SUMMARY

This summary aims at giving you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety, including our financial statements and the accompanying notes, before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are an integrated shipping services provider headquartered in the PRC. We endeavour to provide comprehensive shipping solutions to our customers along the value chain of the maritime shipping industry. We have been successful in the provision of ship management and shipping services.

Our history can be traced back to 2012 when we commenced to provide ship management services to customers. Through years of development, we have established ourselves as a leading ship management services provider with a proven track record of providing comprehensive and high-quality ship management solutions to major stakeholders in the shipping industry such as shipowners, ship operators and financial institutions. We provide our customers with first-rate and comprehensive ship management services. Our services offerings generally included the daily operations of vessels, technical management, crew management, repair and maintenance, and regulatory management and compliance, and we managed a wide variety of vessel types such as dry bulk carriers, oil tankers, chemical tankers, passenger ships, cargo ships, and container ships during the Track Record Period. According to the F&S Report, we accounted for approximately 0.9% of the total market share of all ship management services providers globally in terms of the number of third-party owned vessels under management in 2021.

Leveraging our strong foundation of ship management capabilities, we have expanded our service offerings to shipping services in 2017. We provided shipping services through our fleet of controlled vessels and chartered-in vessels during the Track Record Period which primarily comprised dry bulk carriers. Through our large and varied fleet of dry bulk carriers, we are able to transport all major kinds of dry bulks for our customers such as iron ore, coal, grain, steel, logs, cement, fertilizer, nickel ore and bauxite. In addition to dry bulk goods, we are also able to transport asphalt, petrochemical products and molten sulphur through our controlled fleet of oil and chemical tankers. According to the F&S Report, with a combined weight carrying capacity of approximately (i) 1.26 million dwt for our entire controlled vessel fleet and (ii) approximately 1.15 million dwt for our controlled dry bulk carrier fleet, we accounted for approximately 0.1% of the total market share of all dry bulk shipping companies globally in 2021.

Our comprehensive, asset-light ship management services business segment as well as our sizeable network of trusted vessel suppliers and the strategically balanced asset mix in our vessel fleet for our shipping services business segment have allowed us to continuously scale up our business, quickly respond to market conditions, increase our profitability and better serve our customers. Accordingly, we experienced significant growth during the Track Record Period. For the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2021 and 2022, our total revenue was approximately USD135.6 million, USD178.9 million, USD372.7 million, USD125.8 million and USD179.0 million, respectively, representing an increase of approximately 32.0% from 2019 to 2020, and a further increase of approximately 108.3% from 2020 to 2021. Our revenue increased by approximately 42.3% from the five months ended May 31, 2021 to the five months ended May 31, 2022.

OUR BUSINESS

As an integrated shipping services provider, we primarily provided shipping services and ship management services to customers. With our service offerings, we are mainly positioned in the upstream and the midstream of the value chain of the maritime shipping industry.

During the Track Record Period, we provided shipping services through our fleet of controlled vessels and chartered-in vessels. Our controlled fleet of vessels are predominantly comprised of dry bulk carriers which we solely own or jointly own with our business partners, or chartered by us on a long-term basis through bareboat charters or finance lease arrangements. On the other hand, our chartered-in vessels are comprised of dry bulk carriers chartered from vessel suppliers predominantly under period-based time charters and trip-based time charters (TCT).

As at December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, our vessel fleet comprised 16, 15, 22 and 22 controlled vessels, respectively, and we entered into over 60, 160, 200 and 55 chartered-in vessel engagements in aggregate for the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, respectively. The following table sets forth a breakdown of our revenue during the Track Record Period derived from our shipping services business segment by our controlled and chartered-in vessels:

	Year ended December 31,						Five months ended May 31,			
	2019		2020		2021		2021		2022	
	USD'000	*%*	*USD'000*	*%*	*USD'000*	*%*	*USD'000* (Unaudited)	*%*	*USD'000*	*%*
Chartered-in vessels	64,454	59.2	95,351	67.0	257,185	79.4	89,149	82.6	110,241	71.0
Controlled vessels	44,401	40.8	47,028	33.0	66,557	20.6	18,717	17.4	45,113	29.0
Total:	108,855	100.0	142,379	100.0	323,742	100.0	107,866	100.0	155,354	100.0

The following table sets forth a breakdown of our gross profit and gross profit margin during the Track Record Period derived from our shipping services business segment by our controlled and chartered-in vessels:

	Year ended December 31,						Five months ended May 31,			
	2019		2020		2021		2021		2022	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	(USD'000)	*%*	*(USD'000)*	*%*	*(USD'000)*	*%*	*(USD'000)* (Unaudited)	*%*	*(USD'000)*	*%*
Chartered-in vessels	4,116	6.4	4,179	4.4	31,582	12.3	9,128	10.2	15,699	14.2
Controlled vessels	7,185	16.2	3,478	7.4	20,577	30.9	3,624	19.4	11,327	25.1
Total:	**11,301**	**10.4**	**7,657**	**5.4**	**52,159**	**16.1**	**12,752**	**11.8**	**27,026**	**17.4**

For each of the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, the aggregate weight carrying capacity of our chartered-in vessel engagements during each year was approximately 3.7 million dwt, 10.6 million dwt, 14.6 million dwt and 3.9 million dwt, respectively. As at December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, aggregate weight carrying capacity of our controlled vessel fleet was approximately 0.8 million dwt, 0.8 million dwt, 1.2 million dwt and 1.1 million dwt, respectively.

For further details as to the utilization rates of our vessel fleet, please refer to "Business — Our fleet of vessels — Controlled vessels — Fleet utilization" in this document.

During the Track Record Period, we also provided ship management services to customers. Our ship management business services primarily comprises the provision of ship management services where we provided ship management solutions in respect of seafaring vessels. For the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, we managed 94, 133, 203 and 176 vessels, respectively of which 74, 114, 176 and 149 were third-party owned vessels. The vessels under our management are of varying types and sizes registered under the flag states of major global shipping hubs such as Singapore, Hong Kong, the PRC, Panama, the Marshall Islands and Liberia

Our customers during the Track Record Period primarily included (i) shipowners, (ii) finance and leasing companies, (iii) shipbuilders, (iv) dry bulk goods traders, and (v) shipping and logistics companies. For the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, revenue derived from the provision of services to our five largest customers represented approximately 20.9%, 18.7%, 25.6% and 20.1% of our total revenue for the corresponding periods, respectively, and revenue derived from our largest customer represented approximately 7.7%, 5.0%, 7.0% and 7.2% of our total revenue for the corresponding periods, respectively. Please see the section headed "Business — Customers" in this document for further details.

The following table sets forth a breakdown of our revenue by major customer type during the Track Record Period:

	Year ended December 31,						Five months ended May 31, 2022	
	2019		2020		2021			
	USD'000	*%*	*USD'000*	*%*	*USD'000*	*%*	*USD'000*	*%*
Shipping services								
— Commodities owners and traders	23,088	21.2	83,865	58.9	211,822	65.4	86,960	56.0
— Shipping services companies	85,767	78.8	58,514	41.1	111,920	34.6	68,394	44.0
Subtotal:	**108,855**	**100.0**	**142,379**	**100.0**	**323,742**	**100.0**	**155,354**	**100.0**
Ship management services								
— Shipowners	25,053	93.7	35,136	96.1	43,371	88.5	20,195	85.5
— Shipbuilders	—	—	—	—	435	0.9	867	3.7
— Others*(Note)*	1,699	6.3	1,414	3.9	5,190	10.6	2,536	10.8
Subtotal:	**26,752**	**100.0**	**36,550**	**100.0**	**48,996**	**100.0**	**23,598**	**100.0**
Total:	**135,607**		**178,929**		**372,738**		**178,952**	

Note: Others generally include tourism companies, construction companies, marine works companies, etc. who generally own vessels for their business operation.

Our suppliers during the Track Record Period primarily included (i) vessel suppliers, (ii) marine goods suppliers such as lubricants and spare parts, (iii) bunker suppliers, (iv) insurance companies, (v) classification societies, and (vi) repair and maintenance service providers. For the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, procurement made to our five largest suppliers represented approximately 13.7%, 15.2%, 9.5% and 18.2% of our total procurement costs for the corresponding periods, respectively, and procurement made to our largest supplier represented approximately 5.4%, 6.3%, 2.5% and 4.8% of our total procurement costs for the corresponding periods, respectively. Please see the section headed "Business — Suppliers" in this document for further information.

For the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, Shanghai Weilun Shipping Co., Ltd* (上海煒倫航運有限公司) and Supplier L, being our top five suppliers during the Track Record Period were also our customers during the Track Record Period. Likewise, Customer E, Customer N and Customer O, being our top five customers during the Track Record Period were also our suppliers during the Track Record Period. Please see the section headed "Business — Overlapping of customers and suppliers" in this document.

OUR COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have contributed to our success and will continue to be the key drivers of our growth. For further details, please refer to the paragraph headed "Business — Our competitive strengths" in this document.

- As a leading third-party ship management services provider in the PRC offering comprehensive ship management solutions, we are well-positioned to benefit from solid industry growth.
- Through our sizeable network of trusted vessel suppliers and the strategically balanced asset mix in our vessel fleet, we are able to offer a comprehensive portfolio of vessels with flexible schedules, meeting customers' needs and enhancing our competitiveness in the industry.
- We have developed a high quality and diversified customer base.
- We are able to achieve customer satisfaction and sustainable development through our quality and reliable service offerings.
- We have a highly qualified and dedicated management team with extensive industry insight and experience.

COMPETITIVE LANDSCAPE OF OUR GROUP

According to the F&S Report, the maritime shipping market in the PRC is a highly competitive market that is both capital intensive and highly fragmented with more than 20,000 market participants globally in 2021 having shipped goods to and from the PRC via international shipping routes. The competition in the market is based primarily on supply and demand and we compete for vessels and charter contracts on the basis of price, vessel location, size, age, the condition of the vessel and our market reputation. In the highly fragmented markets in which we operate, competitors with greater resources could enter the dry bulk shipping industry and operate larger fleets through consolidations or acquisitions and they may be able to offer lower charter rates and higher quality vessels than we are able to offer. According to the F&S Report, the ship management market in the PRC has been characterized by strong competition. The direct and indirect costs of compliance requirements of operating a vessel are generally increasing, and shipowners need the support of a ship management service provider with sufficient resources to meet such requirements for risk management, safety and quality, contingencies and day-to-day needs. Ship management service providers thus have to improve the quality and broaden their service offerings to compete for business from customers.

OUR BUSINESS STRATEGIES

With the aim of further developing our business and continuing our growth, we will implement the following business strategies: (i) continue to scale up and diversify our vessel fleet with a strategic focus on maintaining an appropriate balance of chartered-in and controlled vessels; (ii) expand our ship management capabilities by reinforcing our existing market share and establishing a presence in global markets; and (iii) adopt digital technologies and implement advanced information technology systems in our business operations. For further details, please refer to the paragraph headed "Business — Our business strategies" in this document.

SUMMARY OF FINANCIAL INFORMATION

The following tables set out selected financial information from our consolidated financial information for the years/periods indicated. For further details, please refer to the section headed "Financial Information" in this document.

Selected items of consolidated statements of comprehensive income

The table below sets forth a summary of our consolidated statements of comprehensive income for the periods indicated.

	Year ended December 31,			Five months ended May 31,	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000* (Unaudited)	*USD'000*
Revenue	135,607	178,929	372,738	125,767	178,952
Cost of sales	(119,553)	(166,202)	(315,088)	(111,207)	(147,037)
Gross profit	16,054	12,727	57,650	14,560	31,915
Selling, general and administrative expenses	(4,484)	(5,708)	(17,215)	(2,738)	(4,958)
Net impairment reversal/(losses) on financial assets	106	(120)	205	(55)	(91)
Other income	47	161	51	19	15
Other losses, net	(278)	(1,514)	(369)	(339)	5,088
Operating profit	11,445	5,546	40,322	11,447	31,969
Finance costs, net	(2,775)	(3,910)	(3,450)	(1,277)	(2,389)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	253	(242)	4,314	572	4,566
Profit before income tax	8,923	1,394	41,186	10,742	34,146
Income tax expenses	(489)	(670)	(1,181)	(297)	(1,256)
Profit for the year/period	8,434	724	40,005	10,445	32,890
Profit attributable to:					
— Shareholders of the Company	7,747	451	33,617	7,726	31,840
— Non-controlling interests	687	273	6,388	2,719	1,050
	8,434	724	40,005	10,445	32,890

For further details as to the fluctuations in our financial results by our major business segments, please refer to the section headed "Financial Information — Comparison of our results of operations" in this document.

Non-HKFRS measure

Non-HKFRS measure is not a standard measure under HKFRSs. To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use non-HKFRS measure, namely, adjusted net profit (non-HKFRS measure) which is not required by, or presented in accordance with HKFRS. While adjusted net profit (non-HKFRS measure) provides an additional financial measure for investors to assess our operating performance, the use of adjusted net profit (non-HKFRS measure) has certain limitations, because it does not reflect all items of income and expense that affect our operations. Further, our presentation of the adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. You should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS. We define adjusted net profit (non-HKFRS measure) as profit for the year/period adjusted by adding (i) share based compensation and (ii) [REDACTED]. The table below sets out our adjusted net profit (non-HKFRS measure) in for each year during the Track Record Period:

	Year ended December 31,			**Five months ended May 31,**	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000* (Unaudited)	*USD'000*
Profit for the year/period	8,434	724	40,005	10,445	32,890
Add: [REDACTED][(1)]	—	—	*1,377*	—	*948*
Add: Share based compensation[(2)]	—	—	*5,635*	—	—
Non-HKFRS measure: Adjusted net profit for the year/period	**8,434**	**724**	**47,017**	**10,445**	**33,838**

Notes:

(1) [REDACTED] relate to the [REDACTED] of our Company. This item is adjusted for as it is not directly related to our operating activities.

(2) Share based compensation incurred during the year ended December 31, 2021 arose from shares granted to certain directors of our Company which vested during the respective financial year. This item is adjusted for as it is non-cash in nature.

Our net profit decreased from approximately USD8.4 million for the year ended December 31, 2019 to approximately USD0.7 million for the year ended December 31, 2020, representing a decrease of approximately 91.4%. This was mainly due to our decreased profitability during 2020 primarily owing to the combined effect of (i) an increase in our charter hire costs, crew manning expenses, bunker costs and port charges owing to an expansion in our vessel fleet and chartered-in vessel engagements and (ii) a decrease in the daily average BDI during 2020 amidst a slowdown in the global economy, particularly, a reduced demand for dry bulk goods during the early stages of the global COVID-19 pandemic.

Our net profit increased from approximately USD0.7 million for the year ended December 31, 2020 to approximately USD40.0 million for the year ended December 31, 2021, representing an increase of approximately 5,425.6%. This was mainly due to our increased profitability during 2021 primarily owing to the combined effect of (i) high demand for shipping services and decreased supply of available shipping capacity in the market following the initial outbreak of COVID-19 pandemic in 2020 which propelled market charter rates to multi-year peaks during 2021 that allowed shipping companies such as our Group to capitalize and reap higher profit, and (ii) a moderate increase in our costs of sales owing to the expansion of our vessel fleet and chartered-in vessel engagements which was outpaced by a significant increase in our revenue for the year ended December 31, 2021 owing to the aforesaid heightened demand for shipping services and decreased supply of shipping capacity.

Our net profit increased from approximately USD10.4 million for the five months ended May 31, 2021 to approximately USD32.9 million for the five months ended May 31, 2022, representing an increase of approximately 214.9%. This was mainly due to our increased profitability during the five months ended May 31, 2022 primarily owing to the combined effect of (i) an increase in the daily average BDI during the five months ended May 31, 2022 compared to the corresponding period in 2021, thereby allowing us to capitalize and reap higher profit during the period, (ii) recognition of net gains on disposal of property, plant and equipment of approximately USD5.7 million for the five months ended May 31, 2022 arising from the disposal of one of our controlled vessels SEACON BRAZIL, and (iii) an increase in our share of net profit of associates and joint ventures for the five months ended May 31, 2022 owing to the acquisition of associates in the second half of 2021.

For discussion in detail on the underlying causes for the fluctuation in our net profit during the Track Record Period, see "Financial Information — Comparison of our results of operations".

Selected items of consolidated balance sheets

The following table sets forth certain items from our consolidated balance sheets as at the dates indicated

	As at December 31,			As at May 31,
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Non-current assets:				
Property, plant and equipment	57,405	47,708	54,848	91,837
Right-of-use assets	47,464	33,383	91,932	106,186
Intangible assets	16	60	114	102
Interests in associates and joint ventures	346	104	5,233	9,799
Deferred tax assets	51	24	71	67
Financial assets at fair value through profit or loss	1,997	2,365	—	—
Other non-current assets	20,067	17,466	13,575	22,493
Total non-current assets	**127,346**	**101,110**	**165,773**	**230,484**

	As at December 31,			As at May 31,
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Current assets:				
Financial assets at fair value through profit or loss	—	—	3,285	1,662
Inventories	4,895	5,702	4,651	13,049
Prepayment and other current assets	694	2,952	6,134	4,956
Trade and other receivables	18,145	26,963	25,542	36,402
Current portion of other non-current assets	3,258	3,903	—	—
Restricted bank deposits	—	72	31	64
Cash and cash equivalents	1,943	4,420	25,030	19,680
Assets classified as held for sale	—	7,318	—	—
Total current assets	**28,935**	**51,330**	**64,673**	**75,813**
Total assets	**156,281**	**152,440**	**230,446**	**306,297**
Equity:				
Equity attributable to shareholders of the Company	3,267	4,381	47,320	79,203
Non-controlling interests	492	911	4,087	5,137
Total equity/net assets	**3,759**	**5,292**	**51,407**	**84,340**
Non-current liabilities:				
Borrowings	47,932	37,719	27,476	66,376
Lease liabilities	32,490	23,121	65,586	76,187
Total non-current liabilities	**80,422**	**60,840**	**93,062**	**142,563**
Current liabilities:				
Advances and contract liabilities	1,616	4,551	4,448	5,217
Trade and other payables	49,680	59,346	53,247	38,520
Current tax liabilities	94	737	1,840	1,763
Borrowings	10,830	12,289	5,369	9,841
Lease liabilities	9,880	9,385	21,073	24,053
Total current liabilities	**72,100**	**86,308**	**85,977**	**79,394**
Total liabilities	**152,522**	**147,148**	**179,039**	**221,957**
Net current liabilities	**43,165**	**34,978**	**21,304**	**3,581**

Our net current liabilities decreased from USD43.2 million as at December 31, 2019 to USD35.0 million as at December 31, 2020. Our net current liabilities further decreased to USD21.3 million as at December 31, 2021. Our net current liabilities further decreased from USD21.3 million as at December 31, 2021 to USD3.6 million as at May 31, 2022. For further details, please refer to the section headed "Financial Information — Liquidity and capital resources — Current assets and current liabilities" in this document.

We recorded net current liabilities during the Track Record Period primarily due to (i) the relatively high current portion of lease liabilities and bank borrowings resulting from the leasing arrangements or financing of our vessels for further expansion of the vessel fleet, and (ii) trade and other payables primarily attributable to amounts due to related parties which will be fully settled upon [REDACTED]. Such amounts due to related parties primarily represented other payables owing to certain companies which Mr. Guo had interests in that did not form part of our Group (the "**Guo's Controlled Companies**") in the amount of approximately USD34.8 million, USD33.9 million, USD26.8 million and USD8.0 million as at December 31, 2019, 2020 and 2021 and as at May 31, 2022, respectively, which are non-trade in nature and was generally comprised of (i) the purchase price for some of our controlled vessels that Guo's Controlled Companies had settled on our behalf and (ii) current account balances with Guo's Controlled Companies. Such amounts due to related parties will be fully settled upon [REDACTED].

As a result of the cash inflow from our operation riding on our improving profitability and the gradual settlement of the amounts due to related parties, our net current liabilities substantially decreased to USD3.6 million as at May 31, 2022. We turned from a net current liabilities position as at May 31, 2022 to a net current assets position of approximately USD6.9 million as at September 30, 2022 primarily due to greater operating cash inflows arising from our improved profitability and our continued efforts made in repaying our trade and other payables.

We recorded net assets of approximately USD3.8 million as at December 31, 2019, USD5.3 million as at December 31, 2020, USD51.4 million as at December 31, 2021 and USD84.3 million as at May 31, 2022. Such increase in our net assets was mainly due to the accumulation of retained earnings throughout the Track Record Period.

Selected items of consolidated statements of cash flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the periods indicated.

	Year ended December 31,			**Five months ended May 31,**	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000* (Unaudited)	*USD'000*
Net cash from operating activities	9,559	24,473	88,147	17,699	26,926
Net cash from/(used for) investing activities	500	2,027	(6,004)	(5,208)	(2,474)
Net cash used for financing activities	(9,849)	(24,015)	(61,515)	(9,799)	(29,764)
Effects of exchange rate changes on cash and cash equivalents	(8)	(8)	(18)	(23)	(38)
Net increase in cash and cash equivalents	210	2,485	20,628	2,692	(5,312)
Cash and cash equivalents at the beginning of the year/period	1,741	1,943	4,420	4,420	25,030
Cash and cash equivalents at the end of the year/period	**1,943**	**4,420**	**25,030**	**7,089**	**19,680**

Summary of key financial ratios

The following table set forth our key financial ratios as at the date or for the periods indicated. Please refer to the section headed "Financial Information — Key financial ratios" for further information on the basis of calculation for our financial ratios.

	As at December 31/ Year ended December 31,			As at May 31/ Five months ended May 31,
	2019	**2020**	**2021**	**2022**
Return on equity	206.1%	8.5%	65.4%	37.8%
Return on total assets	5.0%	0.3%	14.6%	10.4%
Current ratio	0.4	0.6	0.8	1.0
Quick ratio	0.3	0.5	0.7	0.8
Net debt to equity ratio	2,638.7%	1,475.7%	183.8%	185.9%

Our return on equity decreased from approximately 206.1% for the year ended December 31, 2019 to approximately 8.5% for the year ended December 31, 2020, which was mainly due to the decrease in our net profit as a result of the slowdown in the global economy, particularly, a reduced demand for dry bulk goods during the early stages of the global COVID-19 pandemic in early 2020 and the decrease in average daily BDI from 1,365 points in 2019 to 1,068 points in 2020 combined with an increase in the operating costs for our vessels such as port charges owing to the COVID-19 quarantine measures and the growth in the business operation of our shipping services. Our return on equity increased from approximately 8.5% for the year ended December 31, 2020 to approximately 65.4% for the year ended December 31, 2021, which was mainly due to the significant increase in our net profit resulting from our improved financial condition in 2021 sharp increase in demand for shipping services amidst a broader economic recovery and improved market sentiments coupled with the multi-year peak of market charter rate and freight rates in 2021. Our return on equity decreased from approximately 65.4% for the year ended December 31, 2021 to approximately 37.8% for the five months ended May 31, 2022, which was mainly due to the significant increase in the retained earnings.

Our net debt to equity ratio decreased from approximately 2,638.7% as at December 31, 2019 to approximately 1,475.7% as at December 31, 2020, which was mainly due to the combined effect of the decrease in our borrowings and leased liabilities and the increase in cash and cash equivalents and our retained earning. Our net debt to equity ratio further decreased to approximately 183.8% as at December 31, 2021, which was mainly due to the decrease in our borrowings and an increase in our total equity resulting from a significant improvement of our profitability in 2021. Our net debt to equity ratio remained stable at approximately 185.9% as at May 31, 2022.

SUMMARY OF MATERIAL RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. Some of the risks generally associated with our business and industry include (i) charter rates for dry bulk carriers are volatile and the profitability of shipping services is sensitive to fluctuations in market charter rates, (ii) we face risks associated with obtaining suitable shipping capacity such as chartered-in vessels and purchasing vessels, (iii) an increase in bunker fuel prices may reduce our profitability and adversely affect our business operations, (iv) we require a substantial amount of working capital and financial resources to sustain our business operations and our expansion plans, and (v) we are faced with increasingly intense competition with major market players within the maritime shipping industry in the PRC. For further details, please refer to the section headed "Risk Factors" in this document.

[REDACTED]

	Based on [REDACTED] of HK$[REDACTED] per [REDACTED] (low-end)	Based on [REDACTED] of HK$[REDACTED] per [REDACTED] (high-end)
Market capitalization(1)	HK$[REDACTED]	HK$[REDACTED]
Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of our Company per Share(2)(3)	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The calculation of market capitalization is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] and the [REDACTED] (without taking into account any Share which may be allotted and issued pursuant to the exercise of the [REDACTED], any Shares issued upon the exercise of options granted under the Share Option Scheme or any Shares issued or repurchased pursuant to the general mandates granted to our Directors as referred to in the paragraphs headed "Share Capital — General mandate to issue shares" and "Share Capital — General mandate to repurchase shares" in this document).

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to the section "Unaudited Pro Forma Financial Information" in Appendix II to this document and on the basis of [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] and the [REDACTED] (without taking into account any Share which may be allotted and issued pursuant to the exercise of the [REDACTED], any Shares issued upon the exercise of options granted under the Share Option Scheme or any Shares issued or repurchased pursuant to the general mandates granted to our Directors as referred to in the paragraphs headed "Share Capital — General Mandate to Issue Shares" and "Share Capital — General Mandate to Repurchase Shares" in this document).

(3) Please refer to the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this document for details.

DIVIDENDS

During the Track Record Period, our Company did not declare any dividends. As at the Latest Practicable Date, we did not have any dividend policy. Please refer to the paragraph headed "Financial information — Dividend policy" in this document for further details.

[REDACTED]

The [REDACTED] from the issue of the [REDACTED] under the [REDACTED] based on the [REDACTED] of HK$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range, are estimated to be approximately HK$[REDACTED] (equivalent to approximately USD[REDACTED]), after deducting the estimated [REDACTED] and total expenses in the aggregate amount of approximately

HK$[REDACTED], paid and payable by our Company from the [REDACTED] of the [REDACTED] and assuming the [REDACTED] is not exercised. We intend to apply the [REDACTED] of the issue of the [REDACTED] under the [REDACTED] in the following manner:

- approximately HK$[REDACTED] (equivalent to approximately USD[REDACTED]), or [REDACTED]%, is expected to be used to expand and optimize our vessel fleet, among which:
  - o approximately HK$[REDACTED] (equivalent to approximately USD[REDACTED]), or [REDACTED]%, is expected to be used to expand and optimize our controlled vessel fleet; and
  - o approximately HK$[REDACTED] (equivalent to approximately USD[REDACTED]), or [REDACTED]%, is expected to be used to increase the scale of our chartered-in vessel fleet;
- approximately HK$[REDACTED] (equivalent to approximately USD[REDACTED]), or [REDACTED]%, is expected to be used to (i) reinforce our ship management capabilities by setting up new offices in strategic locations such as Shanghai, Greece, Philippines and Japan by renting office premises, and (ii) expand our current ship management operations in Qingdao, Ningbo and Fuzhou;
- approximately HK$[REDACTED] (equivalent to approximately USD[REDACTED]), or [REDACTED]%, is expected to be used to adopt digital technologies and implement advanced information technology in our business operations; and
- approximately HK$[REDACTED] (equivalent to approximately USD[REDACTED]), or [REDACTED]%, is expected to be used for our general working capital.

Please refer to the section headed "Future Plans and [REDACTED]" in this document for further details.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately USD[REDACTED] (HK$[REDACTED]), representing approximately [REDACTED]% of the [REDACTED] of the [REDACTED] (at the [REDACTED] of HK$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range) and assuming the [REDACTED] is not exercised) among which (i) [REDACTED]-related expenses, including [REDACTED] and other expenses are approximately USD[REDACTED] (HK$[REDACTED]) and (ii) non-[REDACTED]-related expenses are approximately USD[REDACTED] (HK$[REDACTED]), comprising (a) fees and expenses of legal advisors and Reporting Accountant of approximately USD[REDACTED] (HK$[REDACTED]) and (b) other fees and expenses of approximately USD[REDACTED] (HK$[REDACTED]).

We incurred approximately USD2.9 million (HK$23.0 million) of [REDACTED] expenses during the Track Record Period, among which approximately USD2.3 million (HK$18.2 million) was recorded as expenses and approximately USD0.6 million (HK$4.8 million) will be recognized as a deduction in equity directly upon the [REDACTED].

We estimate that additional [REDACTED] expenses of approximately USD[REDACTED] (HK$[REDACTED]) (including [REDACTED] of approximately USD[REDACTED] (HK$[REDACTED]) will be incurred by our Company, approximately USD[REDACTED] (HK$[REDACTED]) of which is expected to be charged to profit or loss, and approximately USD[REDACTED] (HK$[REDACTED]) of which is expected to be recognized as a deduction in equity directly upon the [REDACTED].

The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect that such expenses will have a material adverse effect on our results of operations for the year ending December 31, 2022.

OUR CONTROLLING SHAREHOLDERS

Immediately prior to the [REDACTED] and the [REDACTED], Mr. Guo, Jin Qiu, Shining Friends and Jin Chun, together exercised control of 69% of the issued share capital of our Company. Immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued upon exercise of the [REDACTED] or options which may be granted under the Share Option Scheme), the percentage of issued share capital controlled by Mr. Guo, Jin Qiu, Shining Friends and Jin Chun will be diluted to [REDACTED]%, and they will together be entitled to directly or indirectly exercise or control the exercise of 30% or more of the voting rights at the general meeting of our Company immediately upon completion of the [REDACTED]. Accordingly, Mr. Guo, Jin Qiu, Shining Friends and Jin Chun are considered our group of Controlling Shareholders immediately following the [REDACTED]. See "Relationship with our Controlling Shareholders" for details.

We have entered into certain continuing connected transactions with the associates of one of our Controlling Shareholders. For details, see "Waivers from Strict Compliance with the Listing Rules" and "Connected Transactions".

[REDACTED] INVESTMENT

In December 2021, Mr. Shi Yi acquired 3% equity interest in Seacon Ships Qingdao. See "History, Reorganization and Corporate Structure — The [REDACTED] Investment" for details.

SHARE OPTION SCHEME AND SHARE AWARD PLAN

We have conditionally adopted the Share Option Scheme and the Share Award Plan. For details of the Share Option Scheme and the Share Award Plan, see "Statutory and General Information — D. Share Option Scheme" and "Statutory and General Information — E. Share Award Plan" in Appendix IV to this document.

LEGAL PROCEEDINGS

As at the Latest Practicable Date, we were involved in ongoing litigation and arbitration proceedings in relation to certain of our controlled vessels and chartered-in vessels. Please see "Business — Legal proceedings" for further details.

Save as disclosed in the section headed "Business — Legal proceedings" in this document, our Directors confirm that we had no litigation or arbitration proceedings or administrative proceedings pending against us or any of our Directors, that had or would reasonably be expected to have material financial or operational impact on our business during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we have complied, in all material respects, with all relevant laws and regulations in the jurisdictions which we operated in during the Track Record Period and up to the Latest Practicable Date.

IMPACT OF THE COVID-19 PANDEMIC

Our Directors confirm that despite the disruptions caused to the global supply chain, the COVID-19 pandemic had led to increasing market opportunities for us. According to the F&S Report, the easing of lockdown protocols and the gradual recovery of the economy following the initial impact of COVID-19 pandemic during 2020 has driven a booming demand for bulk carrier transportation, resulting in a surge in the Baltic Dry Index in 2021.

In the first quarter of 2022, there were resurgences of COVID-19 outbreak, including the highly transmissible Omicron variant in various provinces across the PRC, and the local governments have imposed various restrictions on business and social activities. Save for minor delays in payments made to us from certain customers owing to their suspension of business operations due to the recent lock-down in Shanghai during early 2022, our Directors are of the view that the resurgence does not have a material or sustained adverse impact on our business or the market conditions on the basis that, while the Baltic Dry Index has once dropped to 1,296 points in late January 2022, it has moderately recovered since then and, as at October 31, 2022, the Baltic Dry Index was 1,463 points. Our Directors expect market conditions for integrated shipping companies such as our Group to remain favourable in the near future.

For further details as to the impact of the COVID-19 pandemic on our business, please see the section headed "Business — Impact of the COVID-19 outbreak on our business".

RECENT DEVELOPMENTS

Changes in our vessel fleet composition

As at the Latest Practicable Date, the ownership status and/or composition of our controlled vessel fleet has changed in the following:

- we and our business partner have sold our jointly-owned dry bulk carrier XINYIHAI 55 through a public auction in April 2022 and was delivered to the purchaser in August 2022.

- we have entered into an agreement in August 2022 for the newbuilding of a new general cargo vessel with a proposed weight carrying capacity of 13,500 dwt estimated to be completed in 2023.

- we have entered into an agreement in October 2022 for the newbuilding of a new dry bulk carrier with a proposed weight carrying capacity of 40,000 dwt estimated to be completed in 2024.

- we have exercised the purchase option of our controlled vessel GOLDEN CAMELLIA in October 2022 and entered into an agreement on even date to sell GOLDEN CAMELLIA to an Independent Third Party with completion estimated to take place in or around January 2023.

Our business and results of operations after the Track Record Period

For the nine months ended September 30, 2022, the average utilization rate of our controlled vessels was approximately 91.8% and the average utilization rate of our chartered-in vessels during this period was approximately 99.4%. Please refer to the paragraph headed "Business — Our fleet of vessels — Controlled vessels — Fleet utilization" for further details on the calculation basis of our vessel utilization rates.

After the Track Record Period and up to September 30, 2022, we turned from a net current liabilities position of approximately USD3.6 million as at May 31, 2022 to a net current asset position of approximately USD6.9 million as at September 30, 2022 primarily due to greater operating cash inflows arising from our improved profitability and our continual efforts made in repaying our trade and other payables.

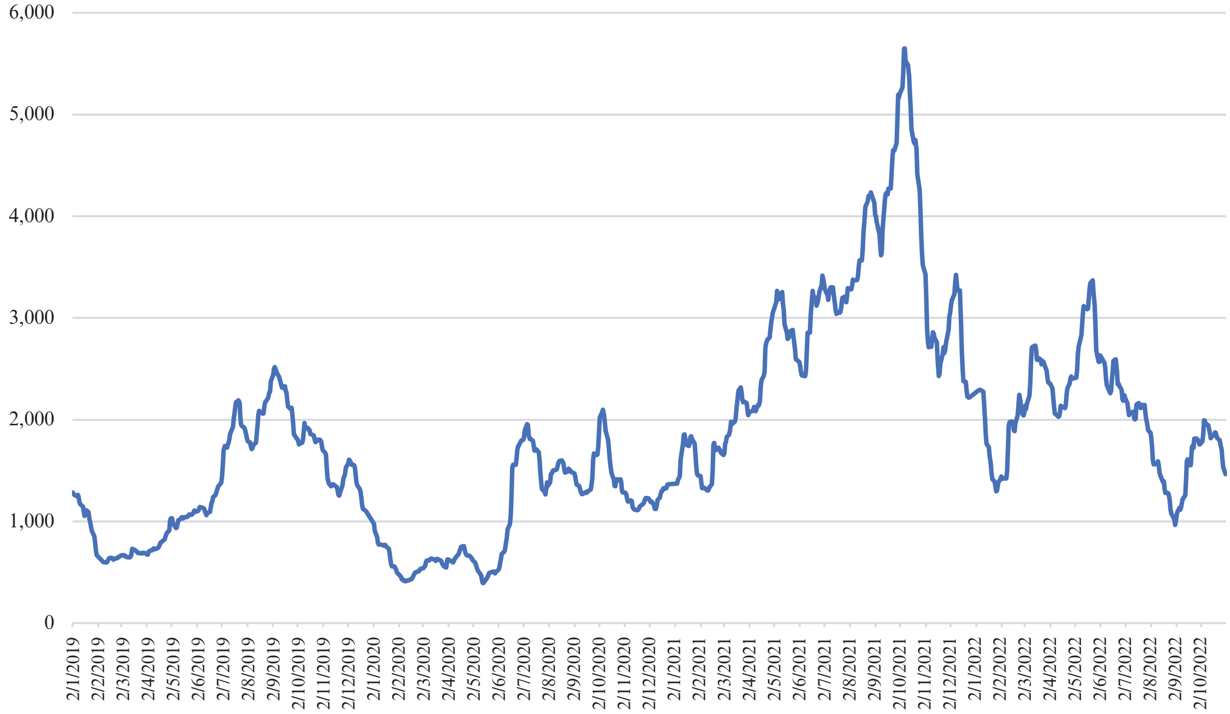
Based on our unaudited management accounts, our revenue for the nine months ended September 30, 2022 increased by approximately 9.1% as compared with the corresponding period in 2021 primarily due to an increase in revenue derived from our oil tankers owing to an increase of four new oil tankers to our controlled vessel fleet during late 2021 and early 2022. Based on our unaudited management accounts, our gross profit for the nine months ended September 30, 2022 increased by approximately 45.4% as compared to the corresponding period in 2021 which was primarily due to (i) increased gross profit derived from some of our controlled vessels which were under longer period-based time charters fixed with charter rates fixed in or around the year-end of 2021 where BDI was at relatively higher levels compared to the first half of 2021, thereby allowing our controlled vessels to record higher profits for the nine months ended September 30, 2022 compared to the corresponding period in 2021, and (ii) increased number of shipbuilding supervision projects which greatly contributed to the improved profitability of our ship management business segment.

Our Directors expect our business for the year ending December 31, 2022 will continue to grow primarily due to the introduction of the aforementioned four new oil tankers to our controlled vessel fleet which we expect are able to capitalize on the heightened demand and prices for oil products amidst the Russia-Ukraine conflict. Like the BDI, we make reference to the Baltic Clean Tanker Index (the "**BCTI**"), a composite of average charter rates from key routes travelled by clean tankers that transport petroleum and oil products, when assessing whether charter rates for our oil tankers are in line with prevailing market conditions. According to the F&S Report, international oil price has surged as significant numbers of traders refused to purchase oil originated from Russia, resulting in a shortage of supply around the globe. Following the Russian-Ukraine conflict since February 2022, the BCTI has increased from approximately 731 points as at February 28, 2022 and peaked at 1,732 points as at June 22, 2022. As at October 31, 2022, the BCTI was 1,213 points. Despite the BCTI having peaked in June 2022, the BCTI has still remained at relatively higher levels compared to before the Russian-Ukraine conflict commenced, which our Directors believe will provide considerable impetus to the heightened levels of our revenue to be derived from our oil tankers for the year ending December 31, 2022.

Impact of the BDI on our financial performance

The BDI is a shipping and trade index issued daily by The Baltic Exchange Limited based in London. The BDI index measures the cost of transporting dry bulk goods like coal and steel around the world, or more specifically, the demand for shipping capacity against the supply of dry bulk carriers. Shipping companies and other market players in the maritime shipping industry often refer to the BDI when gauging whether charter rates offered are in line with the prevailing market conditions. Set out below is a graph setting out the historical fluctuations of each of the BDI during the Track Record Period and up to October 31, 2022.

Historical Movement in Baltic Dry Index (BDI) during the Track Record Period and up to October 31, 2022



During the Track Record Period, our financial performance typically fluctuated in line with the movements in the BDI. For the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, the Baltic Dry Index has fluctuated in a range between 393 points and 5,650 points with a daily average of approximately 1,365 points, 1,068 points, 2,943 points and 2,258 points, respectively, and our net profit was approximately USD8.4 million, USD0.7 million, USD40.0 million and USD32.9 million for the corresponding periods.

Following the Track Record Period and up to October 31, 2022, the BDI had plummeted from 2,566 points as at May 31, 2022 to a low of 965 points as at August 31, 2022 and then rebounded to 1,463 points as at October 31, 2022. According to the F&S Report, this decrease was largely due to negative market sentiments arising from (i) the diminished demand for steel, a major dry bulk, in the PRC owing to the weak performance of the real estate and manufacturing industries during the second and third quarters of 2022, having recorded significant declines compared to the corresponding period in 2021; (ii) a decrease in exports and overall freight rates for grains and agricultural products owing to altered agricultural trade policies and export patterns resulting from extreme weather conditions, geopolitical disputes and epidemics; and (iii) market uncertainty arising from the recent string of interest rate hikes by the U.S. Federal Reserve since May 2022. The BDI subsequently increased to 1,463 points as at October 31, 2022, demonstrating a moderate recovery from the low during August 31, 2022.

Notwithstanding the recent decline in the BDI following the Track Record Period, our Directors are of the view that such a decline did not have a material impact on our overall business operations or our financial performance as our revenue and gross profit for the eight months ended August 31, 2022 was higher than the corresponding period in 2021 and such decline was only temporary as the BDI has already quickly reached 1,463 points as at October 31, 2022.

Impact of key events in the maritime shipping industry

The Russia-Ukraine war

The prolonged Russia-Ukraine conflict since February 2022 is expected to continue to create uncertainty in the maritime shipping industry for the remainder of 2022, though the overall impact on the overall dry bulk industry had been relatively muted in comparison to the oil tanker industry following the Track Record Period up to the Latest Practicable Date. Given the fact that Russia and Ukraine are major exporters of dry bulk commodities, with Russia mainly exporting coal, grain, steel products and fertilisers, while Ukraine exports grain, iron ore and steel products, the ongoing tension between the two countries has hampered the exports of these commodities and increased the shipping costs globally. Despite the uncertainty created by the conflict, the BDI has increased from 2,069 points as at March 1, 2022 to 2,566 as at May 31, 2022. While we have been able to capitalize on the increased market charter rates in light of decreased shipping capacity and longer travelling times following the Track Record Period up to the Latest Practicable Date as owing to disturbances in trade patterns around the Black Sea, the protracted conflict between Russia and Ukraine will continue to create uncertainty in the maritime shipping industry going forward.

An expanded ban on Russian fuel has also pushed up the cost and availability of bunker fuel and pushed shipowners to use alternative fuels. Additionally, the uncertainty in relation to the conflict between Ukraine and Russia, and the sanctions imposed as a consequence, may lead to be further increases in global fuel prices. Whilst our fleet of oil tankers are positioned to benefit from the increase in oil prices, we may concurrently face an increased burden on our bunker costs. Our Directors expect our revenues derived from our oil tankers to increase for the year ending December 31, 2022 as a result of the heightened oil prices amidst the protracted Russia-Ukraine conflict.

Rising tensions across the Taiwan Strait

In August 2022, there have been heightened tensions in cross-strait relations as a result of the visit by Nancy Pelosi, the speaker of the United States House of Representatives, to Taiwan. In response to the visit, from August 4, 2022 to August 10, 2022, the PRC government conducted a series of military exercises around the ocean surrounding Taiwan including the Taiwan Strait which is a major gateway for vessels to pass between Southeast and Northeast Asia. Our Directors believe that the cross-strait tensions during August 2022 did not have any material impact on our business operations and financial condition following the Track Record Period up to the Latest Practicable Date as our vessels typically avoided traveling through any areas involved in military exercises.

Interest rate hikes by the U.S. Federal Reserve

In a bid to temper runaway inflation, the U.S. Federal Reserve increased its target federal funds rate to 3.00%–3.25% in September 2022 which marked the fourth interest rate increase this year, and a three-quarter percent jump from the last interest rate hike in July 2022. The U.S. Federal Reserve's latest decision makes for a total 3.00%–3.25% increase since the start of 2022. Our Directors expect that the recent string of interest rate hikes by the U.S. Federal Reserve will have a considerable impact on our indebtedness going forward as our finance lease arrangements and bank loans generally bore interest at floating rates based on LIBOR which may fluctuate to such increases in the interest rates by the U.S. Federal Reserve.

The U.S. Ocean Shipping Reform Act

In June 2022, the new Ocean Shipping Reform Act was signed into law in the United States. The legislation expresses the objectives of promoting the growth of exports from the U.S. through a competitive ocean transportation system and avoiding excessive detention and demurrage charges to shippers by ocean carriers. According to the F&S Report, and our Directors concur that, this legal reform will have very little impact on the market as it will not cause significant meaningful structural changes to the maritime shipping industry but rather a reform of recommended practices in the industry. As such our Directors believe that the Ocean Shipping Reform Act has not had a material impact on our business operations or financial condition following the Track Record Period and up to the Latest Practicable Date.

No material adverse change

Our Directors confirm that, since May 31, 2022 and up to the date of this document, save as disclosed in the section headed "Business — Legal proceedings" in this document, (i) there had been no material adverse change in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position; (ii) there had been no material adverse change in the financial or trading positions or prospect of our Group, and (iii) there had been no event which would materially affect the information shown in the Accountant's Report in Appendix I to this document.