Board and relevant employees receive regular governance training to ensure a high standard of corporate governance.

 p.43 Corporate Governance

The Group has a dedicated investor relations function and has in place policies and guidelines on information disclosure and communication with the public. We review our implementation and effectiveness of our Shareholders Communication Policy annually.

We publish financial reports or trading updates quarterly, keeping the public informed of material developments of the Group and the market guided by the Corporate Governance Code's best practices. Our website and social media platforms are updated regularly with company news and financial information.

 p.78 Investor Relations

6. Safeguarding the Environment p.34-36 Delivering on Our Strategy

Risk/Impact

Environmental and Decarbonisation Risk

Any deficiency in compliance with emissions and other environmental regulations and standards may result in financial loss and significant damage to our brand and the long-term sustainability of our business.

IMO's global EEXI and CII regulations ensuring annual improvements in the carbon efficiency of existing ships took effect in January 2023.

The European Union Emissions Trading System (EU ETS) for shipping took effect in January 2024.

FuelEU Maritime entered into force in January 2025, a directive to drive the gradual uptake of renewable and low-carbon fuels (RLF) when trading in, to and from EU.

In July 2023, IMO adopted a revised, more ambitious greenhouse gas (GHG) strategy with a goal for international shipping to achieve net-zero emissions by or around 2050, with indicative interim checkpoints. To support the requisite transition to zero emission fuels, IMO is now developing a package of mid-term measures, including technical and economic measures (a GHG Marine Fuel Standard and a maritime GHG emissions pricing mechanism). Meanwhile, IMO's revised GHG strategy will lead to tighter CII and EEXI rules from 2027 onwards.

Other emerging regional decarbonisation regulations, such as the EU's Revised Energy Taxation Directive and the US Clean Shipping Act & International Marine Pollution Accountability Act, could impact the shipping industry significantly in the near future.

The target of net-zero emissions shipping by 2050 creates significant challenges to the shipping industry, including constantly increasing regulatory pressure to replace existing conventional ships with entirely new low-emission vessels.

Change from last year: 



Sustainability Report p.26
Continuous Preparation for
Decarbonisation Rules

Mitigating Measures

Comprising three Independent Non-executive Directors and one Non-executive Director, our board-level Sustainability Committee is appointed by the Board to assist the Board in overseeing the management team and advising the Board on matters that are material to the long-term sustainability of the Company.

Our Sustainability Management Committee chaired by our CEO oversees and executes the Group's sustainability strategy, investment decisions and makes meaningful sustainability recommendations. It also ensures our full compliance with all applicable laws and regulations, adequate Board engagement, proper disclosures and KPI targets are set to drive performance.

We have specialist teams (especially Decarbonisation, Technical, Digitalisation, Chartering, Operations, Asset Management and Sustainability teams) that collaborate to mitigate risks and harness opportunities around decarbonisation, with support and oversight from management, the Sustainability Committee and the Sustainability Management Committee.

We will continue to adopt fuel efficiency enhancements and practices to ensure that our conventionally-fuelled existing vessels are well positioned to comply and continue to trade for the foreseeable future. Our active fleet renewal programme adds to our fleet younger, larger ships of more fuel-efficient design. And we are investing in newbuildings that are capable of running on low-carbon fuel. In November 2024, we contracted for four 64,000 dwt dual-fuel Ultramax newbuilding LEVs of the most fuel-efficient design and with dual-fuel engines that operate on green methanol as well as sustainable biodiesel and conventional fuel oil.

We are in dialogue with several green fuel suppliers and producers to develop access to bio-methanol and e-methanol, as well as biofuel (biodiesel).

We are members of the *Getting to Zero Coalition* committed to exploring ways to decarbonise our industry.

All our vessels comply with regulations set out by the International Maritime Organization (IMO) and coastal states, including the Ballast Water Management (BWM) Convention, 2020 Global Sulphur Limits, EU MRV regulations, EEXI, CII, etc.

We continue to take a proactive approach to exploring viable technological advancements and alternative fuels to achieve net-zero emissions shipping by 2050.


We promote a proactive safety culture by way of safety risk assessments to mitigate risk in critical tasks on board. Through our investment in training, systems, procedures and technology, we seek to eradicate the risk of accidents that may lead to pollution and related penalties, costs and adverse publicity. We cover our risk of pollution liability through reputable Protection & Indemnity (P&I) clubs.

7. Maximising Efficiencies & Controlling Costs p.34-36 Delivering on Our Strategy

Risk/Impact

Operational Efficiency Risk

Poor internal systems, processes, communications and management could adversely impact our business and undermine our operational efficiency.

Change from last year: 

Mitigating Measures


The Group's top-down approach ensures its performance and strategic objectives (including efficiency objectives) are communicated to all staff through organisation-wide staff meetings, information dissemination via intranet and seasonal team building events. We have also established a clear and robust organisation structure that supports our business needs.

Other key measures to bolster operational efficiency include:

- accelerate the Group's digitalisation and processes automations journey by review and upgrade of IT systems, evaluation and procurement of new software and digital applications, applications and hardware to ensure alignment with the business environment and requirements and promote effective system integrations across our operations;
- new digital resources enabled integrated data to enhance transparency and accuracy, resulting in faster and reliable data access to drive better business decisions and ultimately business value;
- appropriate documentation of business policies and procedures to ensure process consistency and best practices;
- proper vendor vetting procedures to ensure the stable and sustainable supply of services and goods; and
- outsource certain operational functions where appropriate to third party providers, allowing our own resources to be more effectively deployed.

Cost Management Risk

Failure to manage costs effectively and sensibly could result in financial losses, resources misallocation, safety issues, business disruption, customer dissatisfaction, supplier alienation or loss of opportunities.

Change from last year: 

Active resources planning and costs estimation are carried out by business departments to expedite their work scope and assess business opportunities. Our cost management measures are in line with our strategy to maximise efficiency and reduce cost without jeopardising our stakeholders' satisfaction, corporate reputation and operational safety.

Approval mechanisms are in place across business departments to ensure expenditures are scrutinised and approved by authorised persons.

Monthly management reports including its costs and deviation from budget are scrutinised by the Board and management to ensure the proper performance of the Group. Variances from resources planning and cost estimations are regularly monitored to enable effective optimisation of business performance and cost efficiency.

8. Enhancing Corporate & Financial Profile p.34-36 [Delivering on Our Strategy](#)

Risk/Impact

Liquidity Risk

Insufficient financial resources (such as bank borrowing facilities) may negatively impact the Group's ability to grow and to meet its payment obligations as they fall due.

Change from last year: 

Mitigating Measures

Our Group's Corporate Finance function actively manages the cash and borrowings of the Group to ensure:

- sufficient funds are available to meet our existing and future commitments;
- an appropriate level of liquidity is maintained during different stages of the shipping cycle;
- compliance with covenants relating to our borrowings and convertible bonds;
- regular and transparent dialogues with our relationship banks are maintained; and
- the right level of financial leverage and financial flexibility.

 [p.115 Financial Statements Note 26](#)
Financial Liabilities Summary

 [p.28 Cash and Borrowings](#)

Capital Management Risk

Weakness in our financial management capability and insufficient capital could impact:

- our ability to operate as a going concern;
- our ability to provide adequate returns to shareholders; and
- other stakeholders' ability and willingness to support the Group.

Increase in interest rate and exchange rate volatility in the currencies we use may increase uncertainty of funding cost and financial impact.

Change from last year: 

 [p.56 Our Principal Risks](#)
Deepening Our Relationships

To achieve an optimal capital structure, the Group conducts regular reviews on:

- future capital requirements and capital efficiency;
- prevailing and projected profitability;
- projected operating cash flows; and
- projected capital expenditure and expectations for strategic investment opportunities.

Our distribution policy is to pay out a minimum of 50% of net profits for the full year, excluding vessel disposal gains, and any additional distribution can be in the form of special dividends and/or share buyback, with the remainder of the profits retained as capital for future use.

Our exchange rate risk is limited by the general use of US dollars in our industry.

 [p.79 Investor Relations](#)
Shareholder Return and Dividend

Interest rate volatility is managed by entering into interest rate swaps. Our Board monitors closely the ratio of interest cover, net borrowings to net book value of owned vessels, and the ratio of net borrowings to shareholders' equity.

 [p.3 Financial Highlights](#)

 [p.101 Financial Statements Note 14](#)
Derivative Assets and Liabilities


OTHER INFORMATION

Handling Inside Information

The Group adopts the following procedures and internal controls for the handling and dissemination of inside information:

- It conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Future Commission of Hong Kong
- The Group’s corporate communication policy governs communication with third parties and, in particular, procedures for responding to external enquiries about the Group’s affairs so that designated personnel are authorised to do so
- It has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website
- It stipulates in its Code of Conduct a strict prohibition on unauthorised use of confidential or inside information

Directors – Remuneration and Share Ownership

Details of the remuneration and share ownership of the Directors are contained in the “Remuneration Report” and “Report of the Directors” sections of this Annual Report. 

Directors’ Securities Transactions

The Board has adopted a Code of Conduct regarding Directors’ securities transactions on terms no less exacting than the required standard under the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules (the “Model Code”).

The Board confirms that, having made specific enquiry of all Directors, the Directors have fully complied with the required standards set out in the Model Code and its Code of Conduct regarding Directors’ securities transactions during the year.

Senior Management and Staff’s Securities Transactions

The Company has adopted rules for those senior managers and staff who are more likely to be in possession of unpublished inside information or other relevant Group’s information based on the Model Code (the “Dealing Rules”). These senior managers and staff have been individually notified and provided with a copy of the Dealing Rules.

The Board confirms that, having made specific enquiry, all senior managers and staff who have been notified and provided with the Dealing Rules have fully complied with the required standards as set out in the Dealing Rules during the year.

Auditor’s Remuneration

Remuneration paid to the Group’s external auditor for services provided for the year ended 31 December 2024 is as follows:

Audit	Non-audit	US\$’000
		Total
1,015	17	1,032

Our Shareholders

Details of shareholder type and shareholding can be found on page 76 of this Annual Report.



p.76 Report of the Directors

Substantial Shareholders’ Interests and Short Positions in the Shares and Underlying Shares of the Company



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Our Shareholders

Shareholders Communication Policy

The Company has established a Shareholders Communication Policy with the objective of enabling shareholders to exercise their rights in an informed manner and to allow shareholders and the investment community to engage actively with the Company. Details of the Shareholders Communication Policy can be found on the Company’s website.

The Board has conducted a review of the implementation and effectiveness of the Shareholders Communication Policy and the related framework during the year. Its review was from three broad angles, namely (i) the specific policy on the means of communication with the shareholders and the channels available for them to access to the Company; (ii) the Company’s internal procedures on proper dissemination of information to the shareholders to ensure their proper understanding of the actions taken by the Company or other useful information of the Company; and (iii) the availability and quality of the two-way dialogue with shareholders such as conducting investor meetings by the Company’s designated investor relations personnel or Directors. The Board has been provided with information that the above have been properly in place or performed during the year. In addition, the Company has designated investor relations and company secretarial functions, staffed by appropriately qualified personnel who are charged with, among other things, communication with shareholders and compliance with relevant disclosure regulations.



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Sustainability > Corporate Governance



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Stakeholder Communication Channels

These functions are well established and receive close scrutiny by the Chief Executive Officer and the Board. Taking into account of the above, the Board considers the current Shareholders Communication Policy has been appropriately implemented and remains effective.

Shareholders Meeting

The Company held one general meeting during the reporting year.

The annual general meeting was held on 19 April 2024 with the following resolutions passed and approved:

- receipt and adoption of the audited financial statements and the Reports of the Directors and Auditor for the year ended 31 December 2023;
- declaration of final dividend for the year ended 31 December 2023;
- re-election of Directors;
- authorising the Board to fix Directors' remuneration;
- re-appointment of Messrs. PricewaterhouseCoopers as auditors of the Company for the year ended 31 December 2024 and authorising the Board to fix their remuneration;
- granting a general mandate to issue shares;
- granting a general mandate to buy back shares; and
- amendments to and adoption of the Company's third amended and restated Bye-laws.

All resolutions tabled at the annual general meeting were voted on and approved by poll.

Amendments to Bye-laws of the Company

At the 2024 Annual General Meeting, a special resolution was passed by shareholders to amend the Company's Bye-laws in order to, amongst others, (i) reflect and align with the latest regulatory requirements of the Listing Rules in relation to the expanded paperless listing regime and the mandatory electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023; (ii) modernise the Bye-laws to expressly allow the Company to convene and hold electronic meetings and/or hybrid meetings in addition to physical meeting; and (iii) make other miscellaneous and housekeeping amendments, as well as update certain provisions with reference to the latest applicable laws of Bermuda and the Listing Rules. The third amended and restated Bye-laws of the Company is available on the respective websites of the Company and the Stock Exchange.



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Investors > News: Proxy Form

Media > FAQ: AGM and Shareholders' Questions

Shareholders' Rights

Each of the following procedures are subject to the Company's Bye-laws, the Bermuda Companies Act 1981 and applicable legislation and regulation.

1. Procedures for Shareholders to make proposals at general meeting other than a proposal of a person for election as a Director

- Shareholder(s) holding (i) not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting; or (ii) not less than 100 Shareholders, can submit a written request stating the resolution intended to be moved at an annual general meeting ("AGM") of the Company; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.
- The written request/statements must be signed by the Shareholder(s) concerned and deposited at the Company's registered office** and its principal office** for the attention of the Company Secretary not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.
- If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the Shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in giving effect thereto.

2. Procedures for Shareholders to propose a person for election as a Director

- A Shareholder who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of Director(s) can deposit a written notice at the Company's principal office** for the attention of the Company Secretary to propose a person (other than that Shareholder) for election as a Director at that meeting.
- The written notice must be signed by the Shareholder concerned, stating the full name of the person proposed for election as a Director, his/her biographical details as required by the Listing Rules, and that person depositing a signed written notice at the Company's principal office** for the attention of the Company Secretary indicating his/her willingness to be elected.
- The period for lodgement of such a written notice will commence on the day after the despatch of the notice of the general meeting and end no later than 7 days prior to the date of such general meeting. If the notice is received less than 15 business days prior to that general meeting, the Company may consider adjournment of the general meeting where appropriate.




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including the Company's registered office and principal office addresses

3. Procedures for Shareholders to convene a special general meeting ("SGM")

- Shareholders holding, at the date of deposit of the requisition, not less than ten per cent (10%) of the voting rights of the Company, on a one vote per share basis in the paid-up capital carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition (stating the purpose of the general meeting and signed by the Shareholder(s) concerned) sent to the Board or Company Secretary at the Company's registered office** and principal office** to require a SGM to be called by the Board to transact a specified business in such requisition; and such meeting shall be held within two months after the deposit of such requisition.
- If the requisition is in order, the Company Secretary will ask the Board to convene a SGM in accordance with applicable legal and regulatory requirements.

Enquires of the above may be addressed in writing to the Company Secretary at the principal office** or by e-mail to companysecretary@pacificbasin.com.

******  **p.125 Corporate Information**
including the Company's registered office
and principal office addresses

Planned Financial Calendar in 2025

28 February	2024 annual results announcement
14 March	2024 Annual Report
17 April	First quarter 2025 trading update
22-25 April	Book closure for determining entitlement to attend and vote at the AGM
25 April	Annual General Meeting
<i>Applicable if 2024 final dividend is payable:</i>	
30 April	Last day of dealings in shares with entitlement to 2024 final dividend
2 May	Ex-dividend date
6 May by 4:30 pm HK time	Deadline for lodging transfers for entitlement to 2024 final dividend
7 May	2024 Final dividend record date and book closure of the share register
16 May	2024 Final dividend payment date
7 August	2025 interim results announcement
<i>Applicable if 2025 interim dividend is payable:</i>	
20 August	Last day of dealings in shares with entitlement to 2025 interim dividend
21 August	Ex-dividend date
22 August by 4:30 pm HK time	Deadline for lodging transfers for entitlement to 2025 interim dividend
25 August	2025 Interim dividend record date and book closure of the share register
4 September	2025 interim dividend payment date
16 October	Third quarter 2025 trading update

Closure of Register of Members

If the proposed final dividend is approved at the 2025 AGM, the register of members will be closed on 7 May 2025 when no transfer of shares will be effected. In order to qualify for the final dividend, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 6 May 2025. The ex-dividend date for the 2024 final dividend will be on 2 May 2025.

OUR DIRECTORS

Our Board comprises 9 Directors whose complementary expertise and shared commitment to responsible investment and management practices is harnessed in the overall interests of our diverse shareholders and other stakeholders

Executive Director



Martin Fruergaard

Chief Executive Officer and Executive Director
(age 57)

Mr. Fruergaard joined Pacific Basin as an Executive Director in July 2021. He previously spent 26 years with A.P. Moller-Maersk A/S in Copenhagen and Houston, starting in 1989 at Maersk Tankers followed by the group's gas carrier operation until 1995, before occupying managerial and leadership positions including senior director of Maersk Bulk Carriers, senior vice president of Maersk Tankers, and chief commercial officer of Maersk Drilling. From 2015 to June 2021, he served as chief executive officer of gas tanker owner and operator Ultragas.

Education & qualifications:

International Institute for Management Development: EMBA degree

Various executive courses at IMD and Harvard Business School

Advanced Management Program at Harvard Business School

Term of office:

Appointed as Executive Director in July 2021
Current term expires at the 2027 AGM

External appointments:

Executive Committee member of the Hong Kong Shipowners Association

Committee membership:

Chairman of Executive Committee

Independent Non-executive Directors



Stanley Hutter Ryan

Chairman of the Board and Independent Non-executive Director
(age 63)

Mr. Ryan served with Cargill, Inc. for 25 years in executive and general management roles worldwide including as general manager of Cargill's oilseed operations, and Venezuela and Brazil refined oils businesses. He was president of Cargill's North American dressings, sauces and oils business, and managing director of Cargill's refined oils business in Europe and food ingredients business in Australasia. He was a global co-leader of Cargill's agricultural supply chain businesses and member of its global corporate centre. Mr. Ryan served as an independent director at Eagle Bulk Shipping Inc. from October 2014 to June 2016 and as Eagle Bulk's interim chief executive officer from March to September 2015. He also served as a chief executive officer and a president of Darigold, Inc. from February 2016 to March 2022.

Education & qualifications:

University of Notre Dame: Bachelor of Economics and Computer Applications degree

University of Chicago: MBA & Master of Arts degree in International Relations

Term of office:

Appointed as INED in July 2016
Current term expires at the 2027 AGM

External appointments:

Senior advisor of McKinsey & Company
Independent director of Toronto-listed Saputo Inc.

Committee membership:

Chairman of Nomination Committee
Member of Remuneration Committee



Irene Waage Basili

Independent Non-executive Director
(age 57)

Mrs. Basili held various managerial positions in the shipping industry, including Western Bulk Carriers Holding ASA. From 1999 to 2007 she held various positions in Wallenius Wilhelmsen Logistics, including as commercial director in 2004. From 2007 to 2011, she served as vice president, marine business unit of Petroleum Geo Services following its acquisition of Arrow Seismic ASA where she was the chief executive officer. She also served as a director of Odjell SE from December 2008 to May 2014, the chief executive officer of GC Rieber Shipping from March 2011 to April 2017, a director and the deputy chairman of Kongsberg Gruppen ASA from May 2011 to May 2019 and a director of Wilh. Wilhelmsen Holding ASA from May 2016 to May 2020 (all listed on the Oslo Stock Exchange).

Education & qualifications:

Boston University: Bachelor of Business Administration degree

Term of office:

Appointed as INED in May 2014
Current term expires at the 2026 AGM

External appointments:

Chief executive officer of Shearwater Geoservices

Committee membership:

Chairman of Remuneration Committee
Member of Nomination Committee

Independent Non-executive Directors



**Kirsi Kyllikki
Tikka**

**Independent
Non-executive Director**
(age 68)

Dr. Tikka served with American Bureau of Shipping (“ABS”) for 18 years from 2001 to 2019, having started as vice president, engineering and then in a variety of specialist and leadership roles including as vice president, global technology, business development and special projects (2005-2011), vice president and chief engineer, global (2011-2012); president and chief operating officer, ABS Europe Division (2012–2016); executive vice president, global marine (2016-2018), and executive vice president and senior maritime advisor (2018-2019). Prior to joining ABS, Dr. Tikka was a professor of Naval Architecture at Webb Institute in New York (1996-2001) and she worked as a naval architect, operations planner and analyst at Wartsila Shipyards and Chevron Shipping.

Education & qualifications:

University of California, Berkeley: PhD in Naval Architecture and Offshore Engineering

University of Technology, Helsinki: Master’s degree in Solid Mechanics and Naval Architecture

Harvard Business School: Executive Training Program, Management Development

Term of office:

Appointed as INED in September 2019
Current term expires at the 2025 AGM

External appointments:

INED of New York-listed Ardmore Shipping Corporation

Committee membership:

Chairman of Sustainability Committee
Member of Nomination Committee



**John Mackay McCulloch
Williamson**

**Independent
Non-executive Director**
(age 66)

Mr. Williamson served as independent non-executive director of Hong Kong Exchanges and Clearing Limited for 13 years (2008 to 2021) where he acted as chairman of the board risk committee and a member of several board governance committees. He was chief executive officer at SAIL Advisors Limited (2011 to 2018); senior managing director (2012 to 2018), chief financial officer (2007 to 2018), and managing director (2007 to 2011) at Search Investment Group; managing director and head of infrastructure & operational risk at Morgan Stanley Asia (1998 to 2007); chief operating officer at NatWest Securities Asia Holdings (1994 to 1998); managing director at NatWest Investment Services, London (1992 to 1994); and INED of Nasdaq-listed Provident Acquisition Corp. (2021-2022).

Education & qualifications:

Heriot-Watt University: Bachelor of Arts degree

Chartered Accountant & member of The Institute of Chartered Accountants of Scotland

Fellow of the Chartered Institute for Securities and Investment, UK

Senior Fellow of the Hong Kong Securities and Investment Institute

Member of the Hong Kong Management Association

Term of office:

Appointed as INED in November 2020
Current term expires at the 2026 AGM

External appointments:

Non-executive chairman of UK Tote Group Limited
Chairman and non-executive director of London Metal Exchange

Committee membership:

Chairman of Audit Committee



**Kalpana
Desai**

**Independent
Non-executive Director**
(age 57)

Ms. Desai has over 30 years of international advisory and investment banking experience. She was Head of Macquarie Capital Asia, the Investment Banking division of Macquarie Group Limited, from 2009 to 2013. Prior to this, she was Head of the Asia-Pacific Mergers & Acquisitions Group and a managing director in the Investment Banking division of Bank of America Merrill Lynch in Hong Kong from 2001 to 2009, having joined the firm in 1998. Ms. Desai was a member of the Takeovers and Mergers Panel of the Securities and Futures Commission in Hong Kong from 2007 to 2014 and was a non-executive director of Canaccord Genuity Group Inc., headquartered in Canada, from 2013 to 2019.

Education & qualifications:

London School of Economics and Political Science: Bachelor of Economics degree

Harvard Business School: Corporate Director Certificate

Fellow member of the Institute of Chartered Accountants in England and Wales

Term of office:

Appointed as INED in February 2025 for 3 years
(subject to re-election at the 2025 AGM)

External appointments:

Director of New York-listed Janus Henderson Group PLC and UK Government Investments Limited

Committee membership:

Member of Audit and Sustainability Committees

Independent Non-executive Director and Non-executive Directors



**Wang Xiaojun
Heather**

Independent
Non-executive Director
(age 61)

Ms. Wang joined General Electric (“GE”) in 1994 and has nearly 30 years of extensive experience in human resources and has held numerous leadership roles across various business segments, including GE Lighting, GE Capital, GE International, GE Global Growth Organization (GGO) and GE Corporate across the US, Europe and Asia, until her retirement as the Vice-President of GE (a position appointed by the GE Board in 2009) and Human Resources leader for GE International Markets in July 2023. Prior to joining GE, she worked with China International Trust and Investment Corporation and AT&T Beijing Fiber Optic Cable Co in business and human resources management roles.

Education & qualifications:

Rutgers Business School: MBA

Term of office:

Appointed as INED in February 2025 for 3 years (subject to re-election at the 2025 AGM)

External appointments:

INED of Hong Kong-listed CLP Holdings Limited

Committee membership:

Member of Remuneration and Sustainability Committees



**Alexander Howarth Yat
Kay Cheung**

Non-executive Director
(age 53)

Mr. Cheung served with Linklaters in London in 1994 where he commenced his legal career, before moving to their Hong Kong office in 1999 where he specialised in corporate finance, Hong Kong Stock Exchange listings, regulatory matters and mergers and acquisitions. In 2005, he joined the Hong Kong law firm, Vincent T. K. Cheung, Yap & Co. as a partner and the head of the firm's Central branch. He advises numerous clients on a broad range of corporate, commercial, capital markets, regulatory and employment matters. He is also well versed in governance and compliance matters.

Education & qualifications:

King's College London: LLB Hons Degree

Qualified as a solicitor in England and Wales and in Hong Kong

Term of office:

Appointed as NED in January 2022

Current term expires at the 2025 AGM

External appointments:

None

Committee membership:

Member of Audit and Remuneration Committees



**Mats Henrik
Berglund**

Non-executive Director
(age 62)

Mr. Berglund served with Swedish conglomerate Stena group from 1986 to 2005, occupying managerial and leadership positions in various Stena group shipping businesses in Sweden and the USA including group controller of Stena Line, vice president and chief financial officer of both Concordia Maritime and StenTex (a Stena Texaco joint venture), president of StenTex, and vice president and president of Stena Rederi AB (Stena's parent company for all shipping activities). From 2005 to 2011, he was senior vice president and head of Crude Transportation for New York-listed Overseas Shipholding Group Inc. Between March 2011 and May 2012, he served as chief financial officer and chief operating officer at Chemoil Energy Limited, a Singapore-listed global trader of marine fuel products. He acted as the Chief Executive Officer and Executive Director of Pacific Basin from 2012 to July 2021.

Education & qualifications:

Gothenburg University Business School: an Economist (Civilekonom) degree

Advanced Management Program at Harvard Business School

Term of office:

Appointed as NED in January 2024 for 3 years

Current term expires at the 2027 AGM

External appointments:

Independent director of New York-listed Ardmore Shipping Corporation, Northern Marine Group and Toronto-listed Algoma Central Corporation

Committee membership:

Member of Nomination and Sustainability Committees

REMUNERATION REPORT

Introduction

The Group's remuneration policies and amounts for all employees including Executive Directors and Non-executive Directors are set out in this report. Information on pages 69 to 70 comprise the audited parts of the Remuneration Report and form an integral part of the Group's financial statements. The Group employed a total of 403 shore-based staff at 31 December 2024 (2023: 389) and about 4,600 seafarers during the year (2023: 5,100).

Group's Remuneration Policy

The Board, through the Remuneration Committee, seeks to attract and retain personnel with the skills, experience and qualifications needed to manage and grow the business successfully. We achieve this by providing remuneration packages, including bonuses, which are competitive, consistent with market practice, and reward performance and align employees and shareholders' interests.

The Board has taken into consideration a number of relevant factors when considering remuneration adjustments and annual bonuses, such as making reference to the prevailing market conditions, local market practice, salaries paid by comparable companies, the levels of emolument of existing staff of the Company, job

responsibilities, duties and scope, performance of individuals and the market demand for their skills. The business of shipping is highly cyclical. It is inappropriate to impose straight financial measures for both salary adjustments and bonus determination as to do so would likely generate meaningless results and potentially damaging consequences. The Board seeks to obtain a balance of all the above mentioned factors.

Discretionary equity awards by way of restricted share awards are provided through the Company's Share Award Schemes which are designed to provide Executive Directors and other employees with long-term financial benefits that are aligned to and consistent with the creation of shareholder value as an incentive and recognition for their contribution to the Group. The number of share awards granted each year is based on the performance, role and responsibilities of the individual eligible participant and approved by the Remuneration Committee.

The Group's principal retirement benefit scheme is the Mandatory Provident Fund Scheme, a defined contribution scheme provided under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those staff employed under the jurisdiction of the Hong Kong Employment Ordinance. Other locations provide pension contributions in line with local regulations.

Key components of remuneration are set out below.

Looking forward – 2025 and beyond

The Board is reviewing an enhanced Remuneration Policy (the "**Policy**") that aims not only to attract, motivate and retain talented personnel with the necessary skills, experiences, qualifications and attitudes to grow and oversee the business, but also to create shareholder value and alignment with shareholders while fostering a high-performance culture consistent with the Company's Purpose, Vision, and Business Principles. Given the Company's highly cyclical business environment, the Policy will measure performance in both the short term and long term, balancing business optimisation and strategic development. It will evaluate both quantitative, financial business performance, and qualitative, non-financial results. The Policy intends to reward long-term high performance, good leadership, sound judgement, and sustainable business practices and development encouraging rigorous risk management, ethical business behavior and values, teamwork and collective responsibility as much as individual excellence, and promoting a shared sense of responsibility for the environment for people's safety and wellbeing, and for diversity, equity and inclusion.

The remuneration framework under the enhanced Policy will continue to include fixed and variable remuneration, with components such as base salary, allowances, benefits, short-term incentives such as cash bonus, and long-term incentives such as restricted awards and performance awards ("**PSU**"), the latter designed to focus the executive team on long-term alignment with shareholders. It is intended that the vesting of PSU awards will be conditional on the Company achieving targets that are determined by the Board from time to time. This will be implemented in our proposed new share award scheme that is expected to be put forward for shareholders' approval at the forthcoming annual general meeting. The Policy and the proposed new share award scheme will also contain provisions allowing for the clawback of vested and unvested equity awards in certain circumstances.

The Policy will be governed by the Remuneration Committee to ensure it aligns with corporate governance, market practice and business strategy.

Key Remuneration Components for Executive Directors and All Employees

Fixed based salary – Salaries are reviewed annually taking into account prevailing market conditions and local market practice, as well as the individual's role, duties, experience, responsibilities and performance

Annual discretionary cash bonus – Discretionary cash bonuses are determined based on the overall performance of the individual and the Group. Bonuses for Executive Directors and certain higher paid employees are assessed by the Remuneration Committee, and those of all other staff are assessed by the Chief Executive Officer. Bonuses to Executive Directors and other employees are generally expected to be no more than 12 months' salary equivalent

Long-term equity award – Discretionary awards are determined based on the performance, role and responsibilities of eligible participants. New awards are considered each year by the Remuneration Committee. Awards typically vest three years after they are granted. Awards granted to first time awardees, if any, typically vest annually over a three-year period

Retirement benefit – Retirement benefit is in line with local legislation and market practice

Non-executive Directors and Independent Non-executive Directors are entitled to a fixed annual fee only.

Remuneration for the Years Ended 31 December 2024 and 2023 ^A

	Directors fee US\$'000	Salaries US\$'000	Bonuses US\$'000	Pension ⁶ US\$'000	Total payable US\$'000	Share-based compensation ¹ US\$'000	Total payable and charged US\$'000
31 December 2024							
Executive Director							
Martin Fruergaard	–	1,120	170	2	1,292	558	1,850
Independent Non-executive Directors							
Irene Waage Basili	109	–	–	–	109	–	109
Stanley H. Ryan	200	–	–	–	200	–	200
Kirsi K. Tikka	109	–	–	–	109	–	109
John M.M. Williamson	115	–	–	–	115	–	115
Alexandre F.A. Emery ²	102	–	–	–	102	–	102
Non-executive Directors							
Alexander H.Y.K. Cheung	102	–	–	–	102	–	102
Mats H. Berglund ³	102	–	–	–	102	–	102
	839	–	–	–	839	–	839
Total Directors' remuneration	839	1,120	170	2	2,131	558	2,689
Senior Management							
Michael Jorgensen ⁴	–	785 ⁴	–	2	787	905	1,692
Other Employees	–	170,257 ⁵	6,171	4,419	180,847	4,152	184,999
Total remuneration	839	172,162	6,341	4,423	183,765	5,615	189,380
31 December 2023							
Executive Directors							
David M. Turnbull ⁷	–	153	–	–	153	362	515
Martin Fruergaard	–	1,093	553	2	1,648	576	2,224
Peter Schulz ⁸	–	833 ⁸	–	1	834	510	1,344
	–	2,079	553	3	2,635	1,448	4,083
Independent Non-executive Directors							
Irene Waage Basili	104	–	–	–	104	–	104
Stanley H. Ryan	170	–	–	–	170	–	170
Kirsi K. Tikka	106	–	–	–	106	–	106
John M.M. Williamson	118	–	–	–	118	–	118
Robert C. Nicholson ⁹	33	–	–	–	33	–	33
Non-executive Director							
Alexander H.Y.K. Cheung	106	–	–	–	106	–	106
	637	–	–	–	637	–	637
Total Directors' remuneration	637	2,079	553	3	3,272	1,448	4,720
Senior Management							
Michael Jorgensen ⁴	–	273	57	1	331	146	477
Other Employees	–	172,980 ⁵	8,671	4,075	185,726	4,324	190,050
Total remuneration	637	175,332	9,281	4,079	189,329	5,918	195,247

Notes:

(1) Share-based compensation represents a non-cash charge to the income statement of the share awards through the vesting period based on their fair values on the grant date (please refer to the accounting policy for share-based compensation on page 70) and does not represent any cash payment to the awardees.



(2) Mr. Emery was appointed as an INED of the Company on 2 January 2024. He has resigned with effect from 2 January 2025 to assume a full-time executive role elsewhere.

(3) Mr. Berglund was appointed as a NED of the Company on 2 January 2024.

(4) Mr. Jorgensen, who was appointed on 17 July 2023, stepped down as Chief Financial Officer on 31 October 2024. The figure includes unused leave and discretionary separation payment of US\$298,000.

(5) Salaries of Other Employees includes crew wages and other related costs of US\$126.5 million (2023: US\$133.2 million), which are classified as cost of services on the income statement.

(6) During the year, a total of approximately US\$5,300 (2023: US\$27,300) of forfeited contributions under the MPF Scheme was used to reduce the contributions payable by the Group. As at the year end, there were no forfeited contributions available for such use.

(7) Mr. Turnbull retired as an Executive Director and Chairman of the Board on 18 April 2023.

(8) Mr. Schulz stepped down as an Executive Director and Chief Financial Officer on 31 March 2023. The figure includes gardening leave pay, unused leave and long service totalling US\$307,000 as well as a discretionary separation payment of US\$383,000.

(9) Mr. Nicholson retired as an Independent Non-executive Director on 18 April 2023.

For the year ended 31 December 2024, the five individuals whose emoluments were the highest in the Group were one Executive Director, one senior management and three employees (2023: two Executive Directors and three employees). The emoluments of such three highest pay employees are set out below and fell within the following bands.

	2024 US\$'000	2023 US\$'000
Salaries	1,155	1,146
Bonuses	251	445
Pension	206	226
Total Payable	1,612	1,817
Share-based compensation ⁽¹⁾	484	412
Total payable and charged	2,096	2,229

Note:

(1) Share-based compensation represents a non-cash charge to the income statement of the share awards through the vesting period based on their fair values on the grant date (please refer to the accounting policy for share-based compensation below) and does not represent any cash payment to the awardees. 

During the year, the Group did not pay any of the five highest paid individuals (including one Executive Director, one senior management and three other employees) or any other Directors any inducement to join or upon joining the Group or as compensation for loss of office. No Directors waived or agreed to waive any emoluments during the year.

Accounting Policies on Employee Benefits

Bonuses

The Group recognises a liability and expense for bonuses when there is a contractual or constructive obligation or where there is a past practice that created a constructive obligation.

Retirement Benefit Obligations

Mandatory Provident Fund Scheme

The Group operates the Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee administered funds.

Under the MPF scheme, the employer and its employees are each required to make regular mandatory contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. The Group also makes voluntary contribution in addition. The Group’s contributions to the scheme are expensed as incurred. When employees leave the scheme prior to the full vesting of the employer’s voluntary contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

Other Defined Contribution Schemes

The Group also operates a number of defined contribution retirement schemes outside Hong Kong in accordance with local statutory requirements. The assets of these schemes are generally held in separate administered funds and are generally funded by payments from employees and by the relevant group companies. The Group’s contributions to the defined contribution retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to their contributions being fully vested.

Emolument bands	2024	2023
HK\$4,000,001 to HK\$4,500,000	1	0
HK\$4,500,001 to HK\$5,000,000	1	1
HK\$5,000,001 to HK\$5,500,000	0	1
HK\$7,000,001 to HK\$7,500,000	1	0
HK\$7,500,001 to HK\$8,000,000	0	1

Share-based Compensation

The Group operates an equity-settled, share-based compensation scheme. Restricted share awards are recognised as an expense in the income statement with a corresponding credit to reserves, based on the fair value of the shares. The total amount to be expensed is calculated by reference to the fair value of the equity instruments on the grant date, excluding the impact of any non-market vesting conditions (for example, requirement of an employee to remain in employment for a specified time period). The number of equity instruments that are expected to vest takes into account non-market assumptions, including expectations of an employee remaining in the Group during the vesting period. The total amount expensed is charged through the vesting period. The Company reviews its estimates of the number of equity instruments that are expected to vest based on the non-market vesting conditions if necessary. It recognises the impact of the revision of the original estimates, if any, in the income statement with a corresponding adjustment to equity.

The grant of share-based compensation by the Company to the employees of subsidiary undertakings in the Group is treated as a capital contribution by the Company to the subsidiaries. The fair value of employee services received, measured by reference to fair value of the shares on the grant date is recognised over the vesting period as an increase in investment in the subsidiary undertakings, with a corresponding credit to equity in the Company’s account. In the accounts of the subsidiaries, such fair value is recognised as an expense in the income statement with corresponding credit to reserve.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2024.

Principal Activities, Analysis of Operations, Business Review and Financial Summary

The principal activity of the Company is investment holding. The Company’s principal subsidiaries (set out in Note 29 to the financial statements) are engaged in the ownership and international operation of modern Handysize and Supramax dry bulk ships. In addition, the Group is engaged in the management and investment of the Group’s cash and deposits through its treasury activities.

The business review of the Group for the year ended 31 December 2024 is set out on pages 5 to 31 of this Annual Report. A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the “Group Financial Summary” section of this Annual Report. A brief introduction of the Group’s sustainability efforts for the year ended 31 December 2024 is set out in the “Sustainability Highlights” section of this Annual Report and a comprehensive Sustainability Report 2024 is available on our website.

Results

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement on page 84.

Dividend

The Board has recommended the payment of a final dividend of HK5.1 cents per share for the year ended 31 December 2024. When this proposed final dividend is aggregated with the interim dividend of HK4.1 cents per share declared on 8 August 2024, the total of HK9.2 cents per share represents approximately 50% of the Group’s net profits for the year ended 31 December 2024 excluding vessel disposal gains, which is in line with the distribution policy of paying out dividends of at least 50% of our annual net profits (excluding vessel disposal gains), and any additional distribution can be in the form of special dividends and/or share buyback, after taking into consideration factors such as the Group’s financial position, business plans and strategies, future capital requirements and general economic and business conditions etc.

The recommended final dividend of HK5.1 cents per share will be payable on 16 May 2025, subject to approval by the shareholders of the Company at the forthcoming annual general meeting to be held on 25 April 2025, to those shareholders whose names appear on the Company’s register of members on 7 May 2025.

 **p.12 Chief Executive’s Review**

Purchase, Sale or Redemption of Securities

During the year ended 31 December 2024, the Company repurchased a total of 138,221,000 shares on the Stock Exchange under the Company’s share buyback programme as announced on 18 April 2024. The Company had observed that the prevailing share price was below the market value of its assets and may not have fully reflected the business prospects of the Group, presenting a good opportunity for the Company to buy back its shares. The financial position of the Company was solid and healthy. The share buyback programme reflected the Company’s confidence in its long-term business prospects and potential growth. In addition, the Company believed that actively optimising the capital structure through implementing the share buyback programme would enhance its earnings per share, net asset value per share and shareholder return. The aggregate consideration paid (before expenses) for the share repurchases amounted to approximately HK\$312 million (equivalent to approximately US\$40 million). All shares bought back were cancelled. As at 31 December 2024, the total number of shares in issue was 5,155,953,146. Particulars of the shares bought back are as follows:

Month	Number of shares bought back	Purchase price paid per share (HK\$)			Aggregate consideration paid before expenses (HK\$)
		Average	Highest	Lowest	
May 2024	15,381,000	2.80	2.87	2.73	43,002,786
Jun 2024	27,335,000	2.59	2.77	2.41	70,799,060
Aug 2024	8,064,000	2.16	2.22	2.05	17,396,559
Sep 2024	46,842,000	2.04	2.21	1.93	95,500,731
Oct 2024	19,402,000	2.36	2.60	2.10	45,715,917
Nov 2024	8,000,000	1.84	1.87	1.83	14,733,350
Dec 2024	13,197,000	1.89	1.94	1.84	24,927,087
	138,221,000				312,075,490

In March 2024, the trustee of the share award schemes of the Company purchased a total of 17,874,000 shares on the Stock Exchange in relation to awards granted to certain awardees under the Company’s 2023 Share Award Scheme. The aggregate consideration paid (before expenses) amounted to approximately HK\$43 million (equivalent to approximately US\$5.5 million).

Save as disclosed above, neither the Company nor any of its subsidiaries has during the year purchased, sold or redeemed any of the issued shares or convertible bonds of the Company.

Share Capital and Pre-emptive Rights

Movements in the share capital of the Company are set out in Note 22 to the financial statements.

During the reporting year, a total of 30,351,090 conversion shares were issued on 17 June 2024 to two allottees, namely Citi (Nominees) Limited in respect of 3,366,211 shares and HSBC Nominees (Hong Kong) Limited in respect of 26,984,879 shares, being the nominees of two bondholders holding an aggregate principal amount of US\$5,500,000 of the 3.0% p.a. coupon guaranteed convertible bonds due in 2025 issued by the Group in December 2019 (the “Bonds”) based on the conversion price of HK\$1.42 per share.

There is no provision for pre-emptive rights under the Company’s Bye-laws and there is no restriction against such rights under Bermuda Law.

Convertible Bonds

As at 31 December 2024, there remained the Bonds with an outstanding principal amount of US\$28,110,000. The Bonds are convertible into ordinary shares of the Company at a current conversion price of HK\$1.39 per share.

More details are set out in Note 20(b) to the financial statements. 

Distributable Reserve

Distributable reserves of the Company as at 31 December 2024, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to US\$366.0 million as set out in Note 30(b) to the financial statements.

Donations/Sponsorships

Charitable and other donations and sponsorships made by the Group during the year amounted to US\$195,000.

Material Investments, Acquisitions and Disposals

During the year, the Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures.

2013 Share Award Scheme & 2023 Share Award Scheme

The 2013 Share Award Scheme (“2013 SAS”) was adopted by the Board on 28 February 2013 and had an effective term of 10 years. It expired in February 2023 and was replaced by the 2023 Share Award Scheme (“2023 SAS”) as adopted by the Board on 31 July 2023. The 2023 SAS has an expiry date of the earlier of 31 July 2025 or the date of the adoption by the Shareholders in a general meeting of a new share award scheme, or such earlier date as the Board deems fit (i.e. the remaining life of the 2023 SAS as at the date of the Annual Report is approximately 5 months). Upon expiration of the 2013 SAS, no further Awards shall be offered under it, but in all other respects the provisions of the 2013 SAS remain in full force and effect. All Awards granted prior to the expiration of the 2013 SAS and not vested at the time shall remain valid. These Awards will vest through to 2025 as per the vesting schedule.

Both the 2013 SAS and the 2023 SAS enable the Company to grant share awards or unit awards (“Awards”) to eligible participants, being principally Executive Directors and employees, as an incentive and recognition for their contribution to the Group and to align the interests of the awardees generally with those of the shareholders for the benefit of the development of the Group. They are single share award schemes under which no share options can be granted.

The grant of Awards under the 2013 SAS can be satisfied by purchase of existing shares of the Company through the trustee on the secondary market at the market trading price, as well as through allotment and issue of new shares by the Board utilising the general mandate granted to them by the shareholders. Since the 2013 SAS has expired in February 2023, no shares were issued under the scheme during the year.

The grant of Awards under the 2023 SAS can be satisfied only by purchase of existing shares of the Company through the trustee on the secondary market at the market trading price.

Maximum Number of Shares

Under the 2013 SAS, the total number of shares which may be or already have been issued by the Company or transferred to the trustee of the 2013 SAS in satisfaction of the Awards granted under the 2013 SAS must not, in aggregate, exceed 10% of the issued share capital of the Company as at the first date of each financial year during the term of the 2013 SAS. No shares were granted or issued under the 2013 SAS during the year. Since the 2013 SAS has already expired on 28 February 2023, no shares were available for grant, further grant or issue under the scheme as at the beginning or end of 2024 and at the date of the Annual Report.

Under the 2023 SAS, the total number of shares available for grant (only satisfied by existing shares) under the scheme as at the beginning and end of 2024 and as at the date of the Annual Report were 87,535,461, 69,126,461 and 69,126,461 shares respectively. The total number of shares available for issue under the 2023 SAS was nil at all times.

Vesting of Awards

Under the 2013 SAS and the 2023 SAS, Awards typically vest three years after they are granted. Awards granted to first time awardees, if any, typically vest annually over a three-year period.

Limit for Each Eligible Participant

The maximum number of shares for any specific eligible participant which may be subject to an Award or Awards (i) under the 2013 SAS, at any one time shall not in aggregate exceed 1% of the issued share capital of the Company as at the first date of the relevant financial year of the Company and (ii) under the 2023 SAS, in the 12-month period up to the date of grant shall not in aggregate exceed 1% of the issued share capital of the Company (excluding treasury shares, if any) as at the date of the grant.

Procedure of Granting Restricted Awards

The Board has entered into a trust deed to appoint a trustee to administer Awards under the 2013 SAS and the 2023 SAS and to constitute a trust to hold property transferred by the Company to the trustee (which shall include cash or shares) in order to satisfy grants of Awards. The Remuneration Committee administers and oversees the 2013 SAS and the 2023 SAS. Their review and approval is required prior to the granting of Awards to any eligible participants. No shares were granted during the year under the 2013 SAS as the scheme has expired in February 2023. At the direction of the Board, the trustee shall acquire existing shares in the market in accordance with the rules of the 2023 SAS.

There is no exercise period for any Awards under the schemes. Awardees are not required to make payment upon acceptance of the Awards.

The trustee of the schemes shall not exercise any voting rights in respect of any shares held pursuant to the relevant trust deed.

Clawback Mechanism to recover or withhold any unvested portion of any Award

The unvested portion of any Award shall lapse on the date on which an awardee ceases to be an eligible participant by reason of the termination of his employment for serious misconduct, or has become insolvent or has been convicted of any criminal offence involving his integrity.

Awards Granted

Details of the grant of long-term incentives and movements of the outstanding incentives under the 2013 SAS and 2023 SAS (on an aggregate basis) during the year ended 31 December 2024 are as follows:

'000 shares	Date of Grant	Unvested at 31 Dec 2024	Unvested at 1 Jan 2024	During the Year			Vesting period ⁵		
				Granted ¹	Vested ^{2 & 3}	Lapsed ⁴	2025	2026	2027
Director Martin Fruergaard	2-Aug-21	–	1,212	–	(1,212)	–	–	–	–
	3-Mar-22	1,359	1,359	–	–	–	1,359	–	–
	2-Aug-23	1,637	1,637	–	–	–	–	1,637	–
	5-Mar-24	1,816	–	1,816	–	–	–	–	1,816
		4,812	4,208	1,816	(1,212)	–	1,359	1,637	1,816
Senior Management Michael Jorgensen		–	1,758	–	(1,758)	–	–	–	–
	2-Aug-23	–	–	1,805	(1,805)	–	–	–	–
	5-Mar-24	–	1,758	1,805	(3,563)	–	–	–	–
Other Employees	2-Mar-21	–	22,088	–	(21,668)	(420)	–	–	–
	3-Mar-22	11,314	13,526	–	(1,295)	(917)	11,314	–	–
	2-Aug-23	13,034	14,279	–	(313)	(932)	155	12,879	–
	5-Mar-24	13,481	–	14,458	–	(977)	–	–	13,481
	30-May-24	330	–	330	–	–	165	165	–
		38,159	49,893	14,788	(23,276)	(3,246)	11,634	13,044	13,481
		42,971	55,859	18,409	(28,051)	(3,246)	12,993	14,681	15,297

Note: No awards cancelled during the financial year

Two out of the five highest paid individuals during the year were one Executive Director and one senior management, whose interests in the share Awards were disclosed in the above table. The remaining three individuals' interest in the Awards under the 2013 SAS and 2023 SAS are as follows:

'000 shares	Date of Grant	Unvested at 31 Dec 2024	Unvested at 1 Jan 2024	During the Year			Vesting period ⁵		
				Granted ¹	Vested ²	Lapsed	2025	2026	2027
	2-Aug-21	–	2,421	–	(2,421)	–	–	–	–
	3-Mar-22	1,280	1,280	–	–	–	1,280	–	–
	2-Aug-23	1,466	1,466	–	–	–	–	1,466	–
	5-Mar-24	1,658	–	1,658	–	–	–	–	1,658
		4,404	5,167	1,658	(2,421)	–	1,280	1,466	1,658

Notes:

(1) 18,079,000 Awards were granted on 5 March 2024 and 330,000 Awards were granted on 30 May 2024 under the 2023 SAS representing 0.35% and less than 0.01% respectively of the weighted average number of shares in issue (excluding treasury shares) for the year. The closing price of the shares of the Company immediately before the grant dates (which were 5 March and 30 May 2024) were HK\$2.41 and HK\$2.86 per share respectively. The fair value of the Awards as at the dates of grant were HK\$2.43 and HK\$2.79 per share respectively. These shares were purchased in the market at an average purchase price of HK\$2.25 per share. There is no exercise period and performance target attached to these awarded shares. In view that (i) the awardees are employee participants and the primary purpose of the 2023 SAS is to serve as retention incentives and rewards for the employees' contribution and dedication to the Group; and (ii) the Awards granted are subject to certain vesting conditions in accordance with the scheme rules, which already cover situations where the awards will lapse, the Remuneration Committee considers that such mechanism appropriate and aligns with the purpose of the 2023 SAS. (Please refer to the accounting policy for share-based compensation on page 70)



(2) A total of 28,051,000 shares vested during the year comprising 24,267,000 shares vested in accordance with vesting schedule and 3,784,000 shares with advanced vesting of which 1,100,000 shares vested to two retirees and 2,684,000 shares vested to Mr. Jorgensen upon his stepping down as Chief Financial Officer on 31 October 2024.

(3) The weighted average closing price of the shares immediately before the dates on which the Awards were vested was HK\$2.41.

(4) A total of 3,246,000 awarded shares lapsed due to the resignation of ten employees.

(5) The vesting date in each of these years is 14 July unless otherwise stated.

Directors

The Directors who held office up to the date of this Annual Report are set out below:

	Date of Appointment	Term of Appointment
Executive Director		
Martin Fruergaard, CEO	2-Jul-21	3 years until 2027 AGM
Independent Non-executive Directors		
Irene Waage Basili	1-May-14	3 years until 2026 AGM
Stanley H. Ryan, Chairman	5-Jul-16	3 years until 2027 AGM
Kirsi K. Tikka	2-Sep-19	3 years until 2025 AGM
John M.M. Williamson	2-Nov-20	3 years until 2026 AGM
Alexandre F.A. Emery	2-Jan-24	Resigned on 2 Jan 2025
Kalpana Desai	1-Feb-25	3 years until Feb 2028
Wang Xiaojun Heather	1-Feb-25	3 years until Feb 2028
Non-executive Directors		
Alexander H.Y.K. Cheung	3-Jan-22	3 years until 2025 AGM
Mats H. Berglund	2-Jan-24	3 years until 2027 AGM

Notes:

Pursuant to the Company's Bye-law 84(1), at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years.

Any Director appointed by the Board shall hold office until the first annual general meeting after his/her appointment and shall then be eligible for re-election according to the Company's Bye-law 83(2).

Mrs. Irene Basili, Dr. Kirsi Tikka and Mr. Alexander Cheung shall retire at the 2025 AGM by rotation pursuant to the Company's Bye-laws 84(1) & (2). In addition, Ms. Kalpana Desai and Ms. Wang Xiaojun Heather, both appointed by the Board in February 2025, shall retire and be eligible for re-election at the 2025 AGM pursuant to Bye-law 83(2). All retiring Directors, being eligible, offer themselves for re-election.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming 2025 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transaction, Arrangement and Contracts

No transaction, arrangement and contract of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Director's Indemnities

Pursuant to the Company's Bye-laws and subject to applicable laws and regulations, every Director shall be entitled to be indemnified out of the assets and profits of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Cap. 622)) which he/she may sustain or incur in or about the execution of the duties of his/her office. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.


Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

At 31 December 2024, the interests and short positions of each Director and the Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which: (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required to be entered in the register maintained by the Company under Section 352 of the SFO, or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:


Name of Director	Personal interest	Corporate or Family interests/ Trust & similar interests	Long/Short position	Total Share interests	Approximate percentage holding of issued share capital	
					31 Dec 2024	31 Dec 2023
Martin Fruergaard ¹	9,659,000	–	Long	9,659,000	0.19%	0.14%
Alexandre F.A. Emery ²	200,000	–	Long	200,000	less than 0.01%	N/A
John M.M. Williamson	110,000	–	Long	110,000	less than 0.01%	less than 0.01%

All the interests stated above represent long positions. No short positions and shares under equity derivatives held by Directors were recorded in the register maintained by the Company under Section 352 of the SFO as at 31 December 2024.

Biographical Details of Directors

Brief biographical details of the Directors are set out in the "Our Directors" section of this Annual Report. 

Notes:

- (1) Restricted share awards were granted during the year under the 2023 SAS and have been disclosed on page 73 of this Report. 
- (2) Mr. Emery resigned as an INED with effect from 2 January 2025.

Save as disclosed, at no time during the year was the Company, its subsidiaries, or its associated companies a party to any arrangement to enable the Directors and Chief Executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 December 2024, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name	Capacity / Nature of interest	Long / Short Position	Number of Shares	Approximate percentage of the issued share capital of the Company	
				31 Dec 2024	31 Dec 2023
M&G Plc	Interest of corporation controlled	Long	610,373,000	11.84%	9.63%
		Short	—	—	0.30%
FMR LLC	Interest of corporation controlled	Long	526,079,236	10.20%	7.01%
Pzena Investment Management, LLC ¹	Investment manager / Beneficial owner	Long	473,595,065	9.19%	8.98%
Brown Brothers Harriman & Co.	Approved lending agent	Long	376,171,960	7.30%	8.05%
Pandanus Associates Inc.	Interest of corporation controlled	Long	368,367,000	7.14%	7.01%
Citigroup Inc. ²	Interest of corporation controlled / Approved lending agent	Long	309,703,526	6.00%	6.10%
		Short	17,941,140	0.34%	0.18%
JP Morgan Chase & Co. ³	Beneficial owner / Investment manager / Person having a security interest in shares / Approved lending agent	Long	272,022,171	5.28%	5.94%
		Short	167,729,617	3.25%	0.39%

Notes:

(1) The long position in shares held by Pzena Investment Management, LLC is held in the capacities as Investment manager (473,406,065 shares) and Beneficial owner (189,000 shares).

(2) The long position in shares held by Citigroup Inc. is held in the capacities of Interest of corporation controlled (11,363,884 shares) and Approved lending agent (298,339,642 shares). The short position is held in the capacity of Interest of corporation controlled.

(3) The long position in shares held by JP Morgan Chase & Co. is held in the capacities of Beneficial owner (173,328,225 shares), Investment manager (4,585,000 shares), Person having a security interest in shares (4,556,023 shares) and Approved lending agent (89,552,923 shares). The short position is held in the capacity of Beneficial owner.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at 31 December 2024, no other person (other than a Director or Chief Executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Disclosure

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Major Customers and Suppliers

During the year, the Group's five largest customers and five largest suppliers accounted for less than 30% of the Group's total revenue and total purchases, respectively.


Connected Transactions

During the year, the Group had no connected transactions that were subject to the Listing Rules' reporting requirements for disclosure in this Annual Report.

Compliance with the Corporate Governance Code

Throughout the year, the Group has been fully compliant with all code provisions of the Corporate Governance Code as contained in Part 2 of Appendix C1 to the Listing Rules. Please also refer to the Corporate Governance Report of this Annual Report. 

Audit, Remuneration, Nomination, Sustainability and Executive Committees

Details of the audit, remuneration, nomination, sustainability and executive committees are set out in the Corporate Governance Report of this Annual Report. 

Auditor

The financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming 2025 AGM.

Public Float

On the basis of information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, approximately 74.93% of the Company's total issued share capital is held by the public, which fulfils the Listing Rules' minimum requirement of 25%.

By Order of the Board



Mok Kit Ting, Kitty

Company Secretary

Hong Kong, 28 February 2025

INVESTOR RELATIONS

Creating Value for Shareholders

We seek to provide the investor community and other stakeholders with relevant regular news about Pacific Basin so they have comprehensive information about our business, strategy and performance with which to assess the Group's value

Despite the lack of seasonality in the dry bulk sector, investor interest in our business continued in 2024, piqued by the disruptions in the Panama and Suez Canals and the Red Sea as well as Chinese commodity demand lending strength to the freight market which remained above 2023 levels most of the time. We continued to generate stable income and distribute value to shareholders through dividends and the completion of our first-ever share buyback programme of US\$40 million which was well communicated to the market and received robust shareholders' support.

During the year, we maintained active and transparent dialogue with our investors through non-deal roadshows, conferences, and investor events, most of which have now fully returned to in-person formats similar to pre-Covid times. Virtual meetings, conferences and online earnings calls facilitated more frequent connections with our investors across various locations, thereby extending our reach. There has been growing interest in sustainability, and we frequently called on our dedicated ESG team to address our investors' inquiries about our ESG initiatives and decarbonisation measures in our industry.

We were honoured with various commendations and awards relating to our investor relations, governance and sustainability, including a Best ESG Reporting Award at IR Magazine Awards Greater China, a Gold Award for Most Sustainable Companies at HKICPA's Best Corporate Governance and ESG Awards, and three Grand Awards at the Hong Kong ESG Reporting Awards. We are grateful for all these votes of confidence in recognition of our commitment to transparency, responsible business practices, and accountability to our stakeholders.



Share and Convertible Bond Information

The Company's Shares and Convertible Bonds in issue as at 31 December 2024:

- 5,155,953,146 ordinary shares, each with a par value of US\$0.01
- US\$28.1 million of 3.0% coupon convertible bonds due 2025

Our stock is a constituent member of the Hang Seng Sub-index series and the MSCI Index series, and is eligible for Southbound Trading under the Shenzhen-Hong Kong Stock Connect programme.

➡ p.110 Share Capital

Pacific Basin Share Price Performance vs Hang Seng Index



Convertible Bonds Price Performance

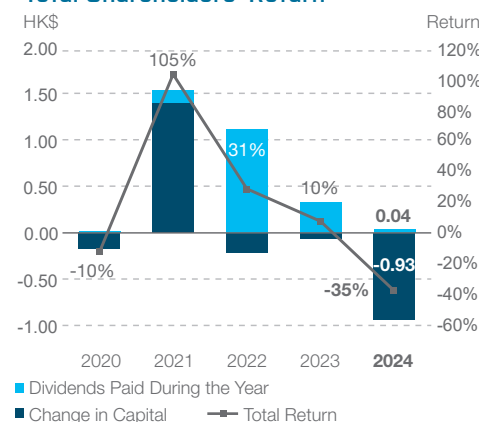


Shareholder Return and Dividend

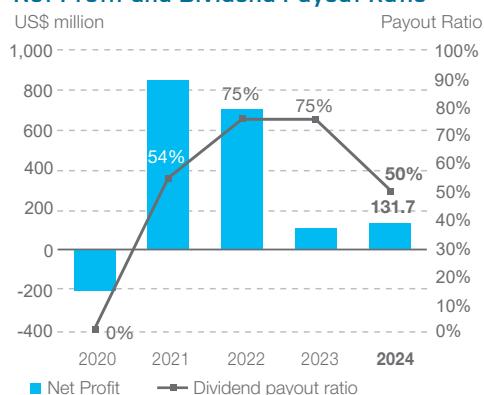
Value is returned to shareholders by way of both appreciation in share price and dividends. In 2024, our total shareholder return was (35)% due to a sector-wide reduction in share prices.

Our dividend policy is to pay out dividends of at least 50% of our annual net profit, excluding vessel disposal gains. Any additional distribution can be in the form of special dividends and/or share buyback.

Total Shareholders' Return



Net Profit and Dividend Payout Ratio



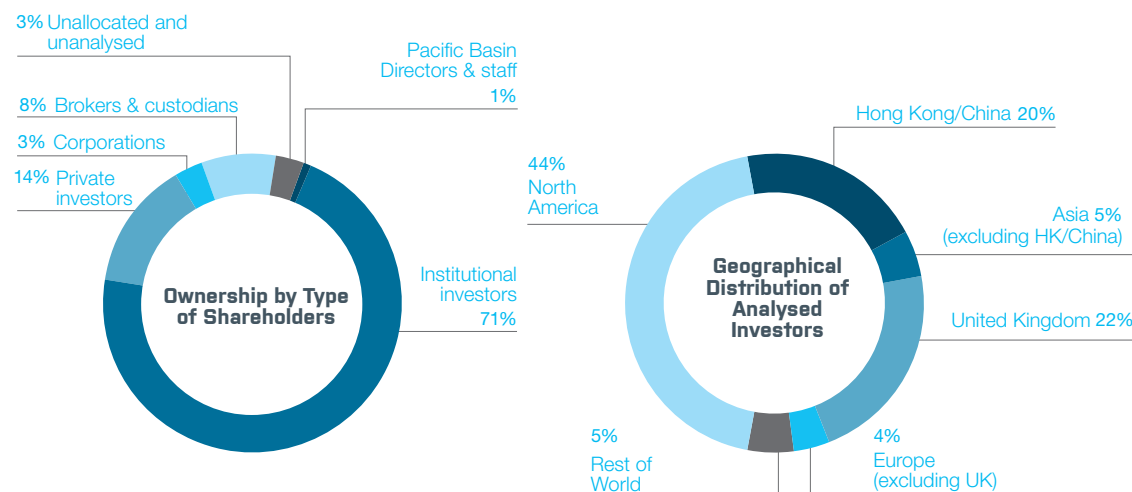
Our Shareholders

As at 31 December 2024, Orient Capital was able to analyse the ownership of approximately 88% of the Company's share capital. Institutional Investors still accounted for the largest portion of the Company's shareholder base, owning over 3.6 billion shares or 71% of our share capital.

We were able to identify 258 shareholders as at 31 December 2024. The actual number of investors interested in our shares is likely to be greater, as some shares are held through nominees, investment funds, custodians, etc, and each custodian or nominee or broker is considered as a single shareholder.

Shareholding*	No. of Shareholders	% of Shareholders	Total Holding	% of IC
1-1,000,000	78	30%	26,303,174	1%
1,000,001-10,000,000	134	52%	426,549,645	9%
>=10,000,001	46	18%	4,069,276,894	90%
Total	258	100%	4,522,129,173	100%

* Number of shareholders discovered and analysed

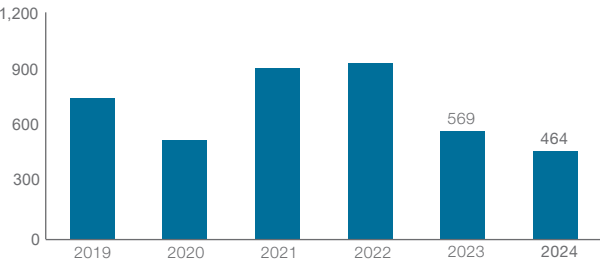


Our Activities in 2024

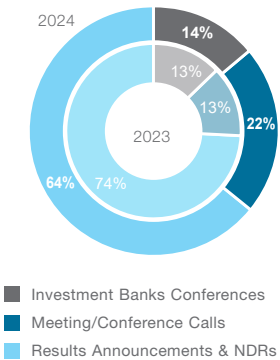
Investor Meetings

Our share capital is held by a diverse range of institutional, private and corporate investors, so we consider it important to make ourselves accessible to a wide spectrum of shareholders and members of the investor community to enhance their understanding of our business. The number of investor contacts during a year is a key measure of our engagement with investors. In 2024, we talked to 464 (2023: 569) shareholders and investors.

Number of Investors We Engaged



Type of Investor Meetings



Communications with Sell-side Analysts

Pacific Basin encourages active analyst coverage to help investors evaluate the Group and its opportunities and challenges. Analyst Days, meetings and conference calls are arranged with management from time to time, particularly after results announcements.


A significant number of key banks publish research reports on the Group.

Analysts covered
Pacific Basin in 2024

8

Research Reports covered
Pacific Basin in 2024

42



Analyst Contact Details







www.pacificbasin.com

Investors > Shareholder Information > Research Coverage

Investor Perception

In 2024, investor interest in the Company and the dry bulk shipping industry continued due to disruptions in key transit routes such as the Panama Canal and the Red Sea, robust dry bulk trade and tonne-mile demand, particularly from China, and the implementation of global and EU emissions regulations within the shipping industry. Investors were keen to discuss the extent and impact of these transit route disruptions, developments in freight rates, demand and supply dynamics, macroeconomic factors, and our strategies regarding capital allocation and ESG initiatives.

Key Investor Concerns in 2024

-  Demand and supply fundamentals and drivers
-  Freight rate development
-  Capital allocation strategy
-  Our fleet strategy
-  Implementation and impact of more emissions regulations
-  Sustainability

Stakeholder Communication Channels

We proactively engage with a broad range of institutional and retail investors as well as media and other interest groups. We believe that the transparency stimulated by active stakeholder engagement builds recognition of our brand and ultimately enhances shareholder value. We facilitate engagement through several channels:

Company Website

Our corporate website is considered a key marketing medium which comprehensively describes Pacific Basin's activities and competences. English & Chinese (traditional and simplified Chinese) versions of the site are available, covering:

- Group profile
- Fleet profile
- Strategic and business models
- Service highlights for customers
- Board of Director's biographical data
- Board Committees' Terms of Reference
- Corporate Governance, Risk Management and CSR
- Financial reports and company news
- Financial information excel downloads
- Press kits
- Careers

Social Media Communications



Facebook, X, LinkedIn, YouTube and WeChat Company news, video clips, photos and events news are published through our social media sites.

Vessel Tours

Ship and cargo terminal visits for analysts, investors, bankers, press and guests are organised during vessel port calls, dry-dockings or at ship naming ceremonies when safe to do so.

Financial Reporting

- Annual and Interim Reports
- Quarterly Trading Updates
- Presentations and press releases on business activities



Shareholder Meetings and Hotlines

- Group and one-on-one meetings
- Shareholder hotline and e-mail
tel: +852 2233 7000
e-mail: ir@pacificbasin.com

Investor Perception

We gauge feedback on our financial reporting, management team, investor relations programme, corporate governance and group strategy through written, online and verbal investor interactions.

Stakeholder Communication Channels

Aligned with our sustainability efforts, we have transitioned to electronic dissemination of corporate communications under the Hong Kong Stock Exchange's expansion of paperless listing regime, all our corporate communications, including financial reports, notices of meeting, listing documents, circulars and proxy forms, will be available on our Pacific Basin website and the website of Hong Kong Stock Exchange in both English and Chinese versions. Shareholders are recommended to provide their e-mail address to ensure timely receipt of the latest corporate communications.

Our stakeholders can also subscribe to our news by filling out the subscription form on our website to receive alerts about Pacific Basin's latest developments.

CORPORATE INFORMATION

Principal Office Address

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Registered Office Address

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2 Church Street
Hamilton HM11
Bermuda

Offices Worldwide

Dalian, Dubai, Durban, Hong Kong, Iloilo, London, Manila, Melbourne, Rio de Janeiro, Santiago, Singapore, Stamford, Tokyo and Vancouver

Share Registrar

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East Wanchai, Hong Kong
tel: +852 2862 8555 fax: +852 2865 0990
e-mail: hkinfo@computershare.com.hk

Company Secretary

Ms. Mok Kit Ting, Kitty, CPA
e-mail: companysecretary@pacificbasin.com

Listing Venue & Listing Date

The Stock Exchange of Hong Kong Limited
14 July 2004

Public and Investor Relations

e-mail: ir@pacificbasin.com
tel: +852 2233 7000
fax: +852 2110 0171

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Solicitors

Holman Fenwick Willan

Stock Code

Stock Exchange: 2343.HK
Bloomberg: 2343 HK
Reuters: 2343.HK

Total Shares in Issue

5,155,953,146 as at 31 December 2024

Website

www.pacificbasin.com



Social Media Channels

Facebook, X, LinkedIn, YouTube and WeChat



Sustainability Report 2024



Both our Annual Report and
Sustainability Report are now available
at www.pacificbasin.com/2024



Please send us your
feedback via our online
feedback form

OUR PACIFIC BASIN CREW ARE OUR HEROES AT SEA

ANNUAL REPORT 2024



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