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Linkage to related details within the Interim Report

High-level KPIs (Key Performance Indicators)

# FEATURED IN THIS REPORT

**1H2023 Highlights**

### BUSINESS HIGHLIGHTS

**2023 Interim Financial Results**

In the first half of 2023, we produced an underlying profit of US\$2.2 million, an increase of US\$0.7 million on US\$1.5 million in the first half of 2022. This reflects a return on equity (ROE) of 19% (adjusted) with basic EPS of HK\$0.22 cents.

We continue to maintain a healthy portfolio with suitable contracted capacity of US\$25.3 million and net earning 7%, as we continue to expand our fleet and improve our operational efficiency.

The Board has declared an interim dividend of HK\$0.20 per share, which represents 20% of the net profit for the period. The dividend is consistent with our distribution policy and reflects our confidence in strong business prospects, despite the current uncertainty surrounding global dry bulk demand and freight rates, which continues to impact our industry.

**Limited Supply Growth**

Global dry bulk demand remained low as usual, mainly due to higher fuel and maintenance costs and lower employment. A low level of new vessel orders was reported for the first half of 2023 and we expect demand to remain low for the next few years. China's steel industry recovery has benefited our market, especially for China's energy, public works and infrastructure construction projects. This is expected to drive global dry bulk demand and freight rates to increase in the second half of 2023. Higher interest rates and ongoing conflicts in Ukraine.

Although there are limited supply growth and increased demand around the world, freight rates have not risen correspondingly. Pressure due to the narrowing of competition that increased efficiency.

Despite short-term headwinds, we are optimistic about the long-term potential of dry bulk shipping thanks to strong supply and demand. Our fleet of modern and reliable vessels and experienced crews, along with our strategic customer relationships and operational excellence, remain well-positioned to thrive.

**Positive Financial Results**

- Our core business showed healthy and sustained net dry TCE average of US\$15,000 and US\$16,500 respectively, generating a strong contribution of US\$2.2 million before overheads.
- Our operating costs showed a strong daily margin of US\$0.550 net over 11,000 operating days, generating a contribution of US\$1.0 million before overheads.
- Our TCE, fleet cost and Administrative Overhead were US\$15,000 and US\$16,500 and US\$1.0 million respectively. The flexible and sustainable structure, our cost management and operational excellence have resulted in lower related costs and higher contribution.
- We have secured the world's largest order of 110,000 TEU vessels, which will be delivered to us by the second half of 2023.

**Growing and Renewing our Fleet for the Future**

- We have secured 110,000 TEU vessels and 100,000 TEU vessels, which will be delivered to us by the second half of 2023.
- We are well positioned to comply with IMO carbon intensity, technical and environmental, operational resilience and group level interest.
- We will invest in new vessels and are currently developing a design for a first generation of methanol-fueled bulk carriers.

**Key Risk and Return to Chief Executive's Statement p. 21**

## 02 Business Highlights

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### OUR PERFORMANCE

Our business generated an underlying profit of US\$2.2 million in 2023, underlying profit of US\$1.5 million (as used by market dry bulk market conditions). We generated stable operating cash supported by US\$2.2 million and US\$1.5 million in cash and bank balances respectively.

Operating Performance	Six months ended 30 June		
	2023	2022	Change
Core business revenue contribution	25.7	22.4	+15%
Core business expense contribution	23.4	20.9	+12%
Operating activity contribution	2.3	1.5	+53%
Overseas contribution	5.8	5.7	+1%
Operating performance before overheads	8.1	7.2	+13%
Adjusted total G&A overheads	(5.9)	(5.7)	+4%
Underlying profit	2.2	1.5	+47%
Interest and bank costs (incl. assets held for sale)	(1.0)	(1.0)	0%
Underlying profit	1.2	0.5	+140%

\* Net loss for discontinued figures, positive change represented an improving situation and negative change represents a worsening result.

### Our Commercial Activities

**Core Business**

Our core business is to optimally combine our owned and long-term chartered vessels with multi-charter contract cargoes and spot cargoes to achieve the highest daily TCE earnings. Our core business also uses short-term chartered vessels to carry contract cargoes to increase the utilization and TCE of our owned and long-term chartered vessels.

**Operating Activity**

Our operating activity complements our core business by making our customer, spot cargoes with short-term chartered vessels, making a positive contribution to our Group results regardless of whether the market is weak or strong. Through our operating activity, we provide a service to our customers even if our core vessels are unprofitable.

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### CHIEF EXECUTIVE'S REVIEW

**Financial Results**

In the first half of 2023, we generated an underlying profit of US\$2.2 million, an increase of US\$0.7 million on US\$1.5 million in the first half of 2022. This reflects a return on equity (ROE) of 19% (adjusted) with basic EPS of HK\$0.22 cents.

Our underlying profit was negatively impacted by market freight rates that fell due to an increased level of vessel capacity through long completion in some areas, the reduction of China's freight rates, and the impact of higher fuel and maintenance costs. However, we were able to maintain our market share and generate a strong contribution to our Group results.

**Key Performance Review**

We continue to maintain a healthy financial position and liquidity, a robust customer base, and a strong operational performance. Our fleet of modern and reliable vessels, along with our strategic customer relationships and operational excellence, remain well-positioned to thrive.

**Positive Earnings and Competitive Cost Base**

Our core business showed healthy and sustained net dry TCE average of US\$15,000 and US\$16,500 respectively, generating a strong contribution of US\$2.2 million before overheads.

**Our Sustainability Strategy Framework**

The way we at Pacific Basin see sustainability and our related strategy to achieve our business purpose and create value for our stakeholders. Our sustainability framework is a key component of our business strategy.

**Our Purpose**

To safely and sustainably deliver value by the dry bulk commodities that are essential to society.

**Our Vision**

To be the leading shipowner/operator in dry bulk shipping and the first choice partner for customers and our stakeholders.

**With You for the Long Haul**

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### SUSTAINABILITY HIGHLIGHTS

**Our Sustainability Strategy Framework**

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