Pacific Basin Shipping Limited

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board of Directors (the "Board") of Pacific Basin Shipping Limited ("Pacific Basin" or "PB" or the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2023 as follows:

BUSINESS HIGHLIGHTS

2023 Interim Financial Results

For the first half of 2023, we produced an underlying profit of US$76.2 million, net profit of US$85.3 million and EBITDA of US$189.1 million. This yielded a return on equity of 9% (annualised) with basic EPS of HK12.9 cents.

We continue to maintain a healthy financial position with available committed liquidity of US$375.1 million and net gearing of 7%, as we continued to expand our owned fleet over the period.

The Board has declared an interim dividend of HK6.5 cents per share, which represents 51% of our net profit for the period. This decision is consistent with our distribution policy and reflects our confidence in our strong balance sheet, despite the current uncertainty surrounding global dry bulk demand and freight rates, which continues to impact our industry.

	Six Months Ended 30 June	
US$ Million	**2023**	2022
Revenue	**1,148.1**	1,722.8
EBITDA #	**189.1**	566.9
Underlying Profit	**76.2**	457.5
Profit Attributable to Shareholders	**85.3**	465.1
Basic Earnings per Share *(HK cents)*	**12.9**	74.5
Interim Dividend per Share *(HK cents)*	**6.5**	52.0

\# *EBITDA (earnings before interest, tax, depreciation and amortisation) is gross profit less indirect general and administrative overheads, excluding: depreciation and amortisation; exchange differences; share-based compensation and unrealised derivative income and expenses.*

Limited Supply Growth

Global dry bulk demand increased year on year, mainly due to higher coal and iron ore loadings. Coal loadings increased from a low base caused by the Indonesian coal export ban in January 2022 and because of increased demand due to China's energy security concerns. China's post-Covid economic recovery has benefitted iron ore demand. Despite benefits of China reopening, global demand for minor bulks was lower year on year mainly due to decelerating global growth, higher interest rates and ongoing conflict in Ukraine.

Although there was limited supply growth and increased demand overall in the first half, freight rates were under considerable pressure due to the unwinding of congestion that increased effective supply.

Despite short-term headwinds, we are optimistic about the long-term potential of dry bulk shipping thanks to strong supply fundamentals. Our fleet of modern and versatile Handysize and Supramax vessels, along with our strategic customer partnerships and improved access to cargo opportunities, make us well positioned for the future.

Our Fleet

	Vessels in Operation			Total	Total Capacity (Million dwt)	Average Age
	Owned	Long-term Chartered	Short-term Chartered[1]		Owned	Owned
Handysize	71	9	47	127	2.4	13
Supramax/ Ultramax[2]	50	9	95	154	2.9	11
Capesize	1	–	–	1	0.1	12
Total	122	18	142	282	5.4	12

As at 30 June 2023

[1] Average number of short-term and index-linked vessels operated in June 2023

[2] Supramax vessels in excess of 60,000 dwt are generally referred to as Ultramaxes

Positive Financial Results

- Our core business achieved Handysize and Supramax net daily TCE earnings of US$13,030 and US$13,700 respectively, generating a total contribution of US$96.1 million before overheads
- Our operating activity achieved a strong daily margin of US$1,550 net over 11,000 operating days, generating a contribution of US$17.0 million before overheads
- Our P&L break-even (including General and Administrative Overheads) was US$9,600 and US$11,190 per day for Handysize and Supramax respectively; our costs have benefitted from lower repatriation related costs as pandemic restrictions eased around the world
- In the period we outperformed the average Handysize (BHSI 38k dwt tonnage-adjusted) and Supramax (BSI 58k dwt) indices by US$4,390 per day and US$3,770 per day respectively

Growing and Renewing our Fleet for the Future

- We currently own 121 Handysize and Supramax vessels and have around 282 owned and chartered vessels on the water overall
- During the period we sold two of our older Handysize vessels, while taking delivery of more modern vessels including five Ultramax vessels, one Supramax vessel and one Handysize vessel into our owned fleet
- We remain committed to our long-term strategy of further growing our Supramax fleet and renewing our Handysize fleet with younger, larger and more efficient vessels, thereby further optimising our fleet to more easily meet tightening environmental regulations
- We are well positioned to comply with IMO carbon intensity reduction rules that came into force in January 2023, through technical enhancements, operational measures and gradual fleet renewal
- We will invest in zero-emission vessels and are currently developing a design for a first generation of methanol-fuelled Ultramax

CHIEF EXECUTIVE'S REVIEW

Financial Results

In the first half of this year, we generated an underlying profit of US$76.2 million, a net profit of US$85.3 million and EBITDA of US$189.1 million. This yielded a return on equity of 9% (annualised) with basic EPS of HK12.9 cents.

Our underlying profit was negatively impacted as market freight rates declined due to an increased supply of vessel capacity through less congestion in ports after the relaxation of Covid mitigation rules. Global demand for minor bulks was lower year on year despite benefits of China reopening, mainly due to decelerating global growth, higher interest rates and ongoing conflict in Ukraine.

We continue to maintain a healthy financial position with US$375.1 million of available committed liquidity and have reduced debt while expanding our fleet. Our net borrowings now represent 7% of the net book value of our owned vessels. Additionally, we have increased our list of unencumbered vessels, with 65 currently unmortgaged.

The Board has declared an interim dividend of HK6.5 cents per share, which represents 51% of our net profit for the period. This decision is consistent with our distribution policy and reflects our confidence in our strong balance sheet, despite the current uncertainty surrounding global dry bulk demand and freight rates, which continues to impact our industry.

Positive Earnings and Competitive Cost Base

In the first half of 2023, our large **core business** generated US$96.1 million despite the weak freight market. Our average daily time-charter equivalent (TCE) earnings for Handysize and Supramax vessels were down 51% and 60% year on year to US$13,030 and US$13,700 net per day respectively.

In the period we outperformed the average Handysize (BHSI 38k dwt tonnage-adjusted) and Supramax (BSI 58k dwt) indices by US$4,390 per day and US$3,770 per day respectively.

Our overheads, financing costs and vessel operating expenses continue to remain competitive with a P&L break-even level (including General and Administrative Overheads) of US$9,600 and US$11,190 per day for Handysize and Supramax vessels respectively. Expenses related to crew travel, quarantine and other pandemic-related manning costs continued to reduce over the period as Covid related controls were relaxed. This has particularly benefitted our Handysize vessels, which have a higher proportion of Chinese seafarers, and has positively impacted our operating costs.

Our **operating activity** contributed US$17.0 million, having generated a margin of US$1,550 net per day over 11,000 operating days. Our operating activity complements our core business by matching our customers' spot cargoes with short-term chartered vessels, making a margin and contributing to our Group results regardless of whether the market is weak or strong.

We are reducing our debt following our amortisation profile and utilising interest rate swaps to limit our exposure to variable interest rate debt. This, along with our cash holdings, has helped us to mitigate any additional financing expenses caused by higher interest rates.

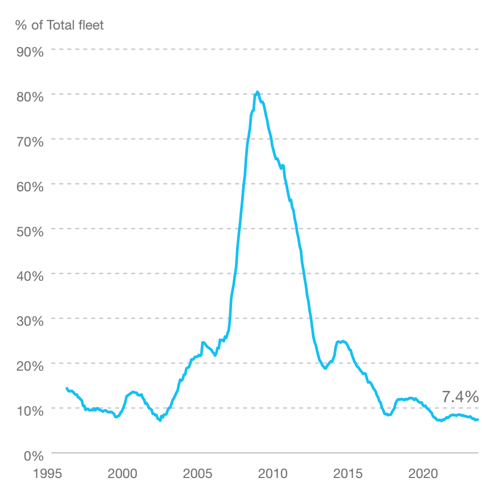
Short-term Headwinds

Despite an increase in overall dry bulk demand, market freight rates decreased in the first half of the year due to reduced congestion and increased efficiency in ports, resulting in more available supply of vessels. Minor bulk loadings decreased by 0.1% year on year due to decelerating global growth, which resulted from higher inflation and interest rates, as well as the ongoing conflict in Ukraine.

Grain loadings decreased by 3% year on year, primarily due to reduced grain export from Argentina caused by drought. In the United States, adverse weather conditions and logistical problems led to higher costs for transporting grain on the Mississippi River, which made US grain prices uncompetitive, reducing grain export during the first half of 2023. Despite delays in the harvest and export process, Brazil was able to export a record amount of grain. The Black Sea region faces challenges in exporting grain and other commodities amid the persistent Ukraine conflict and the recent termination of the grain export agreement between Ukraine and Russia. Ukraine's grain production is likely to decline from 2022 levels due to reduced land availability for farming, less sowing of winter crops and lower crop yields as farmers reduce fertiliser use due to higher cost and limited availability.

Minor bulk demand could remain negatively impacted for the rest of 2023 due to weaker global economic activity, coupled with a slow Chinese post-Covid economic recovery. However, policies in China to support the revival of infrastructure investment and residential housing construction could provide some potential for growth.

Overall Dry Bulk Orderbook Development



Supply

Dry bulk vessel ordering remained muted over the period despite increased newbuild ordering in other sectors. According to Clarksons Research, ordering in the first half of 2023 was down 18% year on year and the dry bulk newbuilding orderbook is 7.4%, which is near a decades low. Shipyard slots remain limited, so a new order placed today is generally expected to be delivered in 2026.

The global dry bulk fleet experienced a modest growth rate of 1.6% net during the first half of the year, despite limited scrapping. This is slightly higher than last year's fleet growth, due to increased scrapping being offset by an increase in newbuilding deliveries during the first half of the year. The global fleet of Handysize and Supramax vessels grew by only 1.5%.

The expensive cost of newbuildings and higher capital costs will likely discourage newbuild ordering. Uncertainty about future fuels, vessel designs and technology required to meet decarbonisation regulations restrained ordering for dry bulk vessels. We anticipate that ordering of dual-fuel zero-emission mid-size dry bulk vessels will soon start, although high newbuilding prices remain a deterrent.

IMO's global EEXI (Energy Efficiency Existing Ship Index) and CII (Carbon Intensity Indicator) regulations came into effect in January 2023 and are expected to drive technical and operational measures to improve the carbon efficiency of existing vessels. EEXI (and specifically engine power limiters) is resulting in a one-time permanent reduction in maximum speeds for most vessels, which will limit the global fleet's ability to speed up to meet increases in demand. CII will result in progressively slower vessel speeds and accelerated scrapping as older and less-efficient vessels become incapable of compliance.

We expect scrapping to increase in coming years as increasing environmental regulations will encourage owners to phase out older, less efficient vessels and such increased scrapping would be positive for the freight market. Handysize and Supramax vessels over 20 years old constitute approximately 14% and 10% of the global Handysize and Supramax fleet respectively, and are likely to be potential scrapping candidates. Clarksons Research currently forecasts scrapping of 0.4% and 1.3% of the global Handysize and Supramax fleet in 2023 and 2024.

Fleet Growth Strategy

Our long-term strategy is to grow our owned fleet of Supramax vessels by buying modern, second-hand vessels, and to upgrade our older and less-efficient Handysize vessels with newer and larger ones. This improves our fleet efficiency, longevity and earnings capacity.

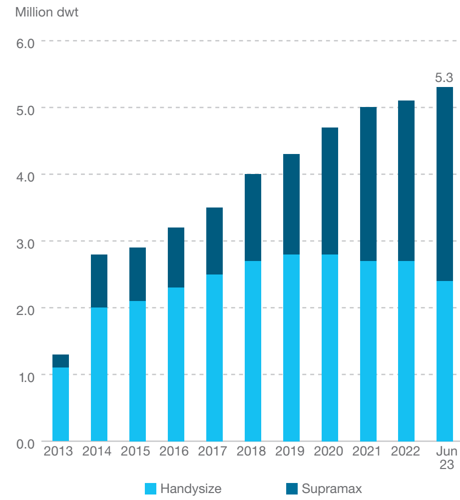
During the period we acquired more modern vessels including five Ultramax vessels, one Supramax vessel and one Handysize vessel, while selling two older Handysize vessels to capture value and adapt to stricter environmental regulations.

Our owned fleet deadweight carrying capacity has grown by 6% since early 2021, reaching a current total carrying capacity of 5.3 million deadweight, with 55% of this capacity now comprising Supramax vessels.

According to Clarksons Research, vessel values have remained elevated despite a more significant fall in freight rates. Over the period benchmark five-year-old Handysize and Ultramax second-hand prices increased 6% and 5% respectively. We believe asset prices for new and second-hand vessels will remain elevated due to increased newbuilding input costs and limited yard capacity.

We currently own 121 quality Handysize and Supramax vessels that are well suited for our customers and trades as we continue to optimise our fleet to more easily meet tightening environmental regulations.

Significant Growth of Our Owned Fleet and Supramax Proportion



Carbon Reduction Rules

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. IMO's target is therefore now aligned with Pacific Basin's own net zero by 2050 target to which we committed in 2021.

To support the requisite transition to zero-emission fuels, IMO will now develop a package of mid-term measures, including technical and economic measures such as a GHG Marine Fuel Standard and a maritime GHG emissions pricing mechanism. We expect clarity on these measures by the end of 2025, with earliest entry into force in 2027. Meanwhile, IMO's revised GHG strategy will lead to tighter CII and EEXI rules for the period to 2030, with CII/EEXI revisions due to be completed in 2026 at the latest. We will closely monitor and prepare for changes to CII and EEXI, and for IMO's mid-term GHG reduction measures to come.

The consequence of these newly introduced targets will result in the need for vessels to further reduce speeds over time and, in due course, for accelerated scrapping as older and less-efficient vessels become no longer fit for trading.

These regulatory pressures are on the rise. From 2024, shipping will be included in the European Union Emissions Trading System (EU ETS). We are also working and preparing for further decarbonisation regulations such as Fuel EU and the US Clean Shipping Act & International Marine Pollution Accountability Act and an IMO carbon pricing measure, all of which will further incentivise vessel owners to transition to zero-emission vessels and fuels.

Sustainability has emerged as a critical concern for organisations globally, and at Pacific Basin this is no exception. Our decision-making and operating practices are increasingly influenced by our sustainability objectives.

Decarbonisation

In order to reach our target of net-zero emissions by 2050, we continually evaluate and implement technology and operational measures to improve the fuel efficiency of our existing vessels and we will invest in zero-emission vessels. Our target is for our whole fleet to consist of zero-emission vessels by 2050.

We continue to progress with the design of methanol-fuelled zero-emission vessels in collaboration with our two Japanese partners Nihon Shipyard Co. and Mitsui & Co.. We expect to be ready to contract our first generation dual-fuel zero-emission newbuildings by the end of 2024, with delivery expected to be well ahead of our original 2030 target.

Safety and Wellbeing

Governments' lifting of Covid mitigation rules have positively impacted our ability to rotate our crews and resume more frequent vessel visits by our shore-based staff for safety reviews, training and seafarer support. We appreciate the efforts of all of our crews during the difficult Covid period which kept seafarers away from their families for extended periods of time.

Our increased focus on mental wellbeing in recent years has been further enhanced with:

- enhanced training strategies and constant review of safety and wellbeing programs
- resumption of in-person, interactive officer training seminars
- online training extended to on-leave and on-the-job training in specialist areas
- engagement of two remote medical service providers 3Cube and Sea Bird Medicare to support our crews' physical and mental wellbeing
- additional psychometric screening tests for all seafarers prior to joining our vessels
- upgraded satellite data plans to offer our crews better internet access 24/7
- implementation of PB Families Programme with quarterly forums for families in the Philippines

Safety continues to be our highest priority with a target of zero injuries. In the first six months of 2023, our vessels' crews recorded 9 injuries (including 5 lost-time injuries) in over 10.3 million man hours. We continue to encourage near-miss reporting which accounted for 871 reports (1H 2022: 883) through which officers and crew described safety incidents and near-misses, however minor, which serves as a valuable tool for the prevention of injury and loss.

Market Outlook

Global growth continues to decelerate as a result of higher interest rates and inflation. According to the International Monetary Fund, global GDP growth is forecast to slow from 3.5% in 2022 to 3.0% in 2023 which may have a negative impact on the demand for dry bulk commodities.

In the short term we believe that global dry bulk demand will continue to be impacted by higher interest rates, inflation and weaker global economic activity with the potential for a recession in some economies. While China's reopening has helped dry bulk demand, additional stimulus would be needed to boost demand further.

These headwinds will continue to have a negative effect on dry bulk freight rates in the short term and potentially for the remainder of 2023. In the longer term, we remain optimistic about the supportive fundamentals of our industry.

Dry bulk demand is expected to be supported by substantial global infrastructure investment, with a focus on emerging markets such as India and ASEAN countries, as well as concerns over food and energy security worldwide. China's reopening policies are expected to contribute to this demand through various sectors such as manufacturing, infrastructure, property and the green economy.

Our view is that environmental regulations, both existing and upcoming, will deter excessive new vessel orders for some time and support dry bulk rates. We also expect environmental regulations to induce slower speeds and increase the scrapping of inefficient vessels in coming years.

Our large and modern owned fleet of highly versatile Handysize and Supramax vessels, combined with our close customer partnerships, enhanced access to cargo opportunities, and high vessel utilisation, makes us well positioned for the future.

Appointment of Our New Chief Financial Officer

As previously announced, we are pleased to confirm the arrival of Michael T. Jorgensen as our new Chief Financial Officer from July 2023. Michael has worked in the shipping industry for over 35 years, holding several senior leadership positions at A.P. Moller-Maersk, Dampskibsselskabet Norden A/S and ASYAD Shipping Company.

Well Positioned for the Future

We are optimistic about the future of the dry bulk market, and anticipate underlying demand and supply fundamentals will allow us to generate steadier and more sustainable earnings over the long term. We anticipate growth in coal, grain and iron ore demand due to changes in trade flows and emerging market economies, as well as China's post-Covid government policies. Despite weaker economic activity in the United States and Europe, minor bulk activity remains robust due to China's post-Covid economic recovery and global green transition initiatives.

We do not expect significant new dry bulk vessel ordering due to the high cost of newbuildings, uncertainty over new environmental regulations, and the higher interest rate environment. The low orderbook and efforts to reduce carbon intensity will likely lead to lower speeds and increased scrapping in the coming years, potentially creating a shortage of vessels and providing long-term structural undersupply to the market.

We are actively working towards a sustainable future by reducing the carbon intensity of our existing vessels and pursuing complete decarbonisation by 2050. We also strive for ESG to become more fully embedded in our operations, decision making and culture across our business.

We are excited about the future of dry bulk shipping, supported by our modern fleet that can meet the diverse needs of our customers. Our staff operate globally with a local presence, which we utilise to drive insight and knowledge back into our business, so we can deliver the best service and access cargo opportunities. We believe that dry bulk shipping is a vital sector that connects the world and enables global trade.

Martin Fruergaard
Chief Executive Officer

Hong Kong, 31 July 2023

Strategic Direction Remains Unchanged

STRATEGY

- Maintain and grow our position as the leading minor bulk cargo-focused, integrated owner and operator servicing our customers' transportation needs around the world
- Continue our long-term Supramax fleet growth and Handysize renewal strategy
- Continue to divest older, less fuel-efficient vessels, crystallising value and ensuring our fleet can meet IMO GHG reduction target with greater ease
- Drive the design and development of zero-emission-capable, dual-fuel methanol Ultramax vessels, with the plan of ordering earliest 2024
- Keep our cash and balance sheet strong
- Be the industry leader on an earnings-and-cost-per-day basis

SPECIAL FOCUS AREAS

- Support our teams to ensure we continue to deliver a quality service to our customers while maximising our earnings
- Ensure our crews' physical and mental wellbeing and our vessels continue to operate safely and efficiently
- Enhanced focus on optimising our environmental performance to ensure compliance with carbon-efficiency requirements of IMO 2030 and coming regulations
- Further leverage the increasing amount of in-house data to improve our operational efficiency, cost and environmental performance, and ultimately to deliver additional value to our customers

MARKET REVIEW

Lower Economic Growth Negatively Impacting Dry Bulk Freight Rates

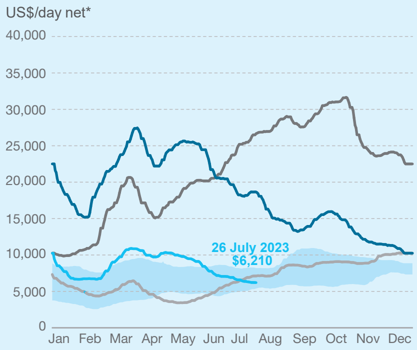
US$8,640 net ⬇ **61% YOY**

BHSI 38K (tonnage adjusted)
Handysize 1H23 avg. market spot rate

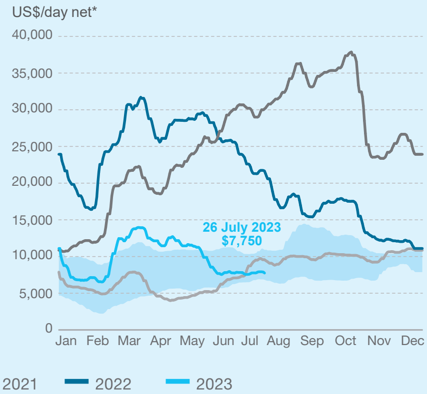
US$9,930 net ⬇ **61% YOY**

BSI 58K
Supramax 1H23 avg. market spot rate

Handysize Market Spot Rates in 2016–2023



Supramax Market Spot Rates in 2016–2023



* Excludes 5% commission

Source: Baltic Exchange (BHSI 38,000 dwt (tonnage adjusted) and BSI 58,000 dwt)

In the first half of the year, market freight rates declined due to an increased supply of vessel capacity through less congestion in ports after the relaxation of Covid mitigation rules. Additionally, global growth has decreased due to higher inflation and interest rates. Average market spot freight rates for Handysize and Supramax were US$8,640 and US$9,930 net per day respectively.

Demand for minor bulks over the period was lower despite benefits of China reopening, due to decelerating global growth, higher interest rates and ongoing conflict in Ukraine.

Looking ahead, we expect that global demand and freight rates will continue to be impacted by higher interest rates and inflation with the potential for a recession in some global economies.

Vessel Values Remain Elevated

US$29.5m ⬇ **14% YOY**

Second-hand Ultramax vessel value

In the first half of the year, second-hand vessel values were resilient despite a 61% reduction in TCE. Clarksons Research currently values a benchmark five-year-old Ultramax vessel at US$29.5 million, up 5% since the start of the year.

Newbuilding prices are still above second-hand prices, and shipyards have filled up with orders for non-dry bulk vessel types, which limits scope for new vessel ordering in our sector.

Source: Clarksons Research data as at June 2023

DEMAND: China Reopening Supported Dry Bulk Demand

Global dry bulk loading volumes grew approximately 2% year on year supported by China reopening which increased demand for both coal and iron ore. Minor bulk loadings decreased by 0.1% year on year due to reduced loadings of cement and clinker, forest products and alumina, which were down 10%, 3% and 16% year on year respectively. Bauxite loadings increased 8% year on year primarily from Guinea and despite an export ban in Indonesia starting from June 2023.

Grain loadings decreased by 3% year on year, primarily due to reduced grain export from Argentina caused by drought. In the United States, adverse weather conditions and logistical problems led to higher costs for transporting grain on the Mississippi River, which made US grain prices uncompetitive, reducing grain export during the first half of 2023. Despite delays in the harvest and export process, Brazil was able to export a record amount of grain.

Coal loadings increased 6% year on year, largely because of the low base created by the temporary Indonesian coal export ban in January 2022. Additionally, despite record domestic coal production, coal loadings to China in the first half of 2023 increased over 70% year on year due to energy security concerns and low hydroelectric output.

Iron ore loadings increased 3% year on year due to beneficial weather conditions in both Australia and Brazil, as well as increased demand in China as economic activity increased post-Covid benefitting demand from sectors such as domestic property construction, infrastructure and steel production.

Cargo volume is different to tonne-mile demand. Tonne-miles is the primary measure of transport demand. A tonne-mile is defined as one tonne of freight shipped one nautical mile, and therefore reflects both the volume shipped (tonnes) and distance shipped (miles).

1H2023 Global Cargo Loading Volumes# YoY

Selected Minor Bulks*	⬇	-0.1%
Grain	⬇	-3%
Iron Ore	⬆	+3%
Coal	⬆	+6%

* Minerals, non-coal energy, metals and minor ores, fertiliser, sugar and non-grain agricultural products, cement and clinker, logs and forest products, steel and scrap

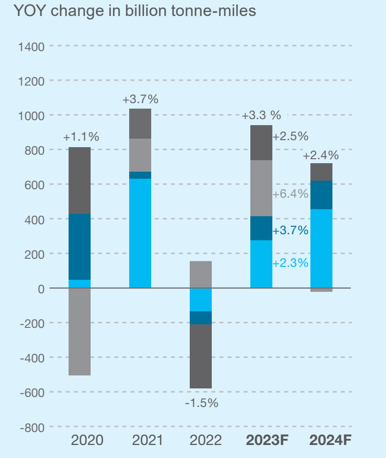
Source: Oceanbolt

Minor bulk demand is broad based and diverse both geographically and in terms of commodities and customers, with less China exposure, and normally tracks growth in GDP.

Long-term grain demand is driven less by global economic growth and more by urbanisation of a growing middle class and changing eating habits that drive demand for meat and hence animal feed.

Annual Change in Global Dry Bulk Tonne-mile Demand

YOY change in billion tonne-miles



Source: Clarksons Research, data as at June 2023

SUPPLY: Low Fleet Growth due to Limited Orderbook and Environmental Regulations

The global dry bulk fleet experienced a modest growth rate of 1.6% net during the first half of the year, despite limited scrapping. This is slightly higher than last year's fleet growth, due to increased scrapping being offset by an increase in newbuilding deliveries during the first half of the year. Effective supply increased during the period through a gradual unwinding of port congestion.

Lower average TCE rates in combination with prevailing oil prices have reduced vessel speeds over the period, while we expect newly introduced IMO 2023 decarbonisation regulations will not force further reductions in speeds until 2024 at the earliest.

Clarksons Research forecasts scrapping of 0.6% and 1.1% of the global dry bulk fleet in 2023 and 2024 respectively. This is a result of an anticipated rise in the scrapping of older and less-efficient vessels facing onerous environmental regulations and expensive maintenance and upgrade.

Overall Dry Bulk Supply Development

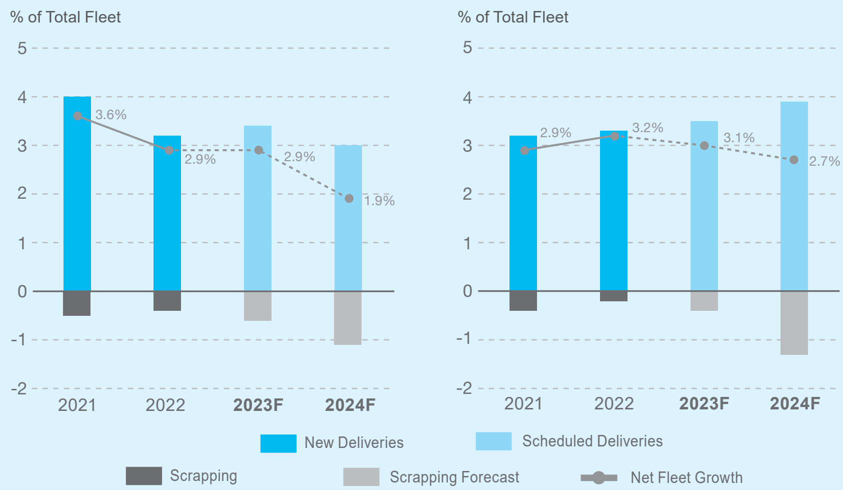
1.6%

Overall dry bulk capacity 1H 2023

Handysize/Supramax Supply Development

1.5%

Global Handysize/Supramax capacity 1H 2023



Source: Clarksons Research, data as at June 2023

Only moderate net fleet growth is expected in the next few years due to historically low new vessel ordering and potentially increased scrapping as the fleet ages and decarbonisation regulations tighten. IMO and EU decarbonisation regulations are likely to start forcing slower vessel speeds in the years ahead which will also reduce supply, boding well for the market in the longer term.

ORDERBOOK: Dry Bulk to Continue to Benefit from Record Low Orderbook

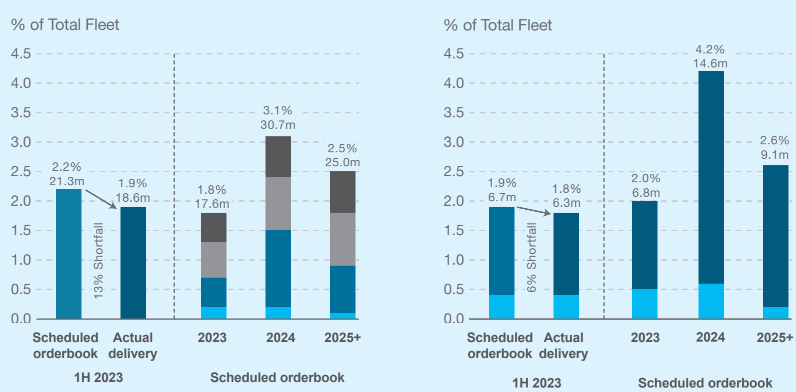
The total dry bulk orderbook stands at 7.4% of the existing fleet, which remains near the lowest it has been in decades. The combined Handysize and Supramax orderbook totals 8.8%, presenting the basis for continued low supply growth in the next few years. Dry bulk newbuild ordering in the first half of 2023 was 14.4m dwt, compared to 17.6m dwt in the first half of 2022, a reduction of 18% compared to the same period last year.

New vessel ordering is expected to remain restrained, discouraged by:

- uncertainty about the future fuels and technologies required to meet decarbonisation regulations
- the high cost of newbuildings and associated high residual value risk
- limited available dry bulk shipyard capacity for newbuild orders to be delivered until 2026, with world shipyard capacity remaining limited, and well below peak capacity of 10 years ago
- increased cost of capital further limits appetite for higher cost vessels, and large series of orders

Overall Dry Bulk Orderbook

Handysize & Supramax Combined Orderbook



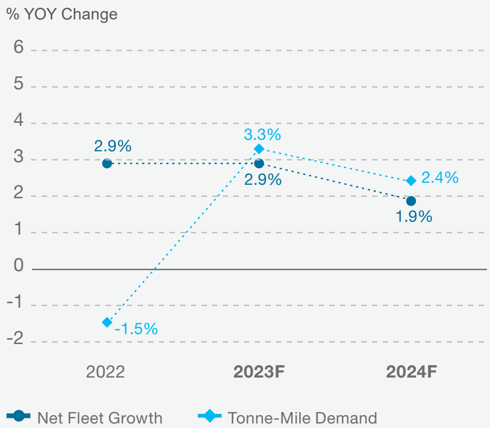
Source: Clarksons Research, data as at June 2023

	Orderbook as % of Existing Fleet	Average Age	Over 20 Years Old	1H2023 Scrapping as % of 1 January 2023 Existing Fleet
Handysize (10,000–40,000 dwt)	9.3%	13	14%	0.3%
Supramax & Ultramax (40,000–70,000 dwt)	8.5%	12	10%	0.4%
Panamax & Post-Panamax (70,000–100,000 dwt)	9.1%	12	13%	0.3%
Capesize (100,000+ dwt)	5.1%	10	2%	0.2%
Total	7.4%	12	8%	0.3%

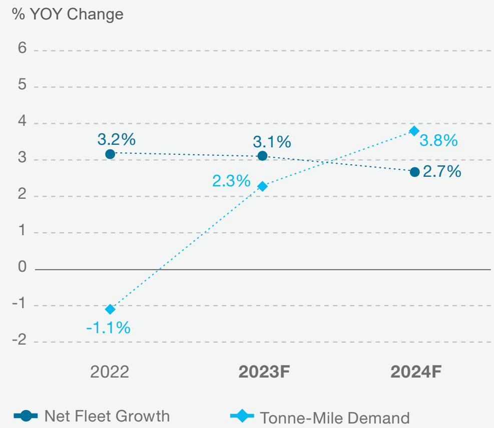
Source: Clarksons Research, data as at June 2023

MARKET BALANCE: Positive Demand and Supply Balance Expected To Continue

Overall Dry Bulk Demand and Supply



Minor Bulk Demand and Handysize/Supramax Supply



Source: Clarksons Research, data as at June 2023

Despite a deceleration of global economic growth, dry bulk demand growth is expected to outpace low supply growth in 2023 and 2024.

POSSIBLE MARKET DRIVERS IN THE MEDIUM TERM

OPPORTUNITIES

- Stimulus-driven recovery in China, and recovery in global economic activity driving increased demand for dry bulk commodities
- Slower vessel operating speeds due to emissions regulations and increased fuel cost
- Limited new vessel ordering and deliveries due to high newbuilding prices as well as decarbonisation regulations and uncertainty over future vessel designs and alternative fuels, leading to tighter supply
- Increased scrapping of older and less optimally designed tonnage facing onerous environmental regulations and expensive maintenance and upgrade

THREATS

- Persistent high inflation and interest rates negatively impacting global economic activity and demand in dry bulk commodities
- Excessive new vessel ordering in dry bulk driving increased net fleet growth
- Slow Chinese economic growth recovery post-Covid
- Tariffs and protectionism driving local production at the expense of global trade

OUR PERFORMANCE

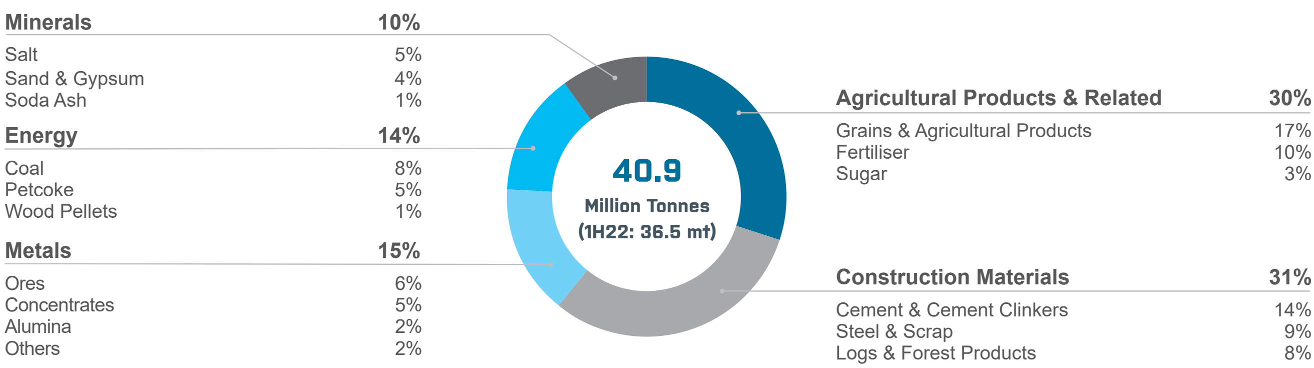
Our business generated an underlying profit of US$76.2 million (1H 2022: underlying profit of US$457.5 million) caused by weaker dry bulk market conditions. We generated daily earnings that outperformed the BHSI and BSI and continued to maintain good control of our vessel operating costs.

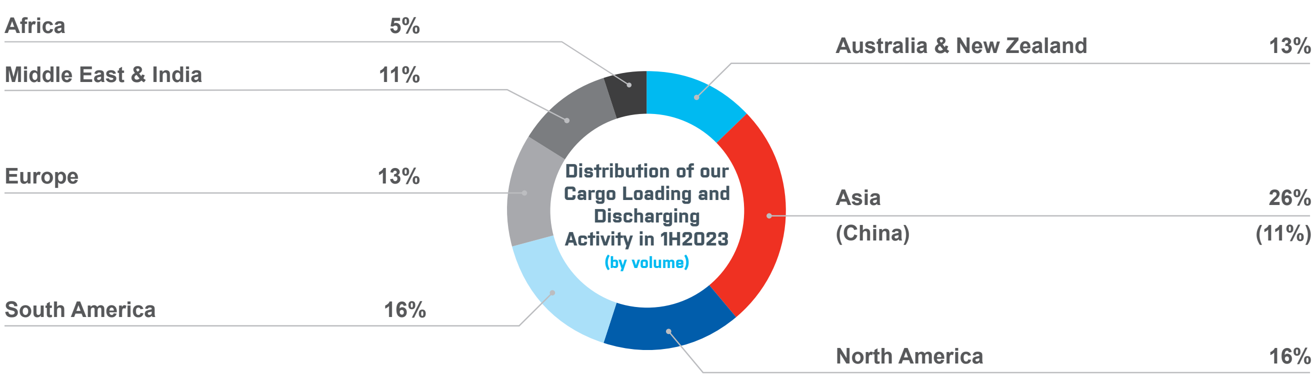
Operating Performance

US$ Million	Six months ended 30 June 2023	2022	Change
Core business Handysize contribution	**62.7**	265.4	-76%
Core business Supramax contribution	**33.4**	202.8	-84%
Operating activity contribution	**17.0**	30.7	-45%
Capesize contribution	**0.8**	0.7	+14%
Operating performance before overheads	**113.9**	499.6	-77%
Adjusted total G&A overheads	**(37.3)**	(41.8)	+11%
Taxation and others	**(0.4)**	(0.3)	-33%
Underlying profit	**76.2**	457.5	-83%
Vessel net book value (incl. assets held for sale)	**1,901.3**	1,840.3	+3%

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

Our Cargo Volumes in 1H 2023

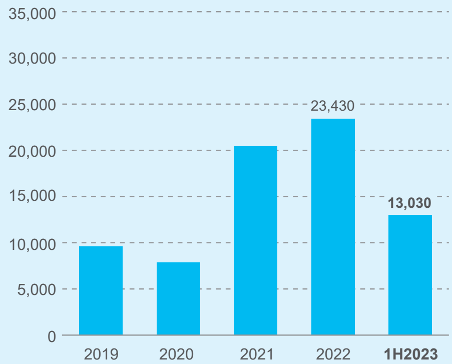




CORE BUSINESS

Handysize

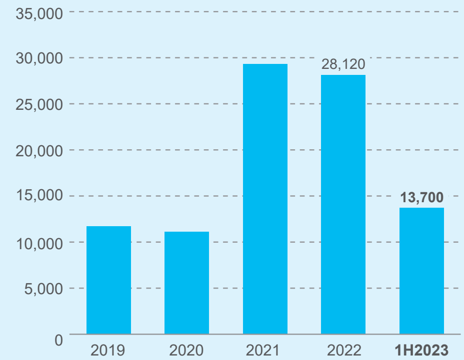
TCE EARNINGS KPI



Note: Pre-2020 historical data has not been restated to split operating activity from core business

Supramax

TCE EARNINGS KPI

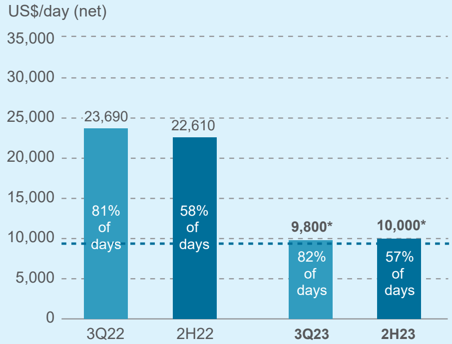


Note: Pre-2020 historical data has not been restated to split operating activity from core business

- Our core business generated (net):
  - Handysize daily earnings of US$13,030 on 14,380 revenue days
  - Supramax daily earnings of US$13,700 on 9,810 revenue days
- In the first half of 2023 we outperformed the average Handysize (BHSI 38k dwt tonnage-adjusted) and Supramax (BSI 58k dwt) indices by US$4,390 and US$3,770 per day, respectively. In the period, scrubbers fitted to our core Supramax vessels contributed US$1,050 per day to outperformance
  - Our Handysize outperformed the index (BHSI 38k dwt tonnage-adjusted) by 51%
  - Our Supramax outperformed the index (BSI 58k dwt) by 38%

Handysize

FORWARD CARGO COVER

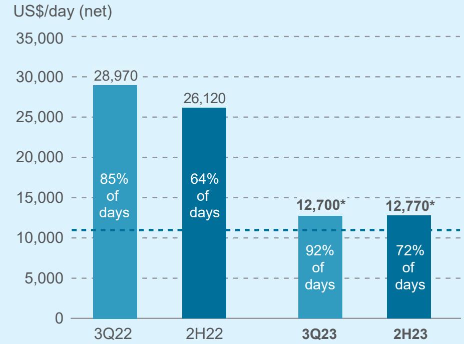


- - - Indicative core fleet P&L break-even level incl. G&A for 1H23 = US$9,600

* As at late July, indicative TCE only as voyages are still in progress, our Handysize cover for the rest of the year is backhaul heavy. When combined with better earning fronthaul voyages, the overall TCE will typically be higher

Supramax

FORWARD CARGO COVER



- - - Indicative core fleet P&L break-even level incl. G&A for 1H23 = US$11,190

* As at late July, indicative TCE only as voyages are still in progress; Current value of Supramax scrubber benefits is approximately US$610 per day. When a Supramax vessel with a scrubber is assigned a cargo, its TCE rate may be higher due to the added benefit of the scrubber

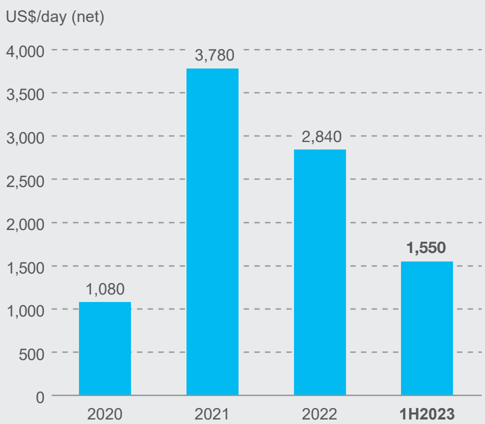
- Forward cargo cover helps us to maintain high vessel utilisation levels, while also allowing us to better navigate any potential weakness in peak season demand for global dry bulk. Future earnings and associated dividends are subject to uncertainty due to the negative impact of higher interest rates and inflation on the global economy and dry bulk demand
- We have covered 82% and 92% of our Handysize and Supramax vessel days for the third quarter of 2023 at US$9,800 and US$12,700 per day net respectively
- We have covered 57% and 72% of our 17,000 Handysize and 15,730 Supramax vessel days currently contracted for the second half of 2023 at US$10,000 and US$12,770 per day net respectively. (Cargo cover excludes operating activity)
- Our P&L break-even (including General and Administrative Overheads) was US$9,600 and US$11,190 for Handysize and Supramax respectively in the first half of 2023
- Current Forward Freight Agreement (FFA) rates for Handysize in 3Q and 4Q 2023 are US$8,240 and US$9,750 per day respectively^
- Current FFA rates for Supramax in 3Q and 4Q 2023 are US$9,180 and US$10,710 per day respectively^

^ Source: Baltic Exchange, data as at 26 July 2023

OPERATING ACTIVITY

MARGIN KPI

US$1,550 per day (net)



- Our operating activity generated a margin of US$1,550 net per day over 11,000 operating activity days in the first half of the year (1H 2022: US$3,330 net per day over 9,200 operating activity days) on short-term vessels that we chartered specifically to carry spot cargoes
- Our operating activity complements our core business by matching our customers' spot cargoes with short-term chartered vessels (when our core vessels are unavailable), thereby making a margin and contributing to our Group's results regardless of whether the market is weak or strong

Our Commercial Activities

Core Business

Our core business is to optimally combine our owned and long-term chartered vessels with multi-shipment 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 maximise the utilisation and TCE of our owned and long-term chartered vessels.

Operating Activity

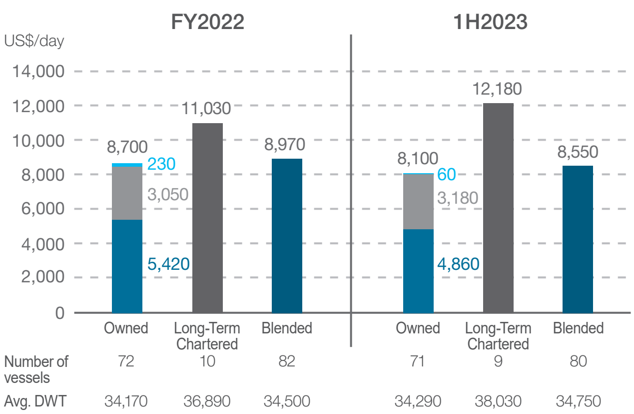
Our operating activity complements our core business by matching our customers' spot cargoes with short-term chartered vessels, making a margin and contributing to our Group results regardless of whether the market is weak or strong. Through our operating activity, we provide a service to our customers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

CORE BUSINESS VESSEL COSTS

Daily Vessel Costs

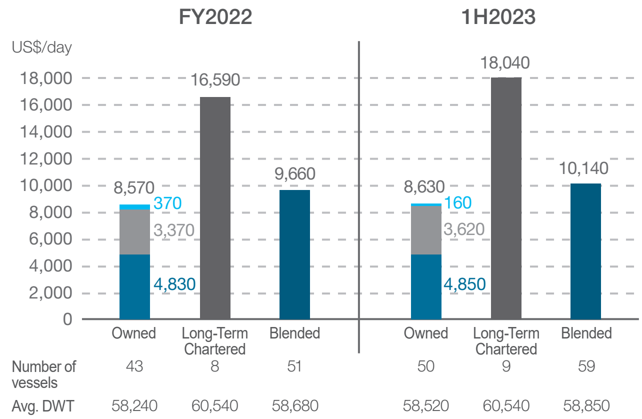
Handysize

Blended US$8,550



Supramax

Blended US$10,140



Opex Depreciation Finance Cost

Owned Vessel Costs

- **Operating expenses**
  Our average Handysize and Supramax daily operating expenses ("Opex") decreased by 7% to US$4,860 per day (FY2022: US$5,210). This was mainly due to lower crew travel cost and other pandemic-related manning costs after lifting of Covid-related restrictions. However, our Opex remained at competitive levels in the industry as a result of efficient management, good cost control and scale benefits, including operational and procurement cost efficiencies.

  During the period, our fleet of owned vessels experienced on average 0.3 days (FY2022: 1.7 days) of unplanned technical off-hire per vessel.

- **Depreciation**
  Our Handysize daily depreciation costs were substantially unchanged. Our Supramax daily depreciation costs increased by 7% mainly due to increase in drydocking costs.

- **Finance costs**
  The decrease of our average Handysize and Supramax daily finance costs by 64% to US$100 per day (FY2022: US$280) was the combined effect of lower average borrowings, higher interest income and interest expenses as a result of increased interest rates.

Vessel Days

The following table shows an analysis of our vessel days in 1H2023 and FY2022:

	Handysize		Supramax	
Days	FY2022	1H2023	FY2022	1H2023
Core business revenue days	30,310	**14,380**	17,340	**9,810**
– Owned revenue days	26,680	**12,780**	14,930	**8,210**
– Long-term chartered days	3,630	**1,600**	2,410	**1,600**
Short-term core days[1]	7,580	**3,180**	14,100	**8,710**
Operating activity days	5,720	**4,370**	14,110	**6,630**
Owned off-hire days	890	**220**	400	**140**
Total vessel days	44,500	**22,150**	45,950	**25,290**

1 Short-term chartered vessels used to support our core business

Long-term Chartered Vessel Costs

Long-term chartered vessel costs mainly comprise depreciation of right-of-use assets, interest expenses of lease liabilities and technical management service costs for leases over 12 months. Our long-term chartered vessel daily costs increased by 10% to US$12,180 and 9% to US$18,040 for Handysize and Supramax vessels respectively, primarily due to higher charter costs of vessels that committed during strong market conditions last year.

Blended Costs

Our daily blended costs for owned and long-term chartered vessels decreased to US$8,550 (FY2022: US$8,970) for Handysize and increased to US$10,140 for Supramax vessels (FY2022: US$9,660).

General and Administrative ("G&A") Overheads

Our adjusted total G&A overheads decreased to US$37.3 million (1H2022: US$41.8 million and FY2022: US$89.9 million) primarily due to a decrease in staff costs during the period. Spread across our total vessel days, our daily G&A overheads remain competitive at US$790 (FY2022: US$990), comprising US$1,050 and US$570 (FY2022: US$1,290 and US$730) per day for owned and chartered vessels respectively.

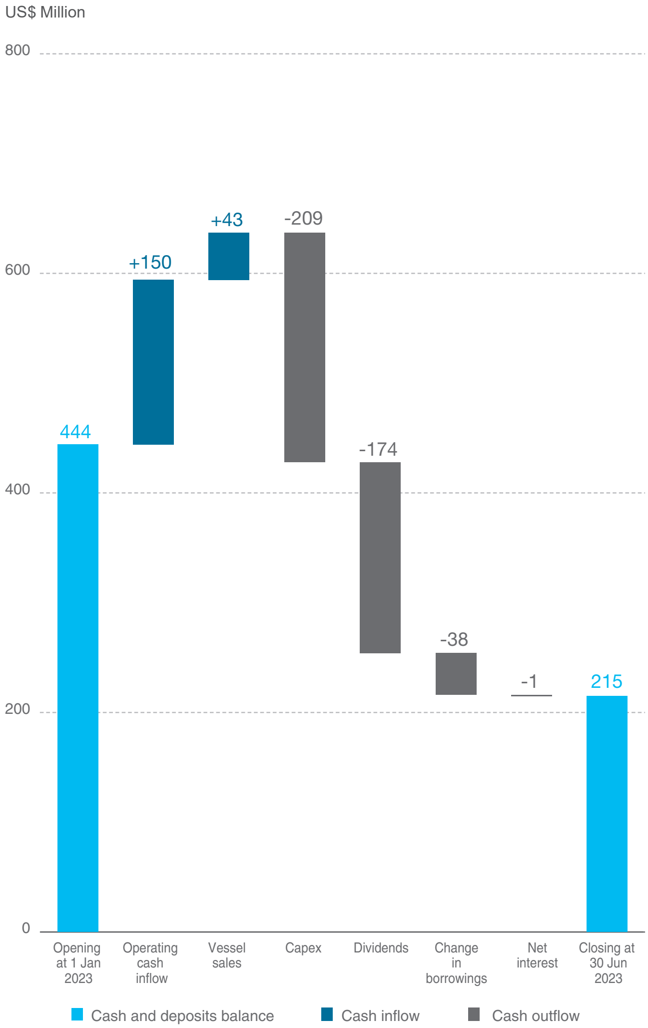
Future Long-term Chartered Vessel Costs

The following table shows the average daily charter costs for our long-term chartered Handysize and Supramax vessels during their remaining charter period by year:

	Handysize		Supramax	
Year	Vessel days	Average cost (US$)	Vessel days	Average cost (US$)
2H2023	1,930	12,190	1,410	18,010
2024	3,540	12,570	1,330	16,770
2025	2,930	13,090	610	14,880
2026	2,190	13,140	1,100	14,860
2027+	4,350	12,540	3,680	13,930
Total	**14,940**		**8,130**	

CASH AND BORROWINGS

Cash Flow



To provide readers with a better understanding of our cash flow position, the presentation in this section considers charter-hire payment as operating cash flow, before applying the treatment under HKFRS 16 – "Leases"

Key Developments in 1H 2023

- Our net cash outflow from borrowings was US$37.9 million in the period
- During the period we realised US$42.9 million from the sale of three Handysize and one Ultramax vessels
- During the period we incurred capital expenditure of US$209.5 million, including:
  (a) US$187.4 million for one Handysize, two Supramax and six Ultramax vessels which delivered into our fleet in the first half; and
  (b) US$22.1 million for dry dockings and the installation of ballast water treatment systems
- As at 30 June 2023, we had 65 unmortgaged vessels

Liquidity and Borrowings

US$ Million	30 Jun 2023	31 Dec 2022	Change
Cash and deposits (a)	215.0	443.9	-52%
Available undrawn committed facilities	160.1	171.1	-6%
Available committed liquidity	375.1	615.0	-39%
Current portion of borrowings	(90.5)	(97.8)	
Non-current portion of borrowings	(252.6)	(280.8)	
Total borrowings (b)	(343.1)	(378.6)	+9%
Net (borrowings)/cash (a) + (b)	(128.1)	65.3	->100%
Net (borrowings)/cash to shareholders' equity	(7%)	3%	
Net (borrowings)/cash to net book value of owned vessels KPI	(7%)	4%	

Borrowings and Undrawn Committed Facilities

Borrowings and Undrawn Committed Facilities – US$470.8 million (31 December 2022: US$517.0 million)

The overall decrease in secured borrowings is mainly due to repayments and scheduled loan amortisation.

An increase in interest to US$8.5 million (1H 2022: US$7.7 million) was mainly due to an increase in average interest rates.

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

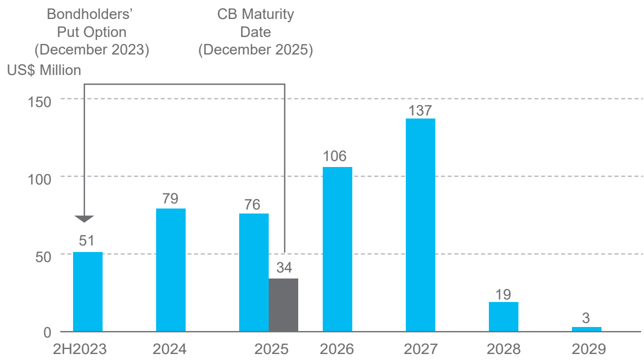
As at 30 June 2023:

- The Group's secured borrowings were secured by 57 vessels with a total net book value of US$1,010.1 million and by an assignment of earnings and insurances in respect of these vessels
- The Group was in compliance with all its loan-to-asset value requirements

Convertible Bonds Liability Component – US$32.4 million (31 December 2022: US$32.7 million)

As at the 30 June 2023 further to the conversion offer completed in May 2022 and a subsequent bond holder conversion in July 2022 and the open market repurchase of convertible bonds in December 2022 followed by a further bond holder conversion in May 2023 there remained the 3% coupon guaranteed convertible bonds due in 2025 with an outstanding principal of US$33.6 million and a prevailing conversion price of HK$1.50 per share.

Schedule of Reduction in Borrowings and Undrawn Committed Facilities



We arrange financing by leveraging the Group's balance sheet to optimise the availability of cash resources of the Group. The aggregate borrowings and undrawn committed facilities of the Group at 30 June 2023, including the liability component of the convertible bonds, amounted to US$503.2 million (31 December 2022: US$549.7 million) and are mainly denominated in United States Dollars.

- Secured borrowings and undrawn committed facilities (US$470.8 million)
- Convertible bonds (face value US$33.6 million, book value US$32.4 million, bondholders' put option December 2023)

Finance Costs

US$ Million	Average interest rate P/L	Average interest rate Cash	Balance at 30 June 2023	Finance costs 1H 2023	Finance costs 1H 2022	Change
Borrowings (including realised interest rate swap contracts)	4.9%	4.9%	**310.7**	**8.5**	7.7	-10%
Convertible bonds (Note)	4.7%	3.0%	**32.4**	**0.8**	3.1	+76%
	4.9%	KPI 4.8%	**343.1**	**9.3**	10.8	+15%
Other finance charges				**0.8**	0.7	
Total finance costs				**10.1**	11.5	+12%
Interest coverage (calculated as EBITDA divided by total finance costs)				KPI **18.8x**	49.3x	

Note: The convertible bonds have a P/L cost of US$0.8 million and a cash cost of US$0.5 million.

The KPIs on which management focuses to assess the cost of borrowings are average interest rates for different types of borrowings and the Group's interest coverage.

The Group aims to achieve a balance between floating and fixed interest rates on its borrowings. As at 30 June 2023, 75% (31 December 2022: 75%) of the Group's borrowings were on fixed interest rates. We currently expect about 50% of the Group's borrowings will be on fixed interest rates as at both 31 December 2023 and 2024, assuming all revolving credit facilities are fully drawn.

Group Performance Review

This Group Performance Review comprises a presentation of our income statement adjusted to provide readers with a better understanding of the key dynamics of a shipping business, more consistent with the way we review our performance in our internal management reporting.

		Six months ended 30 June		
US$ Million	Note	**2023**	2022	Change*
Revenue		**1,148.1**	1,722.8	–33%
Bunker, port disbursement & other voyage costs		**(506.7)**	(497.3)	–2%
Time-charter equivalent ("TCE") earnings	1	**641.4**	1,225.5	–48%
Owned vessel costs				
Operating expenses	2	**(103.6)**	(112.6)	+8%
Depreciation	3	**(73.9)**	(71.3)	–4%
Net finance costs	4	**(2.2)**	(9.8)	+78%
Chartered vessel costs				
Non-capitalised charter costs	5	**(315.0)**	(509.0)	+38%
Capitalised charter costs	5	**(32.8)**	(23.2)	–41%
Operating performance before overheads		**113.9**	499.6	–77%
Adjusted total G&A overheads	6	**(37.3)**	(41.8)	+11%
Taxation and others		**(0.4)**	(0.3)	–33%
Underlying profit		**76.2**	457.5	–83%
Disposal gain of vessels	7	**8.8**	10.9	
Unrealised derivative income		**0.3**	13.5	
Incentives and fees for conversion of convertible bonds		**–**	(15.8)	
Provisions		**–**	(1.0)	
Profit attributable to shareholders		**85.3**	465.1	–82%
EBITDA		**189.1**	566.9	–67%
Net profit margin		**7%**	27%	–20%
Return on average equity (annualised)		**9%**	48%	–39%

* In our tabulated figures, positive changes represent an improving result and negative changes represent a worsening result.

EBITDA (earnings before interest, tax, depreciation and amortisation) is gross profit less indirect general and administrative overheads, excluding: depreciation and amortisation; exchange differences; share-based compensation and unrealised derivative income and expenses.

Notes

1. Total time-charter equivalent ("TCE") earnings decreased mainly reflecting declined market freight rates during the period.
2. Total operating expenses of our owned vessels decreased by 8% as a result of lower crew travel cost and other pandemic-related manning costs after lifting of Covid-related restrictions.
3. Depreciation of our owned vessels increased by 4% primarily due to acquisition of Supramax vessels during the period.
4. The decrease of net finance costs by 78% was the combined effect of lower average borrowings, and higher interest income and interest expenses as a result of increased interest rates.
5. Non-capitalised charter costs comprise the cost of short-term charters with a term of 12 months or less and the non-lease portion of long-term charters with a term of over 12 months. Capitalised charter costs comprise depreciation of right-of-use assets and interest expenses on lease liabilities relating to the lease portion of long-term charters with a term of over 12 months. The decrease in overall charter costs is in line with the weak freight market.
6. Adjusted total G&A overheads comprise the total G&A overheads and the interest on lease liabilities of other PP&E. The amount decreased by 11% primarily due to decreased staff costs.
7. The disposal gain mainly relates to the disposal of our smaller, older Handysize vessels.

Unaudited Condensed Consolidated Income Statement

	Note	Six months ended 30 June 2023 US$'000	2022 US$'000
Revenue	3	**1,148,084**	1,722,828
Cost of services		**(1,067,526)**	(1,234,390)
Gross profit		**80,558**	488,438
Indirect general and administrative overheads		**(3,898)**	(5,661)
Other income and gains		**12,960**	12,856
Other expenses		**–**	(18,612)
Finance income		**8,082**	1,725
Finance costs		**(11,727)**	(12,908)
Profit before taxation	4	**85,975**	465,838
Tax charges	5	**(636)**	(710)
Profit attributable to shareholders		**85,339**	465,128
Earnings per share for profit attributable to shareholders (in US cents)			
Basic earnings per share	7(a)	**1.64**	9.53
Diluted earnings per share	7(b)	**1.59**	8.79

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June 2023 US$'000	2022 US$'000
Profit attributable to shareholders	**85,339**	465,128
Other comprehensive income Items that are and may be reclassified subsequently to income statement		
Cash flow hedges		
– fair value gains	**1,405**	3,162
– fair value (gains)/losses transferred to income statement	**(1,995)**	3,219
Currency translation differences	**(155)**	(1,238)
Total comprehensive income attributable to shareholders	**84,594**	470,271

Unaudited Condensed Consolidated Balance Sheet

	Note	30 June 2023 US$'000	31 December 2022 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,896,554**	1,772,168
Right-of-use assets		**71,632**	89,867
Goodwill		**25,256**	25,256
Derivative assets		**5,833**	6,120
Trade and other receivables	8	**4,215**	5,276
Restricted cash		**53**	52
		2,003,543	1,898,739
Current assets			
Inventories		**129,146**	124,461
Derivative assets		**3,892**	4,421
Trade and other receivables	8	**158,193**	157,355
Assets held for sale		**6,034**	19,884
Cash and deposits		**214,986**	443,825
		512,251	749,946
Total assets		**2,515,794**	2,648,685
EQUITY			
Capital and reserves attributable to shareholders			
Share capital		**52,411**	52,464
Retained profits		**616,739**	705,625
Other reserves		**1,152,449**	1,149,266
Total equity		**1,821,599**	1,907,355
LIABILITIES			
Non-current liabilities			
Borrowings		**252,620**	280,803
Lease liabilities		**19,385**	33,389
Derivative liabilities		**114**	292
		272,119	314,484
Current liabilities			
Borrowings		**90,553**	97,805
Lease liabilities		**55,327**	59,902
Derivative liabilities		**5,106**	7,268
Trade and other payables	9	**270,779**	261,870
Taxation payable		**311**	1
		422,076	426,846
Total liabilities		**694,195**	741,330

Notes:

1. General information

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

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

2. Basis of preparation and accounting policies

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. These financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2022.

The new standards and amendments that became effective in this accounting period do not have any significant impact on the Group's accounting policies and do not require any adjustments.

3. Revenue and segment information

	Six months ended 30 June	
US$'000	**2023**	2022
Freight	**975,172**	1,388,748
Charter-hire		
– lease component	**116,327**	272,265
– non-lease component	**56,585**	61,815
	1,148,084	1,722,828

The Group's revenue is substantially derived from the provision of dry bulk shipping services internationally and, accordingly, information is not presented by business segment.

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

4. Profit before taxation

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

	Six months ended 30 June	
US$'000	**2023**	2022
Vessel charter costs	**315,017**	509,039
Bunkers consumed	**287,410**	300,139
Port disbursements and other voyage costs	**220,714**	219,443
Depreciation		
– owned vessels	**73,920**	71,307
– other property, plant and equipment	**630**	744
– right-of-use assets	**32,402**	23,026
Employee benefit expenses	**98,793**	116,092
Net losses/(gains) on bunker swap contracts	**1,253**	(35,972)
Gains on disposal of vessels	**(8,890)**	(12,376)
Incentives and fees for conversion of convertible bonds	**–**	15,824
Interest on borrowings		
– bank loans	**9,252**	6,012
– convertible bonds	**751**	3,097
– other borrowings	**744**	865
Interest on lease liabilities		
– vessels	**1,482**	1,259
– other property, plant and equipment	**165**	153

5. Taxation

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

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

	Six months ended 30 June	
US$'000	**2023**	2022
Current taxation		
Hong Kong profits tax, provided at the rate of 16.5% (2022: 16.5%)	**370**	430
Overseas tax, provided at the rates of taxation prevailing in the countries	**292**	263
Adjustments in respect of prior year	**(26)**	17
Tax charges	**636**	710

6 Dividends

	Six months ended 30 June					
	2023			2022		
	HK cents per share	**US cents per share**	**US$'000**	HK cents per share	US cents per share	US$'000
Interim dividend (a)	**6.5**	**0.8**	**43,676**	52.0	6.6	348,500
Dividends paid during the period (b)	**26.0**	**3.4**	**174,225**	60.0	7.7	367,696

(a) The interim dividend is declared on 31 July 2023 and therefore not reflected in the financial statements.

(b) Dividends paid during the period represent final basic dividend and final special dividend of the prior year.

7 Earnings per share ("EPS")

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the period, excluding the shares held by the trustee of the Company's 2013 Share Award Scheme ("SAS") and unvested restricted shares.

		Six months ended 30 June	
		2023	2022
Profit attributable to shareholders	(US$'000)	**85,339**	465,128
Weighted average number of shares in issue	('000)	**5,196,025**	4,880,350
Basic earnings per share	(US cents)	**1.64**	9.53
Equivalent to	(HK cents)	**12.87**	74.52

(b) Diluted earnings per share

Diluted earnings per share are calculated by dividing the basic earnings, after adjusting for effect of convertible bonds by the weighted average number of shares in issue during the period, excluding the shares held by the trustee of the Company's SAS and after adjusting for the dilutive effect of convertible bonds and unvested restricted shares.

		Six months ended 30 June	
		2023	2022
Profit attributable to shareholders	(US$'000)	**85,339**	465,128
Effect of interest on convertible bonds	(US$'000)	**751**	3,097
Effect of incentives and fees for conversion of convertible bonds	(US$'000)	**–**	15,824
Adjusted profit attributable to shareholders	(US$'000)	**86,090**	484,049
Weighted average number of shares in issue	('000)	**5,196,025**	4,880,350
Effect of convertible bonds	('000)	**168,641**	561,432
Effect of unvested restricted shares	('000)	**50,615**	65,978
Diluted weighted average number of shares	('000)	**5,415,281**	5,507,760
Diluted earnings per share	(US cents)	**1.59**	8.79
Equivalent to	(HK cents)	**12.45**	68.72

8. Trade and other receivables

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

US$'000	**30 June 2023**	31 December 2022
≤ 30 days	**83,672**	78,096
31-60 days	**4,090**	10,447
61-90 days	**3,544**	3,941
> 90 days	**19,267**	19,945
	110,573	112,429

9. Trade and other payables

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

US$'000	**30 June 2023**	31 December 2022
≤ 30 days	**81,838**	73,432
31-60 days	**241**	286
61-90 days	**202**	574
> 90 days	**8,719**	6,501
	91,000	80,793

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the share capital or convertible bonds of the Company.

Directors' Securities Transactions

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

The Board confirms that, having made specific enquiry, the Directors have complied in full with the required standard as set out in the Model Code and its code of conduct regarding Directors' securities transactions during the six months ended 30 June 2023.

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 of the Group 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 set out in the Dealing Rules during the six months ended 30 June 2023.

Compliance with the Corporate Governance Code

Throughout the six months ended 30 June 2023, the Group has complied with all code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules.

Review of Interim Results

This interim results announcement and the 2023 Interim Report have been reviewed by the external auditor and the Audit Committee of the Company.

Interim Dividend and Closure of Register of Members

The Board has declared an interim dividend of HK6.5 cents per share for the six months ended 30 June 2023 which will be paid on 25 August 2023 to those shareholders whose names appear on the Company's register of members on 15 August 2023.

The register of members will be closed on 15 August 2023 when no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on 14 August 2023. The ex-dividend date for the interim dividend will be on 11 August 2023.

Interim Report and Disclosure of Information on Stock Exchange's Website

The announcement of interim results containing all the information required by paragraphs 46(1) to 46(10) of Appendix 16 to the Listing Rules has been published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.pacificbasin.com.

The Company's 2023 Interim Report is printed in English and Chinese languages, and will be available on the Company's website on or around 16 August 2023 when it is sent to those shareholders who have elected to receive a printed copy.

Directors

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

Executive Director:
Martin Fruergaard

Independent Non-executive Directors:
Irene Waage Basili, Stanley Hutter Ryan, Kirsi Kyllikki Tikka and John Mackay McCulloch Williamson

Non-executive Director:
Alexander Howarth Yat Kay Cheung

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

Shareholders and investors are reminded that this announcement of interim results for the six months ended 30 June 2023 is based on the Group's internal records and management accounts. Shareholders and investors are cautioned not to rely unduly on this announcement of interim results and are advised to exercise caution when dealing in the shares of the Company.