LEADING THE WAY IN DRY BULK SHIPPING

Pacific Basin

#WithYouForTheLongHaul

INTERIM REPORT 2024

STOCK CODE: 2343

OUR BUSINESS

Who We Are

We own and operate dry bulk cargo vessels. Our business is customer and cargo focused, providing over 460 industrial customers, traders and producers of dry bulk commodities with a safe, reliable and competitive freight service under spot and long-term cargo contracts. We are headquartered and listed in Hong Kong, with a large fleet of vessels trading worldwide, servicing our customers from local offices located in key locations

About Our Fleet

We operate one of the world's largest fleets of modern Handysize and Supramax vessels. Our geared bulk carriers are highly versatile self-loading and self-discharging vessels, and are laden over 90% of the time with cargoes comprising mainly non-fossil fuel commodities. The minor bulk segment offers benefits of diversification in terms of geography, customers and cargoes. This enables triangular trading, high laden utilisation and greater carbon efficiency

392 shore staff in
14 offices around the world

4,500+ crew supporting the needs of our **460+** industrial customers

280+ vessels completed
1,130+ voyages in 1H 2024

* Thank you to our Pacific Basin crew from across our fleet who produced almost all the photos in this report

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Key to navigation symbols

- Linkage to related details within the Interim Report
- Linkage to related details on our website www.pacificbasin.com
- ESG Linkage to related details in our Sustainability Report 2023
- KPI High-level KPIs (Key Performance Indicators)

BUSINESS HIGHLIGHTS

Measured Growth and Strong Cash Generation

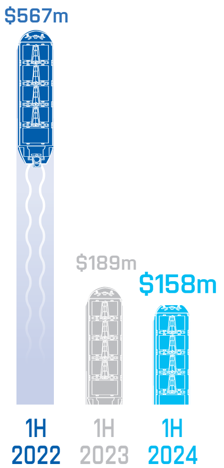
In the first half of 2024, we generated an underlying profit of US$43.9 million, net profit of US$57.6 million and EBITDA of US$157.9 million. This yielded a return on equity of 6% (annualised) with basic EPS of HK8.7 cents. Our financial position remains healthy with available committed liquidity of US$537.4 million, with net borrowings of 2% as we continued to pay down debt, while remaining committed to our long-term strategy to renew and grow our owned fleet of Handysize and Supramax/Ultramax vessels. Additionally, we had 61 vessels that were unmortgaged as at 30 June 2024.

The Board has declared an interim dividend of HK4.1 cents per share, which represents approximately 50% of our net profit for the period (excluding vessel disposal gains).

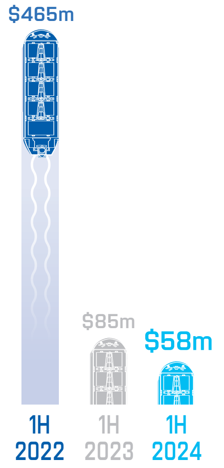
Supportive Demand and Supply Fundamentals

In the first half of 2024, market freight rates were driven by increased commodity demand, fleet inefficiencies from disruptions in the Suez and Panama Canals and manageable newbuilding deliveries. Despite concerns over global economic growth, elevated interest rates, conflicts in Ukraine and Palestine, and the negative impact of lower Chinese housing construction, global dry bulk loading volumes grew year on year, supported by increased demand for minor bulks, iron ore and grain.

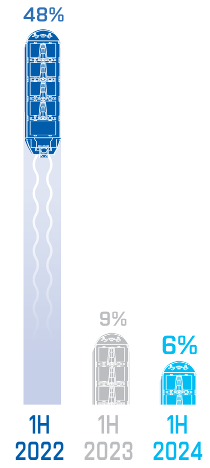
We maintain a positive outlook on the long-term prospects of the dry bulk shipping sector, driven by supportive demand and supply fundamentals. Our fleet, comprised of modern, low-cost, and versatile Handysize and Supramax/ Ultramax vessels, along with enhanced access to cargo opportunities, positions us to lead the way in dry bulk shipping.



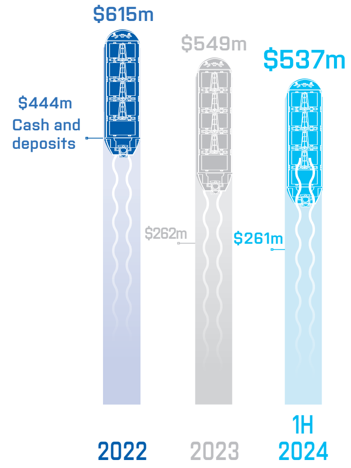
EBITDA (US$)



Net Profit (US$)



Return on Equity



Available Committed Liquidity (US$)
as at 31 December and 30 June

Financial Results

- Our core business achieved Handysize and Supramax net daily time-charter equivalent ("TCE") earnings of US$11,810 and US$13,690 respectively, generating a total contribution of US$76.8 million before overheads
- Our operating activity achieved a daily margin of US$550 net over 14,210 operating days, generating a contribution of US$7.8 million before overheads
- Our costs remain well controlled and our P&L break-even levels remain competitive at US$9,780 and US$11,030 per day for Handysize and Supramax respectively
- In the period, we outperformed the average Handysize (BHSI 38k dwt tonnage adjusted) and Supramax (BSI 58k dwt) indices by US$840 per day and US$410 per day respectively
- As at 30 June 2024, the estimated market value of our Handysize and Supramax fleet was US$2,200 million, significantly above our net book value of US$1,738 million

Our Fleet

- We owned 114 Handysize and Supramax/Ultramax vessels and have around 286 owned and chartered vessels on the water overall as at 30 June 2024
- During the period, we sold two of our older Handysize vessels, while taking delivery of one Handysize newbuilding vessel on long-term time charter and declared to exercise a purchase option on one Supramax vessel
- We remain committed to our long-term strategy of further growing our Supramax/Ultramax 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 continue to comply with IMO carbon intensity reduction rules, as well as the newly introduced EU Emissions Trading System (EU ETS) which came into force in January 2024, through technical enhancements, operational measures, gradual fleet renewal and the purchase of EU emissions allowances
- We will invest in dual-fuel low-emission vessels ("LEVs") when we consider them to be commercially viable for minor bulk trades

Find out more in our Chief Executive's Review on p.9

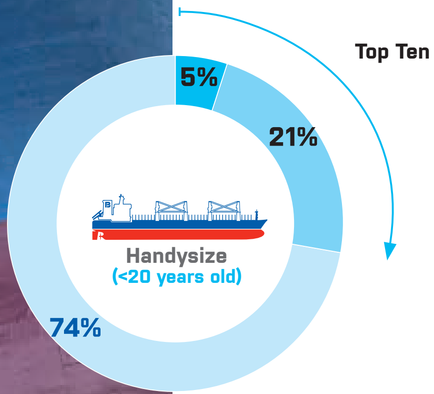
FINANCIAL HIGHLIGHTS

	30 June 2024 US$ Million	30 June 2023 US$ Million	31 December 2023 US$ Million
Results			
Revenue	**1,281.5**	1,148.1	2,296.6
Time-Charter Equivalent (“TCE”) Earnings	**717.2**	641.4	1,281.5
EBITDA[1]	**157.9**	189.1	347.2
EBIT	**52.7**	82.1	132.2
Underlying profit KPI	**43.9**	76.2	119.2
Profit attributable to shareholders	**57.6**	85.3	109.4
Balance Sheet			
Total assets	**2,410.3**	2,515.8	2,432.5
Total cash and deposits	**260.7**	215.0	261.5
Available committed liquidity	**537.4**	375.1	549.2
Net borrowings	**32.2**	128.1	38.9
Shareholders’ equity	**1,804.8**	1,821.6	1,797.9
Capital commitments	**18.2**	0.2	25.2
Cash Flows			
Operating	**133.6**	184.8	353.4
Investing	**(42.4)**	(73.5)	(61.2)
Financing	**(100.7)**	(255.2)	(389.7)
Net change in cash and cash equivalents	**(9.6)**	(143.9)	(97.5)
Per Share Data	**HK cents**	HK cents	HK cents
Basic EPS	**8.7**	12.9	16.5
Dividends KPI	**4.1**	6.5	12.2
Operating cash flows	**20.1**	27.9	53.2
Shareholders’ equity	**268.3**	271.1	267.4
Share price at period end	**HK$2.46**	HK$2.38	HK$2.57
Market capitalisation at period end	**HK$12.9bn**	HK$12.5bn	HK$13.5bn
Ratios			
Net profit margin	**4%**	7%	5%
Return on average equity (annualised)	**6%**	9%	6%
Total shareholders’ return	**(2)%**	0%	10%
Net borrowings to net book value of owned vessels KPI	**2%**	7%	2%
Net borrowings to shareholders’ equity	**2%**	7%	2%
Interest cover KPI	**14.9x**	18.8x	17.8x

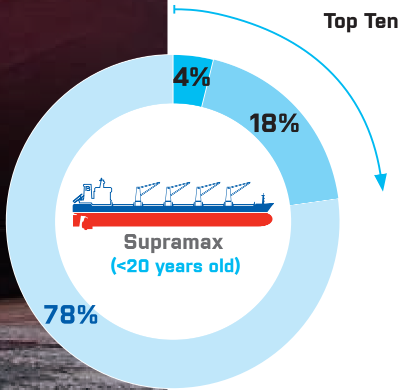
[1] EBITDA (earnings before interest, tax, depreciation and amortisation) is gross profit less indirect general and administrative overheads, excluding: depreciation and amortisation; exchange differences; share-based compensation and unrealised derivative income and expenses

OUR BUSINESS

OUR FLEET



We operate approximately 5% of the global 25,000-40,000 dwt Handysize fleet of less than 20 years old



We operate approximately 4% of the global 40,000-70,000 dwt Supramax fleet of less than 20 years old

Pacific Basin   Other Top Ten   Others

Source: Pacific Basin, Clarksons Research

Our geared bulk carriers are highly versatile self-loading and self-discharging vessels

Our vessels transport mainly minor bulks including agricultural products, raw materials, construction materials and other essential bulk commodities

Our cargo mix comprises mainly non-fossil fuel commodities

As at 30 June 2024	Vessels in Operation Owned	Long-term Chartered	Short-term Chartered[1]	Total	Total Capacity (Million dwt) Owned	Average Age Owned
Handysize	64	12	60	136	2.2	13
Supramax/ Ultramax[2]	50	5	94	149	2.9	12
Capesize	1	–	–	1	0.1	13
Total	115	17	154	286	5.2	13

As at 30 June 2024	Number of Vessels	Estimated Market Value[3] (US$ Million)	Total Net Book Value (US$ Million)
Handysize	64	1,000	850
Supramax/Ultramax[2]	50	1,200	888
Total	114	2,200	1,738

[1] Average number of short-term and index-linked vessels operated in June 2024
[2] Supramax vessels in excess of 60,000 dwt are generally referred to as Ultramaxes
[3] Estimated market value reflects the latest estimated vessel values of our owned fleet based on composite broker valuations
Note: In addition, the Company owns one Capesize vessel, which is on a long-term bareboat charter

OUR GLOBAL REACH

14 office locations

- 11 commercial offices
- 4 technical & crewing offices

Our Hong Kong headquarters is home to executive management, commercial, technical, crewing and all central functions

"Fronthaul" refers to shipping routes where there is high demand for vessels to transport commodities to areas where those commodities are needed. Conversely, "backhaul" refers to shipping routes where vessels transport commodities from areas with low demand for shipping services back to areas with higher demand

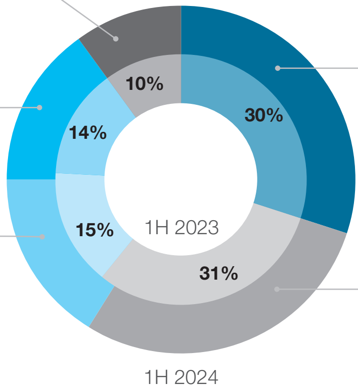
OUR CARGO VOLUMES

44.7 million tonnes in 1H 2024 (40.9 million tonnes in 1H 2023)

Minerals	10%
Salt	4%
Sand & Gypsum	5%
Soda Ash	1%

Energy	15%
Coal	10%
Petcoke	5%
Wood Pellets	0%

Metals	16%
Ores	7%
Concentrates	5%
Alumina	2%
Others	2%



Agricultural Products & Related	30%
Grains & Agricultural Products	17%
Fertiliser	11%
Sugar	2%

Construction Materials	29%
Cement & Cement Clinkers	14%
Steel & Scrap	10%
Logs & Forest Products	5%

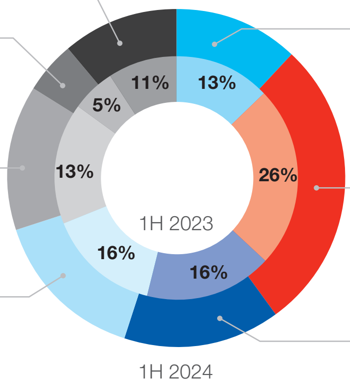
Cargo Loading and Discharging Activity in 1H 2024 and 1H 2023

Middle East & India 11%

Africa 5%

Europe 14%

South America 15%



Australia & New Zealand 12%

Asia 28%
(China 11%)

North America 15%

THE HALF YEAR IN REVIEW

CHIEF EXECUTIVE'S REVIEW

Martin Fruergaard

Chief Executive Officer

"Looking ahead, we anticipate an increase in global dry bulk loadings in the second half of 2024, along with limited transit of dry bulk vessels through the Suez and Panama Canals, which will increase fleet inefficiencies and tonne-mile demand."

Financial Results

In the first half of 2024, we generated an underlying profit of US$43.9 million, a net profit of US$57.6 million and EBITDA of US$157.9 million. This yielded a return on equity of 6% (annualised) with basic EPS of HK8.7 cents.

p.39 Group Performance Review

In the first half of 2024, we outperformed the BHSI and BSI on both our Handysize and Supramax vessels respectively. Our operating activity saw significant growth in vessel numbers and operating days, although at a substantially lower margin per day.

Our outperformance was impacted by the increased cost of chartering short-term core vessels, required as a result of our high near-term cargo coverage. Our customer and cargo focused business model requires that we take in short-term chartered vessels to optimise and supplement our owned and long-term chartered fleet. Year to date, we have seen a notable reduction in seasonality as a result of tonnage imbalances between the Atlantic and Pacific regions due to fleet inefficiencies caused by disruptions in the Suez and Panama Canals. Despite concerns about global economic growth, elevated interest rates, ongoing conflicts in Ukraine and Palestine, and the negative impact of reduced housing construction in China, total dry bulk demand still rose over the period, which is positive for the long-term outlook.

We continue to leverage our strong cash generation to reduce debt and enhance the deadweight carrying capacity of our owned fleet, all while sustaining a healthy financial position with US$537.4 million of committed liquidity readily available. We are closing in on being debt free on a net basis, with our net borrowings now accounting for 2% of the net book value of our owned vessels. Additionally, we had 61 vessels that were unmortgaged as at 30 June 2024.

p.24 Cash and Borrowings

The Board has declared an interim dividend of HK4.1 cents per share, which represents approximately 50% of our net profit for the period (excluding vessel disposal gains). During the period, we announced the launch of a share buyback programme of up to US$40 million, reflecting our confidence in dry bulk's long-term prospects. Since the commencement of the share buyback programme, we have repurchased and cancelled approximately 42.7 million shares for a consideration of approximately US$14.6 million. We continue to finance the buyback of our shares through our available cash flow and internal resources, while maintaining sufficient financial resources for the continued growth of our operations. This share buyback programme is intended to continue until 31 December 2024. Any shares bought back by the Company will be cancelled.

Outperforming While Maintaining Competitive Cost Base

In the first half of 2024, our large **core business** with substantially fixed costs generated a contribution of US$76.8 million before overheads, with average Handysize and Supramax daily TCE earnings of US$11,810 and US$13,690 per day respectively. In the period, despite freight rates continuing to move higher, we outperformed the average Handysize (BHSI 38k dwt tonnage-adjusted) and Supramax (BSI 58k dwt) indices by $840 per day and $410 per day respectively. Outperformance will remain negatively impacted in an upwardly moving freight rate environment. Our core business with substantially fixed costs is the main driver of our profitability, with a P&L break-even level for Handysize and Supramax vessels of US$9,780 and US$11,030 per day respectively.

We have covered 60% and 82% of our Handysize and Supramax vessel days for the second half of 2024 at US$12,670 and US$12,640 per day respectively. While this may limit our potential upside in the second half if market freight rates continue to strengthen, we felt it was prudent. Nonetheless, we are maintaining sufficient levels of exposure to current spot rates in our Handysize vessels.

In the first half of 2024, our **operating activity** contributed US$7.8 million or 9% of our Group's performance before overheads, generating a margin of US$550 per day over 14,210 operating days. For our operating activity, short-term charter costs fluctuate with the freight market and therefore the important KPI is the margin per day (the net daily difference between TCE revenue and charter costs), not the TCE level itself. Our operating activities have experienced significant growth, with the number of operating days increasing by 29% year over year.

p.19 Our Performance

Our overheads and vessel operating expenses remain well controlled and competitive. We are reducing our debt following our amortisation profile and utilising interest rate swaps to limit our exposure to variable interest rate debt.

p.22 Core Business Vessel Costs

Healthy Dry Bulk Market

In the first half of 2024, market freight rates were driven by increased commodity demand, fleet inefficiencies from disruptions in the Suez and Panama Canals and manageable newbuilding deliveries. Despite concerns over global economic growth, elevated interest rates, conflicts in Ukraine and Palestine, and the negative impact of lower Chinese housing construction, global dry bulk loading volumes grew year on year, supported by increased demand for minor bulks, iron ore and grain.

Total minor bulk loadings were approximately 2% higher year on year due to increased loadings of bauxite, forest products and steel which increased by 11%, 3% and 3% respectively, while cement and clinker was the largest detractor falling by 8%.

Grain loadings increased by 4%, with significant contributions from Argentina, Ukraine and Brazil. Argentina saw a 29% rise in grain loadings compared to the previous year, recovering from drought-affected yields. Ukraine's Black Sea loadings surged by 53% year on year, reflecting enhanced export capabilities compared to early in the conflict. Brazil's grain loadings grew by 8% in the first half of 2024, continuing the trend of strong crop yields. In contrast, coal loadings decreased by 2% year on year primarily due to reduced loadings to Japan and Europe, despite increased demand from India, China and Vietnam, which were up 7%, 4%, and 32% respectively, due to ongoing energy security concerns. China's record coal demand persisted despite high domestic production and improved hydroelectric output. Iron ore loadings increased 5% year on year due to higher loadings from Brazil and India and record demand in China. Although China's housing construction remains muted, the loss in steel demand is being offset by growth in infrastructure and manufacturing sectors, as well as excess steel production supporting record exports.

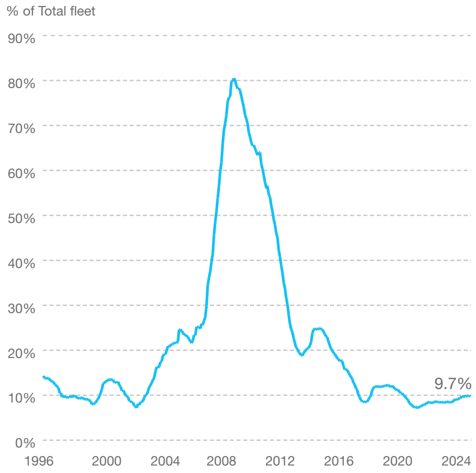
p.14 Market Review

Manageable Dry Bulk Orderbook

Dry bulk vessel ordering continues to be restrained over the period, particularly in comparison to other shipping sectors. According to Clarksons Research, the total dry bulk orderbook stands at 9.7% of the existing fleet, with the combined Handysize and Supramax orderbook totalling 10.6%. Restrained ordering of newbuildings will continue to support limited supply growth in the next few years. Dry bulk newbuild ordering in the first half of 2024 was 22.3 million deadweight tonnes, compared to 25.7 million deadweight tonnes, representing a decrease of 13% compared to the same period last year. Available shipyard slots remain limited due to the large amount of newbuilding orders in other shipping sectors, so a new order placed today is generally expected to be delivered in 2028.

The global dry bulk net fleet growth rate was 1.6% year to date, due to an increase in newbuilding deliveries and lower scrapping. The global fleet of Handysize and Supramax vessels grew by 2.1% net.

Overall Dry Bulk Orderbook Development



We continue to believe that the historical high cost of newbuildings, uncertainty over new environmental regulations and the higher interest rate environment will continue to discourage significant new dry bulk vessel ordering. Newbuilding prices are expected to remain historically high for the foreseeable future, driven by increased input costs, limited new shipbuilding capacity and high shipyard utilisation from other shipping segments.

Based on current assumptions about the Carbon Intensity Indicator ("CII") and other decarbonisation rules, we estimate that an increasing proportion of today's Handysize to Ultramax bulk carrier fleet will find it increasingly difficult and costly to comply, with technical and operational initiatives available today extending vessels' compliance by only a couple more years, unless implementing major retrofits which are currently prohibitively costly or unsuitable for our vessel types. We expect increasingly early scrapping during the period 2030 to 2037, with even the most efficient conventionally-fuelled vessels struggling to comply thereafter. The gradual uptake of sustainable biofuels will help many vessels to comply, but limited availability in the long term means our industry cannot rely solely on biofuels to meet its longer-term targets. New vessels with the ability to run on new green fuels will thus be required.

According to Clarksons Research, the scrapping of Handysize and Supramax vessels in the first half of 2024 was equivalent to 0.8 million dwt, or 0.2% of net fleet as at 1 January 2024. Currently, Handysize and Supramax vessels over 20 years old represent 14% and 11% of the existing fleet deadweight carrying capacity respectively. Handysize and Supramax net fleet growth estimates in 2024 and 2025 are 4.2% and 3.9% respectively, with scrapping of 0.5% in 2024 and 0.5% in 2025.

Suez and Panama Canal Restrictions

We continue to monitor developments in the Red Sea and the Gulf of Aden, which remain complex and a safety concern for shipping. Additionally, we are also having to continuously adapt to the consequences of dry bulk vessels facing limited transits through the Panama Canal. This has added to tonne-mile demand, as vessels are being rerouted on longer voyages when avoiding these key transit routes. To minimise the risk to our seafarers and vessels through the Red Sea, we will continue to take the much longer route around the Cape of Good Hope. Meanwhile, the Panama Canal has experienced improvements in water levels, but we expect restrictions on the transit of vessels throughout the second half of 2024. These issues will continue to reduce effective supply and provide support for rates.

Enhanced Sustainability and Governance

We strive to evolve and enhance management and governance practices to achieve best-in-class risk management, reporting, transparency, stakeholder confidence and corporate stewardship. We consider responsible observance of stakeholder interests to be a fundamental aspect of our commitment to sustainability and good corporate governance. With a focus on resilience and business continuity, we future-proof our business by assessing and managing potential disruptions, including those related to geopolitical risks, climate risks, global pandemics and cybersecurity.

Our Risk Management Committee (RMC) reports directly to the Audit Committee, ensuring robust governance, effective risk management and internal control. In January 2024, our Board of Directors elevated its oversight of sustainability from the Audit Committee to a newly established Sustainability Committee ("SC"). The Sustainability Management Committee ("SMC") now reports to the SC to ensure the effective implementation of our sustainability strategy.

p.27 Sustainability Highlights

We believe that our enhanced sustainability and governance structure will significantly improve the effectiveness of our sustainable development approach, bolster our business's resilience and reputation, and increase the confidence our stakeholders have in us.

Our decarbonisation strategy is multifaceted to ensure significant progress in improving our vessels' fuel efficiency, reducing our carbon footprint and reaching our target of net-zero emissions by 2050.

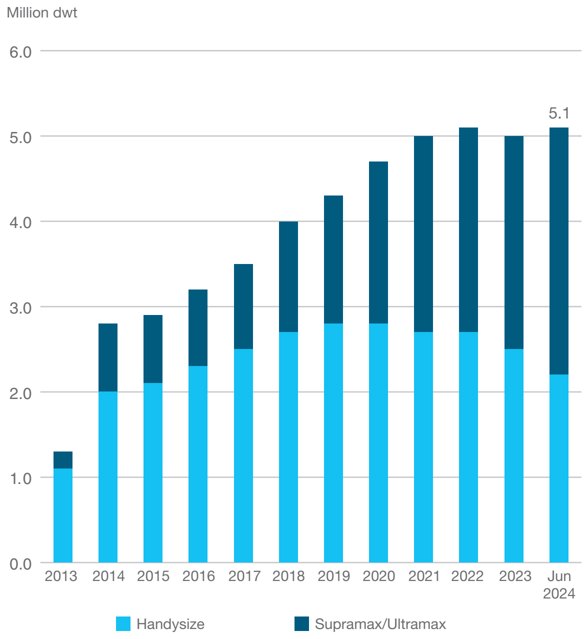
By renewing and growing our fleet with an emphasis on energy efficiency, we aim to stay at the forefront of sustainable practices. We are also actively modernising our existing vessels, incorporating the latest green technologies such as low-friction silicone antifouling hull coatings, constant power weather routing, pre-swirl vanes ("PSVs") and many more.

To achieve the long-term goal of complete decarbonisation, we are finalising the design of a dual-fuel low-emission vessel ("LEV") capable of running on fuel oil as well as methanol, and we are considering in 2024 if we are ready to contract to build such vessels with delivery well ahead of our original 2030 target. Additionally, we have trialled biofuels to reduce emissions from our existing vessels, and we are looking for ways to support the future availability of green fuels.

Information-sharing and collaboration are also important to our safety strategy for excellence and continuous improvement. We are engaging with industry stakeholders, regulatory bodies and research institutions to share best practices and drive collective progress towards decarbonisation. By participating in industry forums and alliances, we ensure that we are at the cutting edge of sustainability trends and regulatory developments.

We continue to diligently prepare for growing decarbonisation regulations, ensuring that we are compliant and leading our sector towards a more sustainable future. We are committed to transparent reporting on our environmental and other ESG performance and, setting ambitious targets and regularly reviewing our progress, we demonstrate our commitment to being a sustainable and resilient dry bulk shipping company.

Significant Growth of Our Owned Fleet and Supramax/ Ultramax Proportion



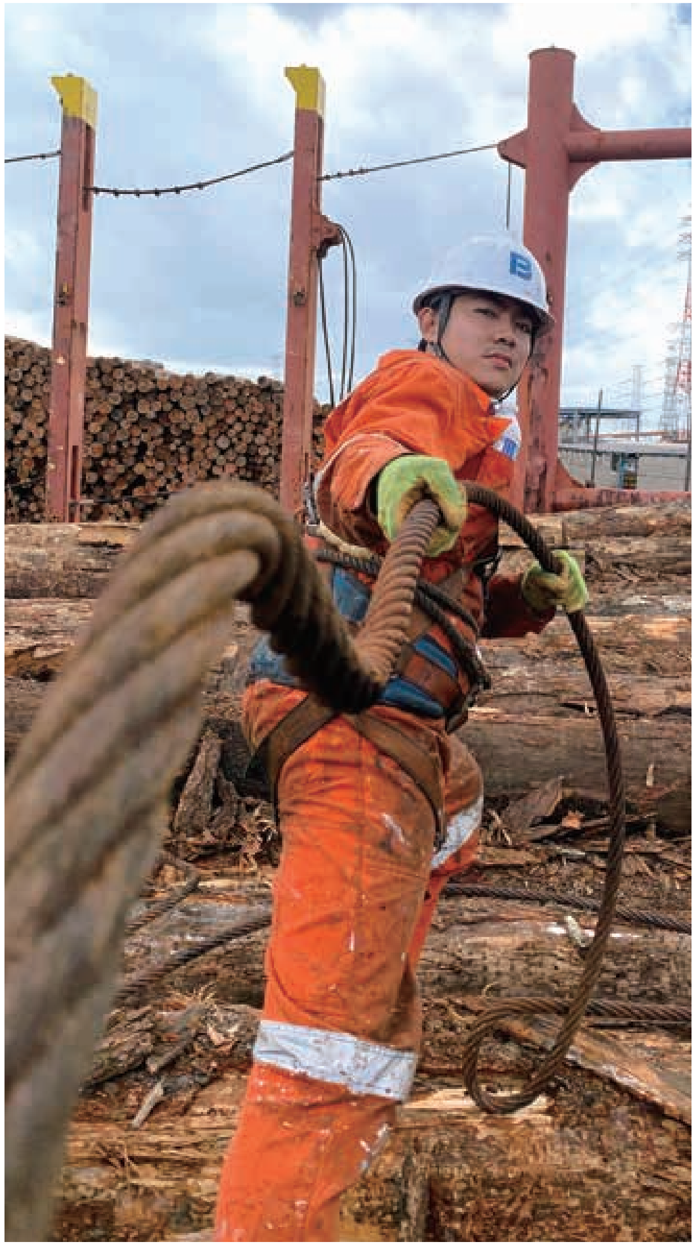
Fleet Growth

We continue to strategically acquire second-hand vessels, maintaining discipline considering historically high prices. Our long-term strategy focuses on growing our fleet of Supramax/ Ultramax vessels by purchasing high-quality, modern second-hand vessels. Concurrently, we are replacing our older and less efficient Handysize vessels with younger and larger ones. In the first half of 2024, we sold two smaller, older Handysize vessels, both built in 2004. Given increasingly strict existing and incoming decarbonisation regulations, such older, less efficient vessels will become increasingly challenging and costly to operate and we therefore consider it appropriate to gradually divest ourselves of our least efficient vessels.

In the period, we declared to exercise a purchase option on one Supramax vessel, while receiving the first of four long-term chartered 40,000 dwt Handysize newbuildings. We also took delivery of the second long-term chartered 40,000 dwt Handysize newbuilding in July. Each of these time charters comes with an option to extend the charter agreement at a fixed rate, and we have the option to purchase the vessels at a fixed price, which further expands our optionality.

We anticipate that asset prices for new and second-hand vessels will remain elevated due to increased newbuilding input costs and limited yard capacity.

Our Core fleet consists of 131 Handysize and Supramax/ Ultramax vessels and, including short-term chartered vessels in our Operating business, we currently have approximately 286 vessels on the water overall. At the end of the period, our total owned fleet's deadweight carrying capacity was 5.1 million deadweight tonnes, excluding our Capesize vessel.



Caring for our People

Pacific Basin strives to develop a diverse, effective and motivated team. At sea and on shore, we continue to uphold the highest health and safety standards and train our colleagues to enable them to tackle evolving business challenges while looking after their – and each other's – overall wellbeing. We want to encourage and support each individual's unique efforts to contribute to our business and to remove barriers to inclusion and equality of opportunity.

Despite the industry's emphasis on decarbonisation, our foremost priority continues to be the security and safety of our employees, particularly during periods of increased and more pervasive threats to their well-being. Although incidents of piracy and hijacking have decreased since their peak between 2008 and 2012, certain areas still pose significant risks. We are enhancing security on board with a number of initiatives, including the evaluation of the installation of gangway turnstiles with face recognition and the trialling of an AI-driven camera system to monitor for abnormal activities.

We are rolling out Starlink's high-speed internet service across our fleet, redefining maritime connectivity and enhancing the welfare and quality of life for our seafarers. Starlink's connectivity will provide faster access to critical applications, remote support, and crew training, opening new possibilities for our vessels. This installation is a testament to our commitment to the highest standards of welfare and operational excellence for our crews.

Optimistic about the Future of Dry Bulk Shipping

We maintain a positive market outlook, thanks to the stable demand for the commodities we ship. The global economy's continuous growth drives the demand for essential raw materials such as minor bulks, iron ore, coal and grains. As emerging economies expand their infrastructure and developed nations undertake significant construction projects, the need for these raw materials remains robust. This demand is further bolstered by population growth and urbanisation, which necessitate increased agricultural production and energy consumption, thereby ensuring a steady flow of cargo for dry bulk shipping companies.

On the supply side, the fundamentals are equally encouraging. A well-balanced fleet growth, coupled with the strategic retirement of older, less efficient vessels, contributes to a favourable supply-demand balance in the market. Moreover, new shipbuilding orders have been moderated in recent years, preventing an oversupply that could affect freight rates. The implementation of current and new decarbonisation regulations, further support supply-side fundamentals. These regulations necessitate investments in more efficient and environmentally-friendly vessels, gradually phasing out older vessels and limiting overall fleet expansion.

We will continue to adopt fuel efficiency enhancements and practices to ensure that our conventionally-fuelled existing vessels are well positioned to comply and continue to trade for the foreseeable future.

Martin Fruergaard
Chief Executive Officer
Hong Kong, 8 August 2024

MARKET REVIEW

Increased Commodity Demand and Fleet Inefficiencies Positively Impacted Dry Bulk Freight Rates

US$10,970 net ⬆ 27% YOY

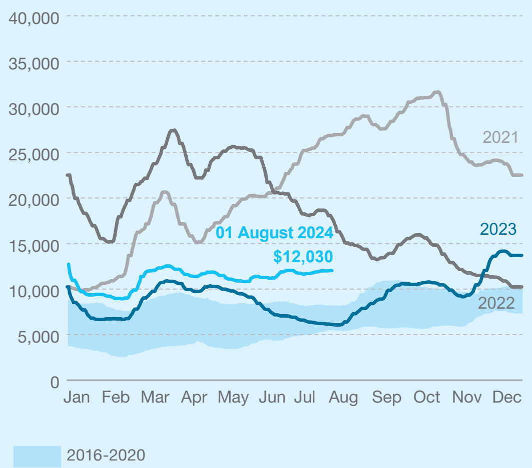
BHSI 38K (tonnage adjusted) Handysize 1H24 avg. market spot rate

US$13,280 net ⬆ 34% YOY

BSI 58K Supramax 1H24 avg. market spot rate

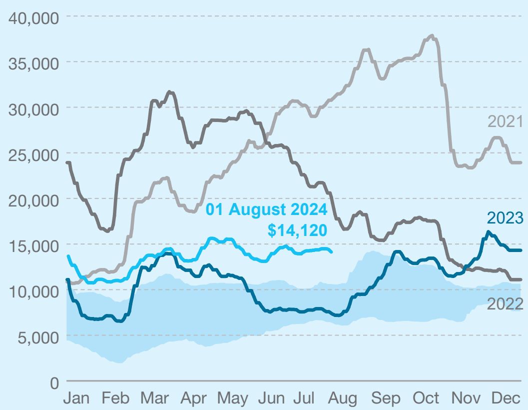
Handysize Market Spot Rates in 2016-2024

US$/day net*



Supramax Market Spot Rates in 2016-2024

US$/day net*



* Excludes 5% commission
Source: Baltic Exchange (BHSI 38,000 dwt (tonnage adjusted) and BSI 58,000 dwt)

In the first half of 2024, market freight rates were driven by increased demand for commodities, further supported by fleet inefficiencies related to ongoing disruptions in the Suez and Panama Canals and manageable newbuilding deliveries. Despite concerns over global economic growth, elevated interest rates, conflicts in Ukraine and Palestine, and the negative impact of lower Chinese housing construction, global dry bulk loading volumes grew year on year, supported by increased demand for minor bulks, iron ore and grain. Average freight rates for Handysize and Supramax were US$10,970 and US$13,280 per day respectively.

Looking ahead, we anticipate an increase in global dry bulk loadings in the second half of 2024, along with limited transit of dry bulk vessels through the Suez and Panama Canals, which will increase fleet inefficiencies and tonne-mile demand.

Increasing Ship Values

US$36.8m ⬆ 25%

Second-hand Ultramax YOY

Modern Second-hand vessel values increased due to a continued higher freight market and increased newbuilding prices. Clarksons Research currently values a benchmark five-year old Ultramax ship at US$36.8 million, up 25% year on year.

Available shipyard slots remain limited, resulting in a new order placed today unlikely to be delivered until 2028. The majority of incremental new shipyard capacity continues to be concentrated on non-dry bulk vessels.

Source: Clarksons Research data as at June 2024

DEMAND: Record Dry Bulk Demand

Global dry bulk loading volumes grew by approximately 2% year on year, supported by increased demand for minor bulks, iron ore and grain. Minor bulk loading volumes were up by 2% due to higher loadings of bauxite, forest products and steel, which were up by 11%, 3% and 3% year on year respectively. Bauxite remains the primary driver of the increase in minor bulk loadings, primarily sourced from Guinea and transported mainly in Capesize and Panamax vessels.

Grain loadings increased by 4%, driven by significant contributions from Argentina, Ukraine and Brazil. Argentina experienced a 29% rise in grain loadings compared to the previous year, recovering from crop yields that were previously affected by drought. Ukraine's Black Sea loadings surged by 53% year on year, reflecting the country's enhanced export capabilities since the onset of the conflict. Additionally, Brazil's grain loadings grew by 8% in the first half of 2024, continuing the trend of strong crop yields observed both currently and in the prior year.

Iron ore loadings increased 5% year on year due to increased loadings from Brazil and India, as well as record demand in China. China's housing construction remains muted but the corresponding steel demand loss will be offset by growth in steel demand coming from infrastructure investments and manufacturing sectors, as well as excess steel production supporting record steel exports over the period.

Coal loadings decreased by 2% year on year primarily due to reduced loadings to Japan and Europe, despite increased coal demand from India, China and Vietnam, which were up 7%, 4% and 32% respectively, due to on-going energy consumption security concerns. Despite significant domestic coal production and enhanced hydroelectric output resulting from increased rainfall, China's coal demand remained at record levels during this period.

1H 2024 Global Cargo Loading Volumes# YOY Change

Selected Minor Bulks*	↑	+2%
Grain	↑	+4%
Iron Ore	↑	+5%
Coal	↓	-2%

* 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

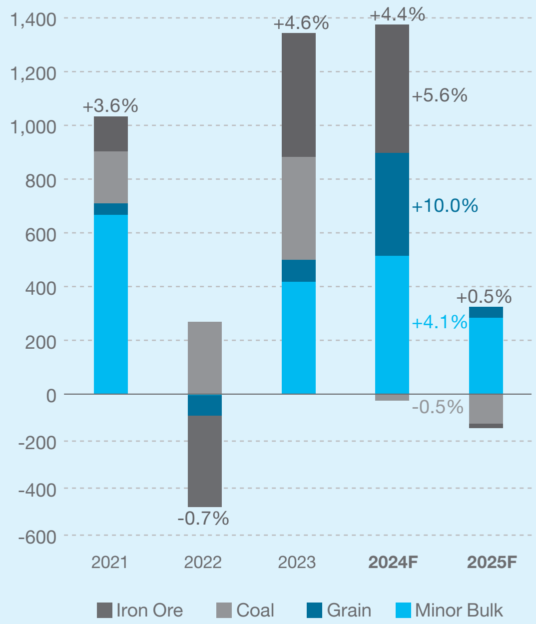
Minor bulk demand is broad based and diverse both geographically and in terms of commodities and customers, and normally tracks growth in GDP. Hence with a 3.2% world GDP growth forecast and continued stimulus in many countries, the forecast for minor bulk demand in 2024 is positive.

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.

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).

Annual Change in Global Dry Bulk Tonne-mile Demand

YOY change in billion tonne-miles



Source: Clarksons Research data as at July 2024, data subject to revision based on possible changes in selected reported trade flows and distance assumptions

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

During the first half of 2024, the global dry bulk fleet experienced flat growth of 1.6% net. This expansion was primarily driven by a year-on-year increase in Handysize and Supramax newbuilding deliveries by 16% and 27% respectively, while Panamax and Capesize newbuilding deliveries declined by 14% and 15% respectively over the same period. The global fleet of Handysize and Supramax vessels in which we specialise grew by 2.1% net compared with 1.5% net in the same period last year. The rate of scrapping decreased from 0.3% to 0.2% during the period.

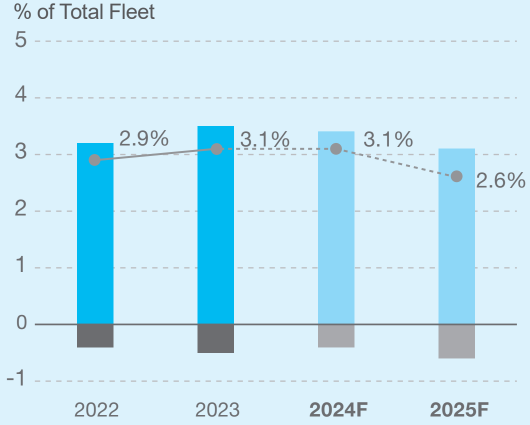
Clarksons Research forecast scrapping of 0.4% and 0.6% of the global dry bulk fleet in 2024 and 2025 respectively. Limited scrapping is the result of current robust earnings and while environmental regulations are becoming increasingly stringent, they are not yet encouraging owners to phase out older, less efficient vessels.

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

Overall Dry Bulk Supply Development

⬆ 1.6%

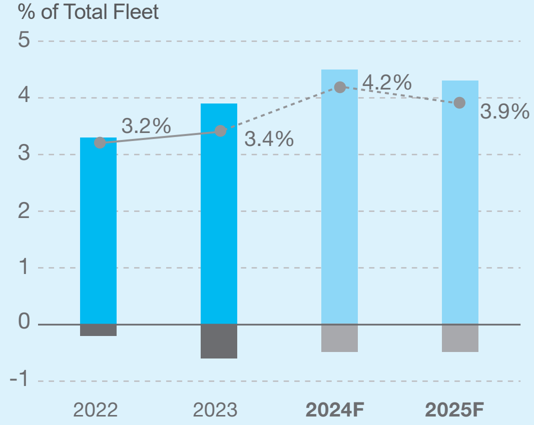
Overall dry bulk capacity YTD



Handysize/Supramax Supply Development

⬆ 2.1%

Global Handysize/Supramax capacity YTD



New Deliveries
Deliveries Forecast
Scrapping
Scrapping Forecast
Net Fleet Growth

Source: Clarksons Research, data as at July 2024

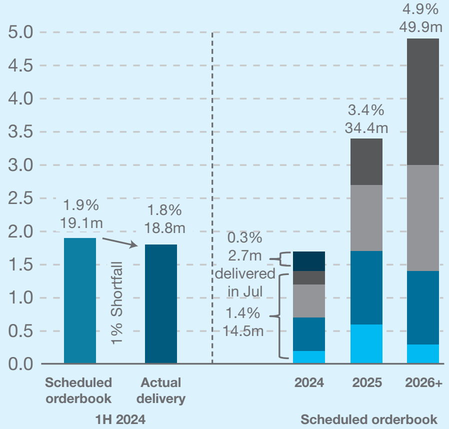
ORDERBOOK: Dry Bulk Expecting Limited Ordering due to Environmental Regulations

The total dry bulk orderbook stands at 9.7% of the existing fleet, with the combined Handysize and Supramax orderbook totaling 10.6%. Restrained ordering of newbuildings will continue to support limited supply growth in the next few years. In the first half of 2024, dry bulk newbuild ordering was 22.3 million dwt, which is a decrease from 25.7 million dwt, this represents a reduction of 13% compared to the same period last year.

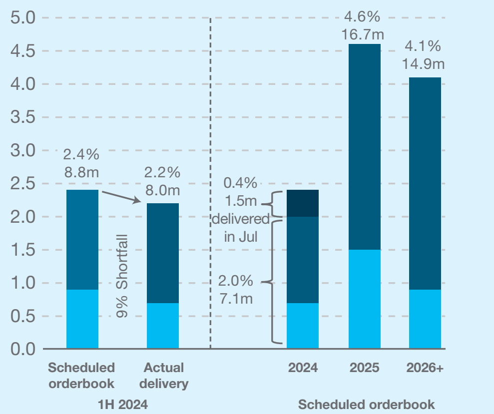
New vessel ordering is expected to remain restrained, discouraged by:

- Uncertainty about the future fuels and technologies required to meet coming decarbonisation regulations
- Limited yard capacity for newbuilding orders until 2028, with limited new yard capacity coming online
- Increased cost of capital further limits appetite for higher cost vessels, and large series of orders
- Asset prices for new and second-hand vessels will remain influenced by increased newbuilding input costs and limited yard capacity

Overall Dry Bulk Orderbook



Handysize & Supramax Combined Orderbook



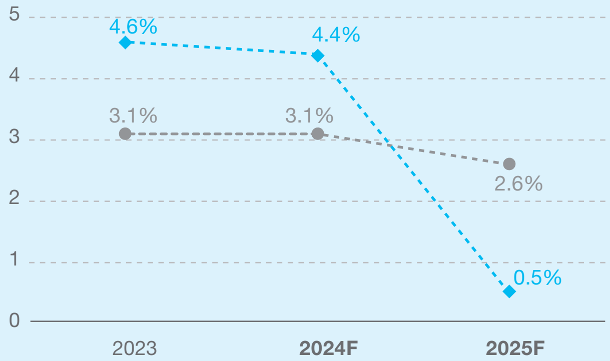
Source: Clarksons Research, data as at August 2024

	Orderbook as % of Existing Fleet	Average Age	Over 20 Years Old	1H 2024 Scrapping as % of 1 January 2024 Existing Fleet
Handysize (10,000–40,000 dwt)	9.2%	14	14%	0.2%
Supramax & Ultramax (40,000–70,000 dwt)	11.4%	12	11%	0.2%
Panamax & Post-Panamax (70,000–100,000 dwt)	12.2%	12	13%	0.4%
Capesize (100,000+ dwt)	7.2%	11	4%	0.1%
Total	9.7%	12	9%	0.2%

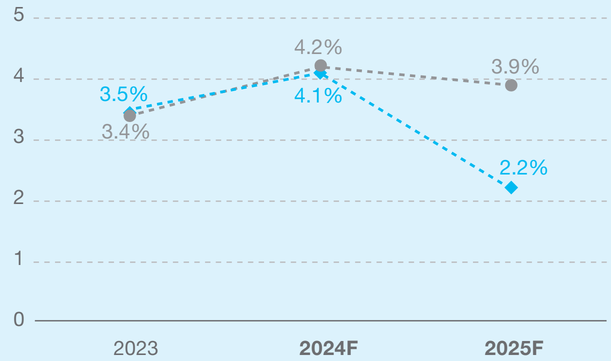
Source: Clarksons Research, data as at August 2024

MARKET BALANCE: Robust Demand and Moderate Supply Growth

Overall Dry Bulk Demand and Supply
% YOY change



Minor Bulk Demand and Handysize/Supramax Supply
% YOY change



Net Fleet Growth   Tonne-Mile Demand

Source: Clarksons Research, data as at July 2024

Stable demand for minor bulk commodities, coupled with moderate growth in supply and fleet inefficiencies stemming from ongoing disruptions in the Suez and Panama Canals, is expected in 2024.

POSSIBLE MARKET DRIVERS IN THE MEDIUM TERM

OPPORTUNITIES

- Stimulus-driven recovery in China, and recovery in global economic demand 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 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 costs

THREATS

- Persistent elevated 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
- Reduced commodity demand in China due to reduced housing construction
- Tariffs and protectionism driving local production at the expense of global trade
- Reduced fleet inefficiency due to easing of canal disruptions

OUR PERFORMANCE

Our business generated an underlying profit of US$43.9 million (1H23: underlying profit of US$76.2 million). In the first half of 2024, we outperformed the BHSI and BSI on both our Handysize and Supramax vessels respectively. Our operating activity saw significant growth in vessel numbers and operating days, although at a substantially lower margin per day. Our outperformance was impacted by the increased cost of chartering short-term core vessels, required as a result of our high near-term cargo coverage.

Operating Performance

	Six months ended 30 June		
US$ Million	**2024**	**2023**	**Change**
Core business Handysize contribution	**41.1**	62.7	-34%
Core business Supramax contribution	**35.7**	33.4	+7%
Operating activity contribution	**7.8**	17.0	-54%
Capesize contribution[1]	**0.8**	0.8	–
Performance before overheads	**85.4**	113.9	-25%
Adjusted total G&A overheads	**(41.2)**	(37.3)	-10%
Tax and others	**(0.3)**	(0.4)	+25%
Underlying profit	**43.9**	76.2	-42%

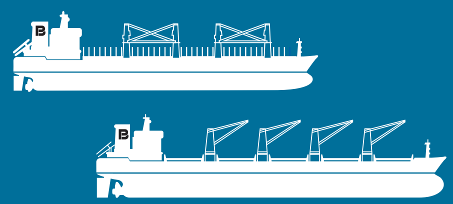
+/- Note: In our tabulated figures, positive changes represent an improving result and negative changes represent a worsening result

[1] Having redelivered a chartered 95,000 dwt Post-Panamax, we now refer to our owned 115,000 dwt bulker as a Capesize vessel, consistent with industry definitions

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.



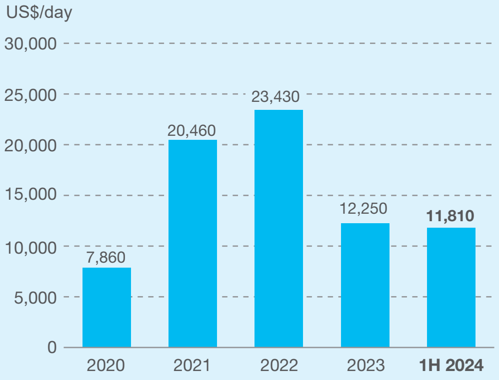
Operating Activity

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

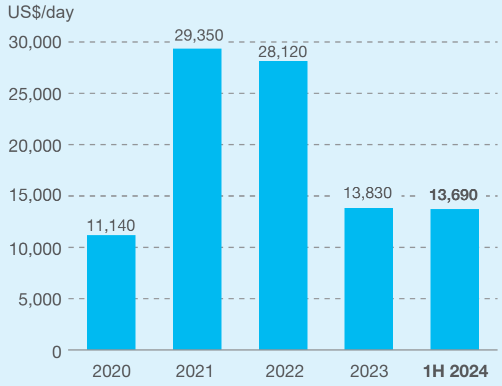
Handysize

TCE EARNINGS KPI



Supramax

TCE EARNINGS KPI



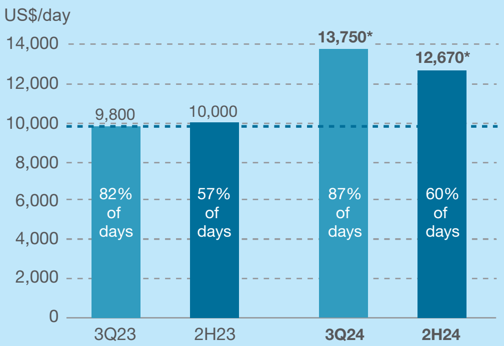
TCE EARNINGS KPI

Our core business generated:

- Handysize daily earnings of US$11,810 on 13,570 revenue days
- Supramax daily earnings of US$13,690 on 10,030 revenue days
- In the period, our Handysize outperformed the index (BHSI 38k dwt tonnage-adjusted) by US$840 per day. In the period, scrubbers fitted to our three core Handysize vessels contributed US$30 per day to outperformance
- In the period, our Supramax outperformed the index (BSI 58,000 dwt) by US$410 per day. In the period, scrubbers fitted to our 33 core Supramax vessels contributed US$720 per day to outperformance
- Note that Handysize and Supramax 4Q23 TCE earnings were positively impacted by reversal of prior-period freight tax provisions. Reversal of Handysize freight tax provision of US$11.6 million resulted in an increase to TCE of US$1,690 per day in 4Q23. Reversal of Supramax 4Q23 freight tax provision of US$11.1 million resulted in an increase to TCE of US$2,150 per day in 4Q23. This resulted in a 2023 full year increase to Handysize and Supramax TCE earnings of US$410 per day and US$550 per day respectively

Handysize

FORWARD CARGO COVER



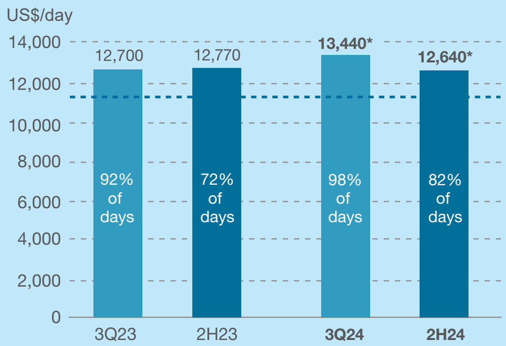
- - - Indicative core fleet P&L break-even level incl. G&A for 1H24 = US$9,780

* As of early August 2024, indicative TCE rates 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 rates will typically be higher;

Current value of Handysize scrubber benefits is approximately US$30 per day. When a Handysize vessel with a scrubber is assigned a cargo, its TCE rate may be higher due to the added benefit of the scrubber

Supramax

FORWARD CARGO COVER



- - - Indicative core fleet P&L break-even level incl. G&A for 1H24 = US$11,030

* As of early August 2024, indicative TCE rates only as voyages are still in progress; Current value of Supramax scrubber benefits is approximately US$250 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

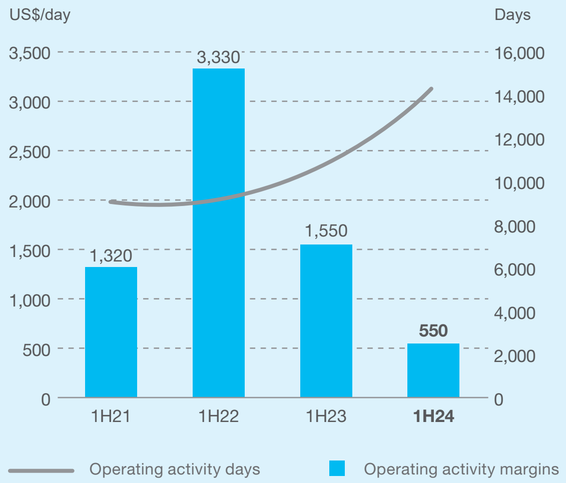
FORWARD CARGO COVER

- We have covered 87% and 98% of our Handysize and Supramax vessel days currently contracted for the third quarter of 2024 at US$13,750 and US$13,440 per day respectively
- We have covered 60% and 82% of our Handysize and Supramax vessel days currently contracted for the second half of 2024 at US$12,670 and US$12,640 per day respectively
- We have covered 7% and 19% of our Handysize and Supramax vessel days currently contracted for the first half of 2025 at US$9,670 and US$13,370 per day respectively
- Our P&L break-even was US$9,780 and US$11,030 for Handysize and Supramax respectively in the first half 2024. Our costs remain well controlled and competitive

OPERATING ACTIVITY

MARGIN KPI

US$550 per day



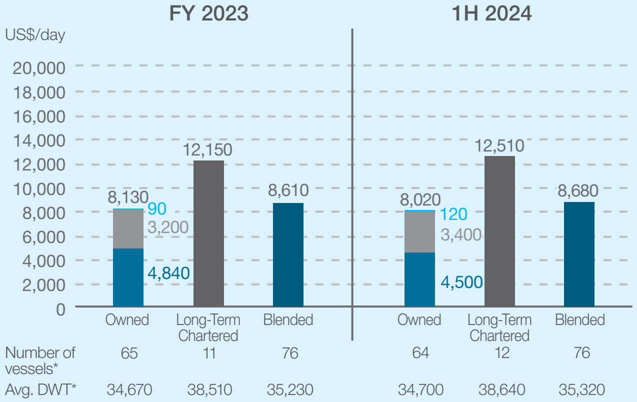
- In the first half of 2024, our operating activity contributed US$7.8 million or 9% of our Group's performance before overheads, generated a margin of US$550 per day over 14,210 operating activity days on short-term chartered vessels chartered specifically for carrying spot cargoes. We currently operate approximately 154 short-term chartered vessels, with a 29% increase in operating days year over year. Our strategy continues to focus on increasing profitable operating days on a year-on-year basis
- 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

CORE BUSINESS VESSEL COSTS

Daily Vessel Costs

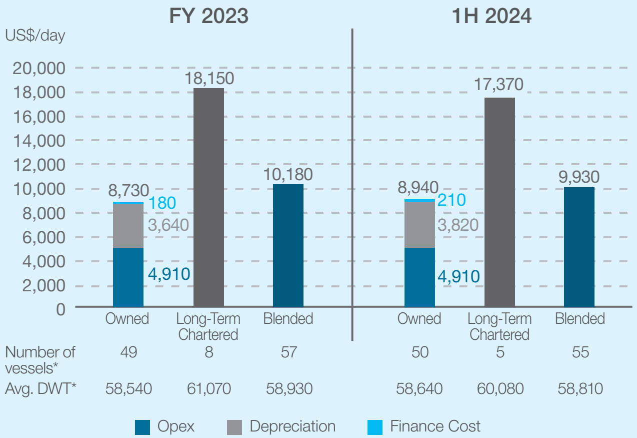
Handysize

Blended US$8,680



Supramax

Blended US$9,930



* Fleet as at 31 December 2023 and 30 June 2024

Owned Vessel Costs

- **Operating expenses**
  Our average Handysize and Supramax daily operating expenses ("Opex") decreased by 4% to US$4,680 (FY 2023: US$4,870), mainly due to the normalisation of crew costs. Our Opex remained at competitive levels in the industry through good cost control and scale benefits as well as efficient procurement.

  During the period, our fleet of owned vessels experienced on average 0.7 days (FY 2023: 0.8 days) of unplanned technical off-hire per vessel.

- **Depreciation**
  Our Handysize and Supramax daily depreciation costs increased by 6% and 5% respectively, mainly due to higher drydocking costs and investments in fuel-efficiency enhancements.

- **Finance costs**
  The increase of our average Handysize and Supramax daily finance costs by 33% to US$160 (FY 2023: US$120), mainly due to combined effect of lower interest income due to lower average cash and higher interest expenses as a result of increased interest rates.

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 Handysize long-term chartered vessel daily costs increased by 3% to US$12,510 primarily due to stronger freight market. Our Supramax long-term chartered vessel daily costs reduced by 4% to US$17,370 primarily due to the redelivery of more expensive vessels.

Blended Costs

Our daily blended costs for owned and long-term chartered vessels increased to US$8,680 for Handysize vessels (FY 2023: US$8,610) and decreased to US$9,930 for Supramax vessels (FY 2023: US$10,180).

General and Administrative ("G&A") Overheads

Our adjusted total G&A overheads increased to US$41.2 million (1H 2023: US$37.3 million and FY 2023: US$76.0 million) mainly due to the increased staff costs and IT-related expenses during the period. Spread across our total vessel days, our daily G&A overheads remain competitive at US$780 (FY 2023: US$760), comprising US$1,100 and US$580 (FY 2023: US$1,030 and US$560) for owned and chartered vessels respectively.

Vessel Days

The following table shows an analysis of our vessel days in 1H 2024 and 2023:

	Handysize		Supramax	
Days	FY 2023	**1H 2024**	FY 2023	**1H 2024**
Core business revenue days	28,420	**13,570**	20,230	**10,030**
– Owned revenue days	24,960	**11,560**	17,070	**8,830**
– Long-term chartered days	3,460	**2,010**	3,160	**1,200**
Short-term core days[1]	7,730	**5,710**	18,660	**8,710**
Operating activity days	9,190	**5,760**	14,290	**8,450**
Owned off-hire days	710	**170**	400	**220**
Total vessel days	46,050	**25,210**	53,580	**27,410**

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

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$)	Vessel days	Average cost (US$)
2H2024	2,230	12,130	430	13,940
2025	3,370	12,680	610	14,830
2026	2,260	13,100	1,400	15,030
2027	1,830	12,860	1,460	14,660
2028+	2,560	12,340	4,080	13,960
Total	**12,250**		**7,980**	

CASH AND BORROWINGS

Operating Cash Inflow

US$103m

Available Committed Liquidity

US$537m

Net Borrowings to Net Book Value of Owned Vessels

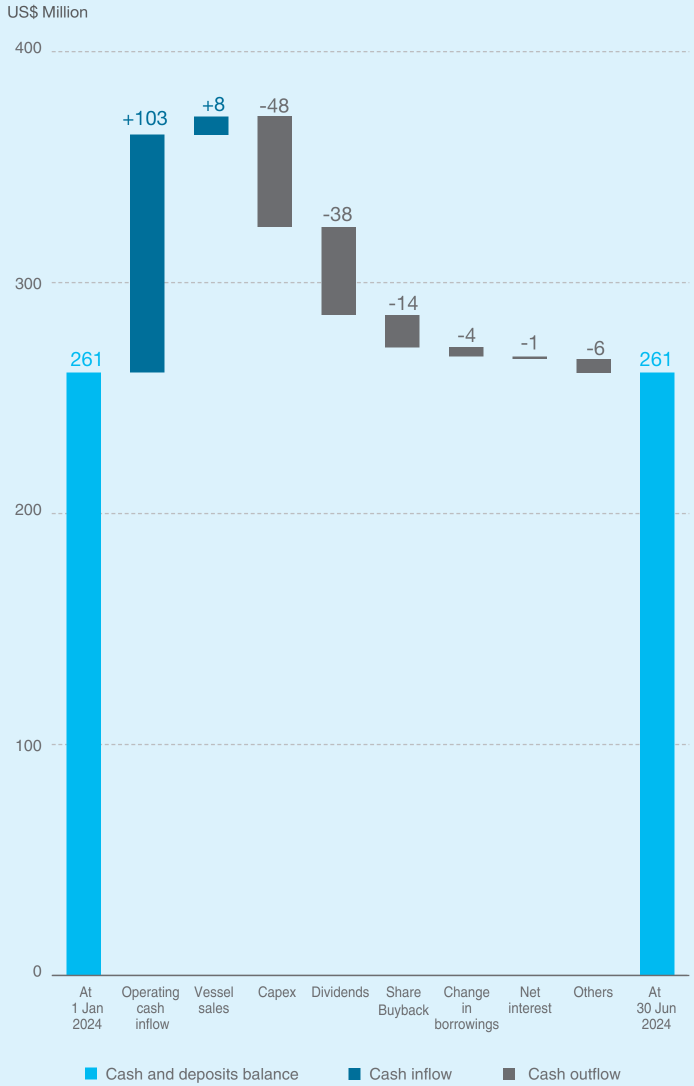
2%

Average Interest Rate (P/L)

5.6%

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"

Cash Flow



Key Developments in 1H 2024

- In April, we extended and increased an existing term loan by an additional US$28.6 million secured by the same 6 vessels under the original facility
- During the period we realised US$8.1 million from the sale of 1 Handysize vessel
- Our net cash outflow from borrowings was US$3.6 million in the period
- During the period we applied US$14.0 million to the repurchase of shares under our announced share buyback program
- During the period we incurred capital expenditure of US$47.8 million, including:
  (a) US$25.2 million for 1 Ultramax vessel
  (b) US$22.6 million for dry dockings and other additions
- As at 30 June 2024, we had 61 unmortgaged vessels

Liquidity and Borrowings

US$ Million	30 Jun 2024	31 Dec 2023	Change
Cash and deposits (a)	**260.7**	261.5	0%
Available undrawn committed facilities	**276.7**	287.7	-4%
Available committed liquidity	**537.4**	549.2	-2%
Current portion of borrowings	**(51.2)**	(46.3)	
Non-current portion of borrowings	**(241.7)**	(254.1)	
Total borrowings (b)	**(292.9)**	(300.4)	+3%
Net borrowings (a) + (b)	**(32.2)**	(38.9)	+17%
Net borrowings to shareholders' equity	**2%**	2%	
Net borrowings to net book value of owned vessels KPI	**2%**	2%	

p.49 Financial Statements Note 15 Cash and deposits (including how we invest our cash)

Borrowings and Undrawn Committed Facilities

Borrowings and Undrawn Committed Facilities – US$542.1 million (31 December 2023: US$555.4 million)

Borrowings and undrawn committed facilities decreased during the period mainly due to repayments and scheduled loan amortisation, partly net off by additional drawdown of US$28.6 million on an existing facility.

An increase in interest to US$8.7 million (1H 2023: US$8.5 million) was mainly due to an increase in average interest rates.

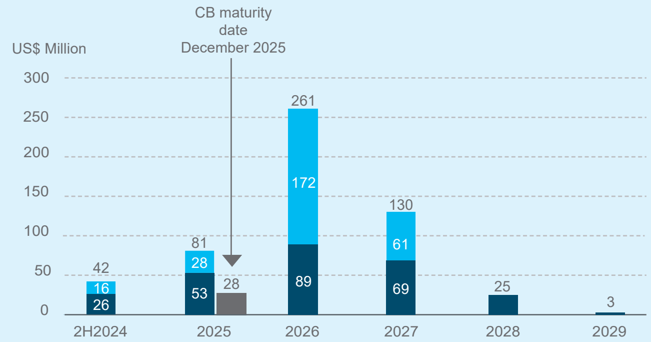
The Group monitors the loan-to-asset value requirements on its bank borrowings. If the market values of the Group's mortgaged assets fall below the level prescribed by our lenders, the Group may pledge additional cash or offer other additional collateral unless the banks offer waivers for technical breaches.

As at 30 June 2024:

- The Group's secured borrowings were secured by 54 vessels with a total net book value of US$927.6 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

p.46 Financial Statements Note 7
Finance income and finance costs

Schedule of Reduction in Borrowings and Undrawn Committed Facilities



- Undrawn committed facilities (US$276.7 million)
- Borrowings (US$265.4 million)
- Convertible bonds (face value US$28.1 million, book value US$27.5 million)

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 2024, including the liability component of the convertible bonds, amounted to US$569.6 million (31 December 2023: US$588.1 million) and are denominated in United States Dollars.

Convertible Bonds Liability Component – US$27.5 million (31 December 2023: US$32.7 million)

As at 30 June 2024 further to the conversion offer completed in May 2022, a subsequent bondholder conversion in July 2022, the open market repurchase of convertible bonds in December 2022 followed by further bondholder conversions in May 2023 and June 2024, there remained the 3% coupon guaranteed convertible bonds due in 2025 with an outstanding principal amount of US$28.1 million and a prevailing conversion price of HK$1.42 per share.

Finance Costs

	Average interest rate		Balance at 30 June	Finance costs		
US$ Million	P/L	Cash	2024	1H 2024	1H 2023	Change
Borrowings (including realised interest rate swap contracts)	5.7%	5.7%	**265.4**	**8.7**	8.5	-3%
Convertible bonds (Note)	4.7%	3.0%	**27.5**	**0.7**	0.8	+1%
	5.6%	KPI 5.4%	**292.9**	**9.4**	9.3	-2%
Other finance charges				**1.2**	0.8	
Total finance costs				**10.6**	10.1	-5%
Interest coverage (calculated as EBITDA divided by total finance costs)				KPI **14.9x**	18.8x	

Note: The convertible bonds have a P/L cost of US$0.7 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 2024, 68% (31 December 2023: 75%) of the Group's borrowings were on fixed interest rates.

SUSTAINABILITY AND GOVERNANCE

SUSTAINABILITY HIGHLIGHTS

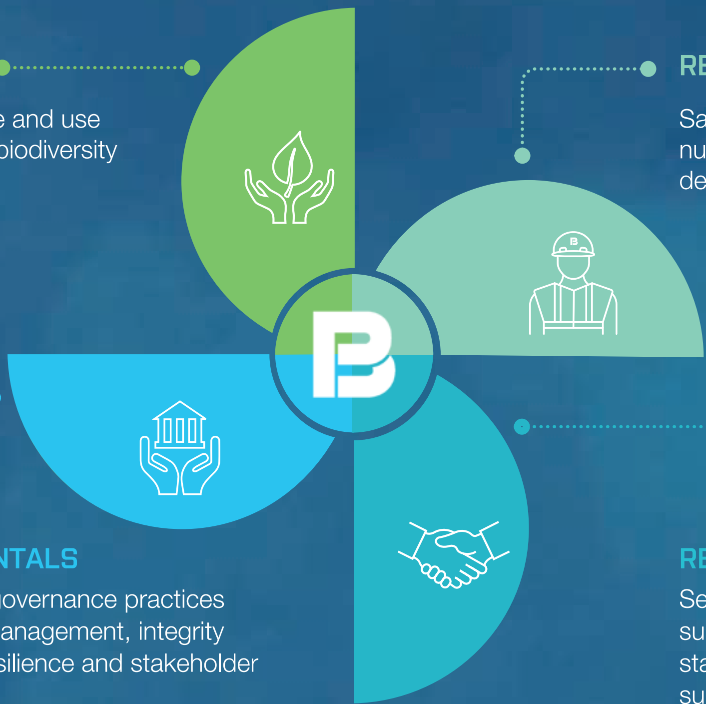
Our industry is facing an evolving and increasingly complex business landscape which poses both risks and opportunities for our company. To navigate the challenges of today and tomorrow, and to further define our role as industry leaders, we are harnessing our culture of "doing the right thing" and putting it to work in a pragmatic sustainability framework comprising four pillars of responsibility

ENVIRONMENTAL RESPONSIBILITY

Decarbonising our fleet, managing our waste and use of resources, and minimising our impact on biodiversity as we continue to grow our business

RESPONSIBILITY TO OUR PEOPLE

Safeguarding a decent, healthy and safe work environment and nurturing an empowered and inclusive organisation, while developing a well-supported, diverse and competent workforce



RESPONSIBLE BUSINESS FUNDAMENTALS

Evolving and enhancing management and governance practices (including due diligence, financial and risk management, integrity and transparency) to safeguard business resilience and stakeholder trust and confidence

RESPONSIBLE VALUE CREATION

Serving, helping and collaborating with customers, suppliers, the seafarer community and other stakeholders to support a responsible and resilient supply chain and PB community

ESG Please see our standalone Sustainability Report 2023 for a full review of our sustainability approach and performance in 2023

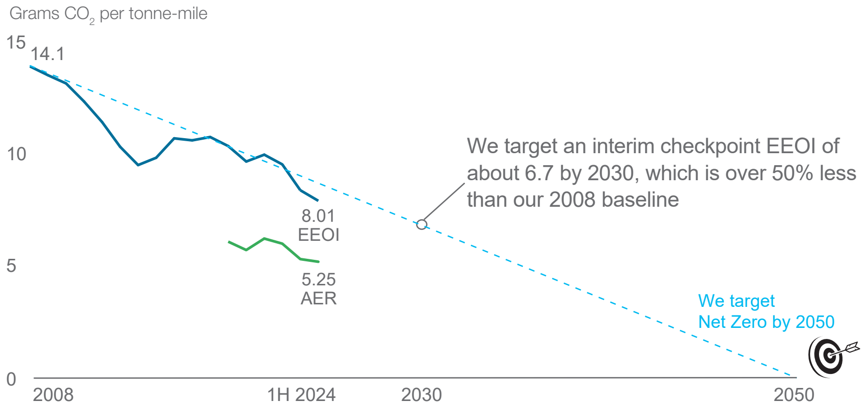
ENVIRONMENTAL RESPONSIBILITY

Ambition: As a leading dry bulk ship owner and operator, Pacific Basin seeks to further improve our fleet scale, optimise our performance and offer flexible and reliable service while striving to decouple this from environmental impact. We take responsibility for decarbonising our fleet, managing our waste, marine discharges and resources consumption, ensuring our vessels are primed for proper recycling and minimising our biodiversity impacts as we continue to grow our business.

Tracking a Course to Net Zero by 2050

Carbon Intensity (EEOI) of our owned fleet KPI

0 by 2050 (6.7 by 2030)



Preparing Well for a Raft of New Decarbonisation Regulations

We prepared early for the IMO's EEXI and CII rules that came into effect in January 2023 and the EU Emission Trading Systems (EU ETS) that took effect in January 2024. Our conventionally-fuelled existing fleet is well positioned to comply and continue to trade for the next decade or more through technical enhancements, operational measures and a programme of regular fleet renewal. We are analysing and preparing for further new decarbonised rules including:

- **FuelEU Maritime** – a directive to drive the gradual take-up of renewable and low-carbon fuels when trading in, to and from EU, effective from 2025
- **IMO Medium-term Measures** – IMO will soon develop a package of technical and economic measures such as a Global GHG Fuel Standard and a GHG emissions pricing mechanism designed to drive the uptake of green fuels. We expect IMO's MEPC to make a decision on the types of measures in October 2024 and the details to emerge in 2025, with earliest entry into force in 2027

Our Decarbonisation Strategy

1. Energy-efficient technology adoption
2. Carbon-efficient operational measures
3. Fleet renewal and growth for energy efficiency
4. Development of low-emission vessels and fuels
5. Supporting green fuel availability
6. Information-sharing and collaboration for excellence
7. Preparation for a raft of decarbonisation regulations

ESG Sustainability Report 2023 **p.17**
Our Decarbonisation Strategy

To achieve the long-term goal of complete decarbonisation, we have largely completed the design of a dual-fuel **low-emission vessel ("LEV")** capable of running on methanol as well as fuel oil, and we will consider in 2024 if we are ready to contract to build such a vessel with delivery well ahead of our original 2030 target.

ESG Sustainability Report 2023 **p.5 & 20**
Collaborating on LEVs

We will continue to adopt **fuel efficiency enhancements and practices** to ensure that our conventionally-fuelled existing vessels are well positioned to comply and continue to trade for the foreseeable future. Examples of recent initiatives include:

1) We have applied **silicone hull coating** to 22 of our owned vessels, and our initial findings point to significant fuel savings of around 8%
2) We have started the roll out of the application of **graphene-based propeller coating** on 40 vessels scheduled to dry dock in 2024 for a potential fuel saving of about 4%
3) We have been adopting **strategic power weather routing** services on all our vessels, combining continuous weather routing with RPM optimisation for constant power across all sea conditions and a fuel saving of about 3-4%
4) We have retrofitted **pre-swirl vanes** on a number of our vessels (in addition to the several fin, duct and other technologies we have implemented across our fleet over many years) to enhance propulsion efficiency for a fuel saving of about 2% or more

RESPONSIBILITY TO OUR PEOPLE

Ambition: Pacific Basin strives to develop a diverse, effective and motivated team. At sea and on shore, we continue to uphold the highest health and safety standards and train our colleagues to enable them to tackle evolving business challenges while looking after their – and each other's – overall wellbeing. We want to encourage and support each individual's unique efforts to contribute to our business and to remove barriers to inclusion and equality of opportunity.

Mental wellbeing continues to be a priority with our increased focus on mental wellbeing in recent years including:

- enhanced training strategies and constant review of safety and wellbeing programs
- resumption of in-person, interactive officer training seminars
- the first regular rating seminar programmes
- 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 anytime 24/7
- 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

We prioritise the safety and security of our staff, our vessels and our operations. We practice proactive vigilance and risk management in times of heightened security threats. When navigating through high-risk areas, we have implemented the following enhanced security measures:

- Voyage risk assessments
- Dog searches
- Security guards
- Patrol boats
- CCTV
- Underwater drone searches

Total Recordable Case Frequency

0.78 ↓ 26%

injuries per million man hours

In the first half of 2024, our crews registered 8 recordable injuries (including 4 lost-time injuries) in over 10.2 million man hours, including minor slips, trips, falls and finger injuries. We conduct thorough reviews of every incident and near-miss, analysing the root causes to develop and implement effective preventive measures.

Harassment and Bullying Cases

3

reported harassment incidents

We do not tolerate harassment and bullying. Following our investigation, the perpetrators were dismissed and we have stepped up our harassment prevention and counter-bullying training across our fleet.

Enhancing Security on Board

To enhance security on board at a time of heightened drug cartel activity around cargo vessels, we are evaluating the installation of gangway turnstiles with face recognition capability and we are trialling an AI-driven video surveillance system to monitor for abnormal activities.

In May, we discussed and exchanged ideas with Information Fusion Centre ("IFC") on how to enhance maritime security, develop stronger cooperation with different partners and facilitate timely information sharing. We will be joining IFC's "Maritime Awareness Partnership" programme to enhance the Voluntary Community Reporting system that is administered by the IFC Watch Floor.

Enhancing our Culture with DEI and Safety Strategy Reviews

We review our strategies for managing our most material ESG priorities and issues. This year, we have conducted internal workshops to review and tighten up our ambitions and goals for (a) Safety, Health, Wellbeing & Security, and (b) Diversity, Equity & Inclusion, key outcomes of which will be summarised in our Sustainability Report 2024.

Implementing Starlink for High-speed Connectivity

Although we again upgraded our satellite data plans to offer our crews an unlimited, faster, more stable and free internet access, we have now integrated a state-of-the-art technology internet service from Starlink, our crew can now benefit from internet speeds exceeding 200Mbps and ultra-low latency, enabling seamless data transmission and communication. The availability of high-speed internet enables our seafarers to access an unlimited, faster, more stable and free internet access, enabling them to better connect with their families, friends and the outside world.

RESPONSIBLE VALUE CREATION

Ambition: Pacific Basin is in it for the long haul – valuing long-term relationships over short-term gains with our customers, suppliers, investors, finance providers, regulators, local communities and other networks. Leveraging our scale and influence in the dry bulk industry, we seek to promote a responsible, ethical, inclusive and resilient global marketplace by working together with our stakeholders.

Serving our Customers – Serving our People – Serving Society – Serving Sustainable Trade – Serving the Environment – Serving our Shareholders

Please see our standalone Sustainability Report 2023 for a review of how we create value responsibly

Some our community initiatives in the first half of 2024:

In late June, we teamed up with the Hong Kong Maritime Museum to host an Eco Tour for our staff, families and friends, reinforcing our commitment to environmental sustainability. Our programme started with an insightful review of Hong Kong's marine environmental history, including the impact of Hong Kong's development on marine ecosystems and the importance of sustainable practices. Next, our group ventured to the mouth of Lantau Island's Tung Chung River for a hands-on Eco Tour to see marine life and fragile habitats up close. We have also planned for a similar event with WWF in late 2024.

As has become our tradition, Pacific Basin sponsored free admission for the public to the Hong Kong Maritime Museum to mark the International Day of the Seafarer in late June. Over 3,600 visitors enjoyed the many activities on offer, including guided tours, film screenings, and knot-tying and navigation workshops led by Pacific Basin ship officers, cadets, shore-based managers and former ship captains. 10 of our seafarers and office colleagues participated in two moderated sessions to share their seafaring stories and their experience working in the shipping industry.

Non-shipping causes that we support include education, mental health and public welfare initiatives. We collaborate with The Zubin Foundation to support their EMerging Talent Internship Programme, which provides internship opportunities to ethnic minorities in Hong Kong. This summer, we welcome two interns from India and Bangladesh and a record 13 interns overall in Pacific Basin's head office, offering hands-on work experience in the shipping industry.

RESPONSIBLE BUSINESS FUNDAMENTALS

Ambition: We aim to evolve and enhance management and governance practices for best-in-class risk management, reporting, transparency, stakeholder confidence and corporate stewardship. We adopt responsible observance of stakeholder interests as an integral part of our commitment to sustainability and good corporate governance.

With an eye on resilience and business continuity, we futureproof the business by assessing and managing disruptions such as those stemming from climate risks, global pandemics and cyber security.

Our Risk Management Committee ("RMC") reports to the Audit Committee to ensure strong governance, effective risk management and internal control.

In January 2024, our Board of Directors elevated its delegated board-level oversight of sustainability from the Audit Committee to a dedicated new Sustainability Committee ("SC"). Our Sustainability Management Committee ("SMC") will report to the SC to ensure effective implementation of our sustainability strategy.

In the first half of 2024, Pacific Basin received an MSCI ESG rating of BBB

In May, we received the Silver Award in the ESG Leader Award category at the ESG Shipping Awards International 2024 for outstanding demonstration of best practices in ESG

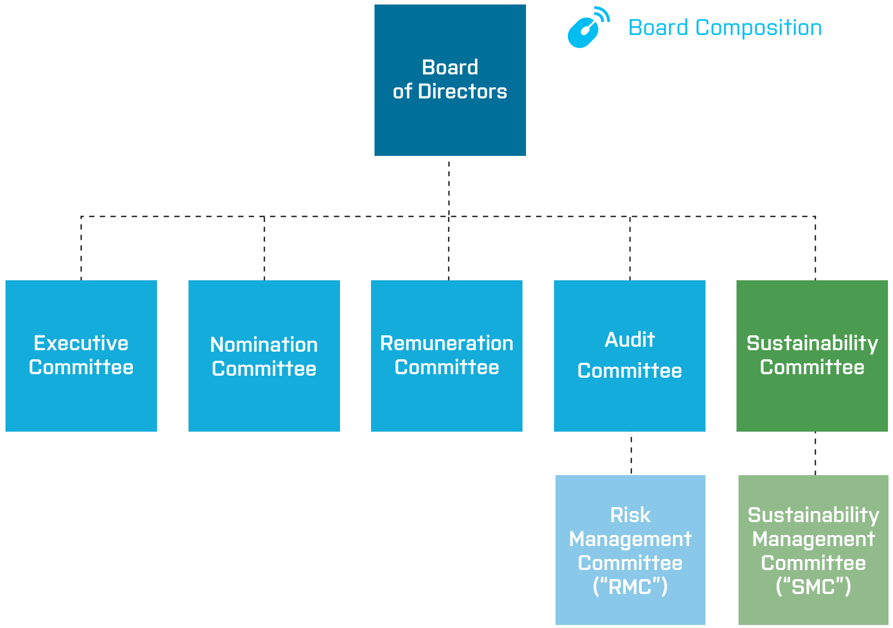
We also received an improved risk score from Sustainalytics who rank us top among the shipping companies that they cover

We ranked in the top 10% among our peers in ISS' Governance QualityScore

We believe our enhanced sustainability governance structure will further improve the effectiveness of our approach to sustainable development, the resilience and reputation of our business, and the confidence our stakeholders place in us.

Our governance and overall ESG ratings are typically the best in our sector, according to ESG ratings information available from MSCI, ISS, Sustainalytics, Refinitiv, S&P Global, Bloomberg and FTSE Russell.

Board Composition



In May 2024, we invited Dr. Tristan Smith to speak to our Board and senior management team on the subject of "Climate Change & Decarbonising Shipping". The presentation covered an assessment of the main alternative fuels for shipping, and which are expected to be the most competitive over the next 15 years.

Dr. Tristan Smith is Professor at University College London (UCL) Energy Institute, the Director at UMAS advisory service, a regular IMO MEPC delegate and on the advisory council of Global Maritime Forum, etc, and a sought after expert on the subject of decarbonising shipping and related compliance.

CORPORATE GOVERNANCE

Accountability

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

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

Throughout the six months ended 30 June 2024, the Group has complied with all code provisions of the Code as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Shares Issued

During the six months ended 30 June 2024, a total of 30,351,090 ordinary shares were issued on 17 June 2024 to two allottees, namely Citi (Nominees) Limited in respect of 3,366,211 shares and HSBC Nominees (Hong Kong) Limited in respect of 26,984,879 shares, being the nominees of two bondholders holding an aggregate principal amount of US$5,500,000 of the 3% p.a. coupon guaranteed convertible bonds due 2025 issued by the Group, who converted their convertible bonds at the conversion price of HK$1.42 per share.

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2024, the Company bought back a total of 42,716,000 shares on the Stock Exchange under the Company's Share Buy-Back Program as announced on 18 April 2024. The aggregate consideration paid (before expenses) amounting to approximately HK$113.8 million (equivalent to approximately US$14.6 million) of which the settlement of 2 million shares bought back in the amount of approximately HK$4.9 million (equivalent to approximately US$0.6 million) took place in early July 2024. All shares bought back have been cancelled during the period except that the cancellation of 8,917,000 shares took place on 8 July 2024. As at 30 June 2024, the total number of shares in issue was 5,260,375,146 (before the cancellation on 8 July 2024 of the 8,917,000 shares bought back). Since 8 July 2024 and up to the date of this report, the total number of shares in issue was 5,251,458,146. Particulars of the shares bought back are as follows:

	Number of shares	Price paid per share (HK$)			Aggregate consideration (HK$)
Month	bought back	Average	Highest	Lowest	before expenses
May 2024	15,381,000	2.80	2.87	2.73	43,002,786.20
June 2024	27,335,000	2.59	2.77	2.41	70,799,059.70
	42,716,000				113,801,845.90

In March 2024, the trustee of the share award schemes of the Company purchased a total of 17,874,000 shares from the market in relation to awards granted to certain awardees under the Company's 2023 Share Award Scheme.

Save as disclosed above, during the six months ended 30 June 2024, 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 C3 to the Listing Rules (the "Model Code").

The Board confirms that, having made specific enquiry of all Directors, the Directors have fully complied with the required standards as set out in the Model Code and its code of conduct regarding Directors' securities transactions during the six months ended 30 June 2024.

Senior Management and Staff's Securities Transactions

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

The Board confirms that, having made specific enquiry, all senior managers and staff who have been notified and provided with the Dealing Rules have fully complied with the required standards as set out in the Dealing Rules during the six months ended 30 June 2024.

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

The announcement of interim results containing all the information required in paragraphs 46(1) to 46(10) of Appendix D2 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.

This Interim Report is printed in English and Chinese languages, and will be available on our website on or around 23 August 2024.

The interim results and this 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 HK4.1 cents per share for the six months ended 30 June 2024 which will be paid on 4 September 2024 to those shareholders whose names appear on the Company's register of members on 23 August 2024.

The register of members will be closed on 23 August 2024 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 p.m. on 22 August 2024. The ex-dividend date for the interim dividend will be on 21 August 2024.

Shareholders' Rights

Shareholders are encouraged to maintain direct communication with the Company and if they have any questions for the Board, they may send an e-mail to companysecretary@pacificbasin.com or a letter to:

Company Secretary
Pacific Basin Shipping Limited
31/F One Island South, 2 Heung Yip Road,
Wong Chuk Hang, Hong Kong

Board members

The Directors who held office as at the date of this Interim Report are set out below:

	Board						
	Date of Appointment	Terms of Appointment	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee	Executive Committee
Executive Director							
Martin Fruergaard, CEO	2-Jul-21	3 years until 2027 AGM*	–	–	–	–	Chairman
Independent Non-executive Directors							
Irene Waage Basili	1-May-14	3 years until 2026 AGM	–	Chairman	Member	–	–
Stanley H. Ryan, Chairman	5-Jul-16	3 years until 2027 AGM*	–	Member	Chairman	Member#	–
Kirsi K. Tikka@	2-Sep-19	3 years until 2025 AGM	–	–	Member	Chairman#	–
John M.M. Williamson	2-Nov-20	3 years until 2026 AGM	Chairman	–	–	–	–
Alexandre F.A. Emery	2-Jan-24	3 years until Jan 2027*	Member#	Member#	–	–	–
Non-executive Directors							
Alexander H.Y.K. Cheung@	3-Jan-22	3 years until 2025 AGM	Member	Member	–	–	–
Mats H. Berglund	2-Jan-24	3 years until Jan 2027*	–	–	Member#	Member#	–

There has been no change in the annual Directors' fees of the Independent Non-executive Directors except that the annual fees for Mrs. Basili and Dr. Tikka have been adjusted from HK$825,000 to HK$850,000 and from HK$800,000 to HK$850,000 respectively, following (i) the increase in the fee of Mrs. Basili for being Chairman of the Remuneration Committee and (ii) the appointment of Dr. Tikka as Chairman of the Sustainability Committee, effective from 1 January 2024 and 2 January 2024 respectively.

Notes:

* *Re-elected as Director at the Company's annual general meeting held on 19 April 2024.*

\# *Appointed as chairman or member of a Board Committee, as the case may be, on 2 January 2024.*

@ *Dr. Tikka retired as a member of the Audit Committee and Mr. Cheung retired as a member of the Nomination Committee with effect from 2 January 2024.*

OTHER INFORMATION

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

At 30 June 2024, the discloseable interests and short positions of each Director and the Chief Executive in shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which: (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required to be entered in the register maintained by the Company under Section 352 of the SFO, or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Personal interest	Corporate or Family interests/ Trust & similar interests	Long/Short position	Total Share interests	Approximate percentage holding of issued share capital 30 Jun 2024	Approximate percentage holding of issued share capital 31 Dec 2023
Martin Fruergaard[1]	9,289,000	–	Long	9,289,000	0.18%	0.14%
John M.M. Williamson	110,000	–	Long	110,000	less than 0.01%	less than 0.01%
Alexandre F.A. Emery	100,000	–	Long	100,000	less than 0.01%	N/A

Note:

(1) Restricted share awards granted under the Company's share award schemes are disclosed on page 36 of this Report

All the interests stated above represent long positions. No short positions and shares under equity derivatives held by Directors were recorded in the register maintained by the Company under Section 352 of the SFO as at 30 June 2024.

Save as disclosed, at no time during the six months ended 30 June 2024 was the Company, its subsidiaries, or its associated companies a party to any arrangement to enable the Directors and Chief Executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations.

Share Award Schemes

This section should be read in conjunction with the disclosure on page 72 of the 2023 Annual Report.

The Company's 2013 share award scheme ("2013 SAS") expired in accordance to its terms in February 2023. In order for the Company to maintain a share award program, the Board adopted the 2023 Share Award Scheme ("2023 SAS") on 31 July 2023. The 2023 SAS is a single share award scheme under which no share options can be granted. When share awards are granted under the 2023 SAS, the Trustee can only purchase existing shares of the Company on the secondary market at the market trading price. No new shares can be issued under the 2023 SAS. The 2023 SAS had an original term of 12 months, expiring on 31 July 2024, which has been extended for a 12-month period until 31 July 2025.

Both the 2013 SAS and the 2023 SAS enable the Company to grant share awards ("Awards") to eligible participants, being principally Executive Director and employees, as an incentive and recognition for their contribution to the Group. Upon expiration of the 2013 SAS, no further Awards can be offered, but in all other respects the provisions of the 2013 SAS remain in full force and effect. All Awards granted prior to the expiration of the 2013 SAS and not vested at the time shall remain valid. These Awards will vest through to 2025 as per vesting schedule.

The total number of shares available for grant under the 2023 SAS at 1 January 2024 and at 30 June 2024 were 87,535,461 shares and 69,126,461 shares respectively. The total number of shares available for issue under the 2023 SAS was nil at all times.

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

Awards Granted

Details of the movements of Awards under the 2013 SAS and 2023 SAS (on an aggregate basis) during the six months ended 30 June 2024 are as follows:

'000 shares	Date of Grant	Unvested at 30 Jun 2024	Unvested at 1 Jan 2024	During the Period			Vesting period[3]			
				Granted[1]	Vested	Lapsed[2]	2H 2024	2025	2026	2027
Director										
Martin Fruergaard	02-Aug-21	1,212	1,212	–	–	–	1,212	–	–	–
	03-Mar-22	1,359	1,359	–	–	–	–	1,359	–	–
	02-Aug-23	1,637	1,637	–	–	–	–	–	1,637	–
	05-Mar-24	1,816	–	1,816	–	–	–	–	–	1,816
		6,024	4,208	1,816	–	–	1,212	1,359	1,637	1,816
Senior Management										
Michael Jorgensen	02-Aug-23	1,758	1,758	–	–	–	879[4]	879	–	–
	05-Mar-24	1,805	–	1,805	–	–	–	–	902	903
		3,563	1,758	1,805	–	–	879	879	902	903
Other Employees										
	02-Mar-21	21,668	22,088	–	–	(420)	21,668	–	–	–
	03-Mar-22	13,195	13,526	–	–	(331)	1,147	12,048	–	–
	02-Aug-23	14,016	14,279	–	–	(263)	155	155	13,706	–
	05-Mar-24	14,241	–	14,458	–	(217)	–	–	–	14,241
	30-May-24	330	–	330	–	–	–	165	165	–
		63,450	49,893	14,788	–	(1,231)	22,970	12,368	13,871	14,241
		73,037	55,859	18,409	–	(1,231)	25,061	14,606	16,410	16,960

Notes:

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

(2) *A total of 1,231,000 shares lapsed due to the resignation of five employees.*

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

(4) *The vesting date of 879,000 shares for Mr. Jorgensen shall vest on 2 August 2024.*

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 June 2024, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name	Capacity/ Nature of interest	Long/Short Position	Number of Shares	Approximate percentage of the issued share capital of the Company 30 Jun 2024	31 Dec 2023
M&G Plc	Interest of corporation controlled	Long Short	525,311,000 –	9.99% –	9.63% 0.30%
FMR LLC	Interest of corporation controlled	Long	474,755,077	9.03%	7.01%
Brown Brothers Harriman & Co.	Approved lending agent	Long	474,389,712	9.02%	8.05%
Pandanus Associates Inc.	Interest of corporation controlled	Long	425,812,000	8.09%	7.01%
Pzena Investment Management, LLC[1]	Investment manager/ Beneficial owner	Long	419,421,362	7.97%	8.98%
Wellington Management Group LLP	Investment manager	Long Short	313,520,462 29,046	5.96% 0.00%	6.09% 0.00%
Citigroup Inc.[2]	Interest of corporation controlled/Approved lending agent	Long Short	312,632,988 7,682,570	5.94% 0.15%	6.10% 0.18%

Notes:

(1) The long position in shares held by Pzena Investment Management, LLC is held in the capacities as Investment manager (419,246,362 shares) and Beneficial owner (175,000 shares).

(2) The long position in shares held by Citigroup Inc. is held in the capacities of Interest of corporation controlled (7,701,611 shares) and Approved lending agent (304,931,377 shares). The short position is held in the capacity of Interest of corporation controlled.

Human Resources

At 30 June 2024, the Company and its subsidiaries employed a total of 392 shore-based staff and over 4,500 seafarers (2023: 386 and over 3,900 respectively). The employee costs for the six months ended 30 June 2024, including crew wages and Directors' fees, totalled US$95.5 million (2023: US$98.8 million).

All of the Group's subsidiaries are equal opportunity employers. We seek to attract and retain diverse personnel of different ages, genders, cultures, and backgrounds, with the skills, experience and qualifications needed to manage and grow the business successfully. We achieve this by providing remuneration packages, including discretionary bonuses, which are competitive, consistent with market practice, and reward performance and align employees and shareholders' interests.

The Company has a share award scheme under which share awards or unit awards can be granted on a discretionary basis to eligible participants, being principally Executive Directors and employees, as an incentive and recognition for their contribution to the Group.

In addition, training and development and leadership programmes, as well as social, team-building and recreational activities are provided throughout the Group.

FINANCIAL RESULTS

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	2024	2023	Change*
Revenue		**1,281.5**	1,148.1	+12%
Bunker, port disbursement & other voyage costs		**(564.3)**	(506.7)	-11%
Time-charter equivalent ("TCE") earnings	1	**717.2**	641.4	+12%
Owned vessel costs				
Operating expenses	2	**(97.3)**	(103.6)	+6%
Depreciation	3	**(76.8)**	(73.9)	-4%
Net finance costs	4	**(3.3)**	(2.2)	-50%
Chartered vessel costs				
Non-capitalised charter costs	5	**(425.8)**	(315.0)	-35%
Capitalised charter costs	5	**(28.6)**	(32.8)	+13%
Operating performance before overheads		**85.4**	113.9	-25%
Adjusted total G&A overheads	6	**(41.2)**	(37.3)	-10%
Taxation and others		**(0.3)**	(0.4)	+25%
Underlying profit		**43.9**	76.2	-42%
Unrealised derivative income	7	**7.1**	0.3	
Write-back of provisions	8	**4.0**	–	
Disposal gain of vessel	9	**2.6**	8.8	
Profit attributable to shareholders		**57.6**	85.3	-32%
EBITDA		**157.9**	189.1	-16%
Net profit margin		**4%**	7%	-3%
Return on average equity (annualised)		**6%**	9%	-3%

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

Notes

1. Total time-charter equivalent ("TCE") earnings increased due to stronger freight rate and our increased cargo volume.
2. Total operating expenses of our owned vessels decreased by 6% due to the normalisation of crew costs.
3. Depreciation of our owned vessels increased by 4% mainly due to higher docking costs and investments in fuel-efficiency enhancements.
4. The increase of net finance costs by 50% was a combined effect of lower interest income due to lower average cash, and higher 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 increase in overall charter costs is in line with the higher freight rates during the period.
6. Adjusted total G&A overheads comprise the total G&A overheads and the interest on lease liabilities of other PP&E. The amount increased by 10% mainly due to increased staff costs and IT-related expenses.
7. Unrealised derivative income mainly represents the positive mark-to-market on our bunker swap contracts.
8. Write-back of provisions relates to settlement in operational costs and claims.
9. The disposal gain relates to the disposal of one smaller, older Handysize vessel.

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.

FINANCIAL STATEMENTS

Unaudited Condensed Consolidated Income Statement

	Note	Six months ended 30 June 2024 US$'000	2023 US$'000
Revenue	4	**1,281,541**	1,148,084
Cost of services	5	**(1,221,469)**	(1,067,526)
Gross profit		**60,072**	80,558
Indirect general and administrative overheads	5	**(3,119)**	(3,898)
Other income and gains	6	**6,767**	12,960
Other expenses	5	**(827)**	–
Finance income	7	**7,243**	8,082
Finance costs	7	**(12,175)**	(11,727)
Profit before taxation		**57,961**	85,975
Tax charges	8	**(327)**	(636)
Profit attributable to shareholders		**57,634**	85,339
Earnings per share for profit attributable to shareholders (in US cents)			
Basic earnings per share	10(a)	**1.11**	1.64
Diluted earnings per share	10(b)	**1.08**	1.59

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June 2024 US$'000	2023 US$'000
Profit attributable to shareholders	**57,634**	85,339
Other comprehensive income Items that are and may be reclassified subsequently to income statement		
Cash flow hedges		
– fair value gains	**1,337**	1,405
– fair value gains transferred to income statement	**(1,573)**	(1,995)
Currency translation differences	**(459)**	(155)
Total comprehensive income attributable to shareholders	**56,939**	84,594

Unaudited Condensed Consolidated Balance Sheet

	Note	30 June 2024 US$'000	31 December 2023 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**1,755,781**	1,796,678
Right-of-use assets	12	**52,214**	63,190
Goodwill		**25,256**	25,256
Derivative assets	13	**3,544**	3,831
Trade and other receivables	14	**2,961**	4,292
Restricted cash	15	**–**	54
		1,839,756	1,893,301
Current assets			
Inventories		**138,410**	134,729
Derivative assets	13	**5,895**	2,043
Trade and other receivables	14	**158,123**	140,044
Assets held for sale	16	**7,271**	–
Cash and deposits	15	**260,690**	261,399
Tax recoverable		**183**	946
		570,572	539,161
Total assets		**2,410,328**	2,432,462

	Note	30 June 2024 US$'000	31 December 2023 US$'000
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	19	**52,325**	52,638
Retained profits		**616,496**	597,075
Other reserves		**1,135,976**	1,148,216
Total equity		**1,804,797**	1,797,929
LIABILITIES			
Non-current liabilities			
Borrowings	17	**241,693**	254,139
Lease liabilities		**28,795**	26,603
Derivative liabilities	13	**68**	791
		270,556	281,533
Current liabilities			
Borrowings	17	**51,187**	46,261
Lease liabilities		**25,535**	39,249
Derivative liabilities	13	**3,924**	6,559
Trade and other payables	18	**254,329**	260,931
		334,975	353,000
Total liabilities		**605,531**	634,533

Unaudited Condensed Consolidated Statement of Changes in Equity

Capital and reserves attributable to shareholders

	2024									
US$'000	Share capital	Share premium	Merger reserve	Convertible bonds reserve	Staff benefits reserve	Hedging reserve	Exchange reserve	Contributed surplus	Retained profits	Total
At 1 January	52,638	428,006	(56,606)	2,520	(7,625)	3,785	(1,802)	779,938	597,075	1,797,929
Comprehensive income										
Profit attributable to shareholders	–	–	–	–	–	–	–	–	57,634	57,634
Other comprehensive income										
Cash flow hedges										
– fair value gains	–	–	–	–	–	1,337	–	–	–	1,337
– fair value gains transferred to income statement	–	–	–	–	–	(1,573)	–	–	–	(1,573)
Currency translation differences	–	–	–	–	–	–	(459)	–	–	(459)
Total comprehensive income	–	–	–	–	–	(236)	(459)	–	57,634	56,939
Transactions with owners in their capacity as owners										
Dividends paid (Note 9)	–	–	–	–	–	–	–	–	(38,224)	(38,224)
Share-based compensation	–	–	–	–	2,901	–	–	–	–	2,901
Shares issued upon conversion of convertible bonds (Note 19(a))	304	5,484	–	(412)	–	–	–	–	–	5,376
Shares bought back and cancelled (Note 19(b))	(338)	(11,384)	–	–	–	–	–	–	–	(11,722)
Shares bought back and to be cancelled (Note 19(b))	(89)	(2,781)	–	–	–	–	–	–	–	(2,870)
Share awards granted (Note 19(c))	5,693	–	–	–	(5,704)	–	–	–	11	–
Shares purchased by trustee of the SASs	(5,532)	–	–	–	–	–	–	–	–	(5,532)
Share awards lapsed (Note 19(c))	(351)	–	–	–	351	–	–	–	–	–
At 30 June	52,325	419,325	(56,606)	2,108	(10,077)	3,549	(2,261)	779,938	616,496	1,804,797

	2023									
US$'000	Share capital	Share premium	Merger reserve	Convertible bonds reserve	Staff benefits reserve	Hedging reserve	Exchange reserve	Contributed surplus	Retained profits	Total
At 1 January	52,464	427,507	(56,606)	2,558	(8,641)	6,340	(1,830)	779,938	705,625	1,907,355
Comprehensive income										
Profit attributable to shareholders	–	–	–	–	–	–	–	–	85,339	85,339
Other comprehensive income										
Cash flow hedges										
– fair value gains	–	–	–	–	–	1,405	–	–	–	1,405
– fair value gains transferred to income statement	–	–	–	–	–	(1,995)	–	–	–	(1,995)
Currency translation differences	–	–	–	–	–	–	(155)	–	–	(155)
Total comprehensive income	–	–	–	–	–	(590)	(155)	–	85,339	84,594
Transactions with owners in their capacity as owners										
Dividends paid (Note 9)	–	–	–	–	–	–	–	–	(174,225)	(174,225)
Share-based compensation	–	–	–	–	3,388	–	–	–	–	3,388
Shares issued upon conversion of convertible bonds (Note 19(a))	26	499	–	(38)	–	–	–	–	–	487
Shares bought back and cancelled (Note 19(b))	–	–	–	–	–	–	–	–	–	–
Shares bought back and to be cancelled (Note 19(b))	–	–	–	–	–	–	–	–	–	–
Share awards granted (Note 19(c))	–	–	–	–	–	–	–	–	–	–
Shares purchased by trustee of the SASs	–	–	–	–	–	–	–	–	–	–
Share awards lapsed (Note 19(c))	(79)	–	–	–	79	–	–	–	–	–
At 30 June	52,411	428,006	(56,606)	2,520	(5,174)	5,750	(1,985)	779,938	616,739	1,821,599

Unaudited Condensed Consolidated Cash Flow Statement

	Note	Six months ended 30 June 2024 US$'000	Six months ended 30 June 2023 US$'000
Operating activities			
Cash generated from operations	20	**133,125**	185,103
Taxation refunded/(paid)		**426**	(326)
Net cash generated from operating activities		**133,551**	184,777
Investing activities			
Purchase of property, plant and equipment		**(47,759)**	(209,545)
Disposal of property, plant and equipment		**8,142**	8,297
Disposal of assets held for sale		**–**	26,131
Receipt in advance for disposal of assets held for sale		**–**	8,500
(Increase)/decrease in term deposits with original maturities over 3 months		**(10,125)**	84,987
Decrease in restricted cash		**54**	–
Interest received	7	**7,243**	8,082
Net cash used in investing activities		**(42,445)**	(73,548)

	Note	Six months ended 30 June 2024 US$'000	Six months ended 30 June 2023 US$'000
Financing activities			
Drawdown of bank loans		**78,571**	–
Repayment of bank loans and other borrowings		**(82,205)**	(37,910)
Interest on borrowings and other finance charges paid		**(9,093)**	(8,625)
Repayment of lease liabilities – principal element		**(28,640)**	(32,759)
Interest on lease liabilities paid	7	**(1,594)**	(1,647)
Dividends paid	9	**(38,224)**	(174,225)
Payment for buyback and cancellation of shares		**(13,966)**	–
Payment for shares purchased by trustee of the SASs		**(5,532)**	–
Net cash used in financing activities		**(100,683)**	(255,166)
Net decrease in cash and cash equivalents		**(9,577)**	(143,937)
Cash and cash equivalents			
At 1 January		**261,399**	358,838
Net decrease in cash and cash equivalents		**(9,577)**	(143,937)
Exchange (losses)/gains		**(1,257)**	85
At 30 June	15	**250,565**	214,986
Term deposits with original maturities over 3 months			
At 1 January		**–**	84,987
Increase/(decrease) in term deposits with original maturities over 3 months		**10,125**	(84,987)
At 30 June	15	**10,125**	–
Cash and deposits at 30 June	15	**260,690**	214,986

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Pacific Basin Shipping Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the provision of dry bulk shipping services internationally.

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").

These interim condensed consolidated financial statements are unaudited but have been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers's independent review report to the Board of Directors is set out on page 53.

These financial statements have been approved for issue by the Board of Directors on 8 August 2024.

p.14 Market Review

2 Basis of preparation

(a) Accounting standards

These 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 2023, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS").

(b) Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2023.

The new or revised 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 Estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2023.

4 Revenue and segment information

	Six months ended 30 June	
US$'000	**2024**	2023
Freight	**1,109,139**	975,172
Charter-hire		
– lease component	**115,563**	116,327
– non-lease component	**56,839**	56,585
	1,281,541	1,148,084

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 our shipping services are international in nature, precluding a meaningful allocation of operating profit to specific geographical segments.

5 Expenses by nature

US$'000	Six months ended 30 June 2024	2023
Vessel-related expenses		
Vessel charter costs (a)	**425,826**	315,017
Bunkers consumed	**322,202**	287,410
Port disbursements and other voyage costs	**244,214**	220,714
Vessel depreciation	**103,941**	105,244
Employee benefit expenses – crew wages and other related costs	**63,285**	68,089
Vessel operating expenses	**28,093**	29,054
Lubricating oil consumed	**5,831**	6,491
Net (gains)/losses on bunker swap contracts	**(9,892)**	1,253
	1,183,500	1,033,272
General and administrative overheads (b)		
Employee benefit expenses including Directors' emoluments	**32,192**	30,704
Other PP&E depreciation	**1,335**	1,708
Office lease expenses	**489**	462
Net foreign exchange losses/(gains)	**659**	(672)
Other general and administrative expenses	**6,413**	5,950
	41,088	38,152

US$'000	Six months ended 30 June 2024	2023
Other expenses		
Net losses on forward foreign exchange contracts	**827**	–
	827	–
The sum of the above reconciles to the following items in the income statement: (i) Cost of services, (ii) Indirect general and administrative overheads and (iii) Other expenses	**1,225,415**	1,071,424

(a) Vessel charter costs

Vessel 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.

Vessel charter costs include variable lease payments on an index-linked basis amounting to US$38.3 million (2023: US$8.7 million).

(b) Total general and administrative ("G&A") overheads

US$'000	Six months ended 30 June 2024	2023
Direct G&A overheads included in cost of services	**37,969**	34,254
Indirect G&A overheads	**3,119**	3,898
Total G&A overheads	**41,088**	38,152

6 Other income and gains

US$'000	Six months ended 30 June 2024	2023
Write-back of provisions	**4,000**	–
Gains on disposal of PP&E	**2,625**	2,643
Net gains on forward freight agreements	**142**	4,013
Gains on disposal of assets held for sale	**–**	6,247
Government subsidies	**–**	57
	6,767	12,960

7 Finance income and finance costs

US$'000	Six months ended 30 June 2024	2023
Finance income		
Bank interest income	**(7,239)**	(7,922)
Other interest income	**(4)**	(160)
	(7,243)	(8,082)
Finance costs		
Interest on borrowings		
– bank loans and other borrowings	**10,276**	9,996
– convertible bonds	**742**	751
Interest on lease liabilities	**1,594**	1,647
Net gain on interest rate swap contracts	**(1,573)**	(1,524)
Other finance charges	**1,136**	857
	12,175	11,727
Finance costs, net	**4,932**	3,645

8 Taxation

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

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

US$'000	Six months ended 30 June 2024	2023
Current taxation		
Hong Kong profits tax, provided at the rate of 16.5% (2023: 16.5%)	**–**	370
Overseas tax, provided at the rates of taxation prevailing in the jurisdictions	**320**	292
Adjustments in respect of prior year	**7**	(26)
Tax charges	**327**	636

The Group is within the scope of the Pillar Two Global Anti-Base Erosion Model Rules (the "Rules") published by the Organisation for Economic Co-operation and Development ("OECD") with income arising in low-tax jurisdictions being subject to a minimum effective tax rate of 15%. The Rules need to be passed into legislation based on each jurisdiction's approach. The Group's international shipping income is excluded under the Rules while income from non-shipping activities will be subject to the minimum tax rate requirement. The Group has assessed the latter and considered the effect is not significant.

Due to the complexities in applying the legislation and calculating the income under the Rules, the subsequent quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is seeking advice to assess the potential tax exposure under the Rules.

9 Dividends

	Six months ended 30 June 2024			2023		
	HK cents per share	**US cents per share**	**US$'000**	HK cents per share	US cents per share	US$'000
Interim dividend (a)	**4.1**	**0.5**	**27,600**	6.5	0.8	43,636
Dividends paid during the period (b)	**5.7**	**0.8**	**38,224**	26.0	3.4	174,225

(a) The interim dividend is declared on 8 August 2024 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.

10 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 bought back and to be cancelled (Note 19(b)), the shares held by the trustee of the Company's 2013 Share Award Scheme and 2023 Share Award Scheme (collectively "SASs") and unvested restricted shares (Note 19(c)).

		Six months ended 30 June	
		2024	2023
Profit attributable to shareholders	(US$'000)	**57,634**	85,339
Weighted average number of shares in issue	('000)	**5,193,712**	5,196,025
Basic earnings per share	(US cents)	**1.11**	1.64
Equivalent to	(HK cents)	**8.68**	12.87

(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 SASs and after adjusting for the dilutive effect of convertible bonds and unvested restricted shares (Note 19(c)).

		Six months ended 30 June	
		2024	2023
Profit attributable to shareholders	(US$'000)	**57,634**	85,339
Effect of interest on convertible bonds	(US$'000)	**742**	751
Adjusted profit attributable to shareholders	(US$'000)	**58,376**	86,090
Weighted average number of shares in issue	('000)	**5,193,712**	5,196,025
Effect of convertible bonds	('000)	**180,352**	168,641
Effect of unvested restricted shares	('000)	**35,175**	50,615
Diluted weighted average number of shares	('000)	**5,409,239**	5,415,281
Diluted earnings per share	(US cents)	**1.08**	1.59
Equivalent to	(HK cents)	**8.44**	12.45

11 Property, plant and equipment ("PP&E")

US$'000	Vessels	Other PP&E	Total
Net book value			
At 1 January 2024	**1,795,162**	**1,516**	**1,796,678**
Additions	**48,876**	**214**	**49,090**
Depreciation	**(76,847)**	**(315)**	**(77,162)**
Transfer to assets held for sale (Note 16)	**(7,271)**	**–**	**(7,271)**
Disposals	**(5,514)**	**(3)**	**(5,517)**
Exchange differences	**–**	**(37)**	**(37)**
At 30 June 2024	**1,754,406**	**1,375**	**1,755,781**

12 Right-of-use assets

US$'000	Vessels	Other PP&E	Total
Net book value			
At 1 January 2024	**56,782**	**6,408**	**63,190**
Additions	**13,563**	**18**	**13,581**
Lease modification	**3,611**	**40**	**3,651**
Depreciation	**(27,094)**	**(1,020)**	**(28,114)**
Exchange differences	**–**	**(94)**	**(94)**
At 30 June 2024	**46,862**	**5,352**	**52,214**

13 Derivative assets and liabilities

The Group is exposed to fluctuations in interest rates, bunker prices, freight rates and currency exchange rates. The Group manages these exposures using the derivatives summarised below together with their respective fair value levels.

Derivatives	Fair value levels
Interest rate swap contracts	Level 2
Bunker swap contracts	Level 2
Forward freight agreements	Level 1
Forward foreign exchange contracts	Level 2

Fair value levels

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair values of interest rate swap contracts, bunker swap contracts and forward foreign exchange contracts are quoted by dealers at the balance sheet date. The forward freight agreements are traded through a clearing house and its fair value is determined using forward freight rates at the balance sheet date.

There were no transfers between the Level 1 and Level 2 during the period.

	30 June 2024		31 December 2023	
US$'000	**Assets**	**Liabilities**	Assets	Liabilities
Non-current				
Cash flow hedges				
Interest rate swap contracts	**3,287**	**–**	3,784	–
Derivatives that do not qualify for hedge accounting				
Bunker swap contracts	**222**	**(68)**	16	(791)
Forward freight agreements	**35**	**–**	–	–
Forward foreign exchange contracts	**–**	**–**	31	–
	3,544	**(68)**	3,831	(791)
Current				
Cash flow hedges				
Interest rate swap contracts	**262**	**–**	–	–
Derivatives that do not qualify for hedge accounting				
Bunker swap contracts	**5,383**	**(1,630)**	1,695	(2,564)
Forward freight agreements	**250**	**(1,561)**	285	(3,995)
Forward foreign exchange contracts	**–**	**(733)**	63	–
	5,895	**(3,924)**	2,043	(6,559)
Total	**9,439**	**(3,992)**	5,874	(7,350)

14 Trade and other receivables

US$'000	30 June 2024	31 December 2023
Non-current		
Prepayments on vessels	**2,961**	4,292
Current		
Trade receivables	**105,492**	92,086
Other receivables	**32,435**	30,104
Prepayments	**20,196**	17,854
	158,123	140,044

The carrying values of trade and other receivables approximate their fair values due to their short-term maturities.

The ageing of trade receivables based on invoice date is as follows:

US$'000	30 June 2024	31 December 2023
≤ 30 days	**87,134**	64,148
31-60 days	**2,864**	7,607
61-90 days	**3,688**	4,307
> 90 days	**11,806**	16,024
	105,492	92,086

15 Cash and deposits

US$'000	30 June 2024	31 December 2023
Term deposits with original maturities of 3 months or less	**168,806**	212,039
Cash at bank and on hand	**81,759**	49,360
Cash and cash equivalents	**250,565**	261,399
Term deposits with original maturities over 3 months	**10,125**	–
Cash and deposits	**260,690**	261,399
Restricted cash	**–**	54
Total cash and deposits	**260,690**	261,453

Cash and deposits are mainly denominated in United States Dollars and the carrying values approximate their fair values due to their short-term maturities.

The Group invests its cash in a mix of financial products, based on its assessment of balance of risk, return and liquidity, which are placed with a range of leading international banks, mainly in Hong Kong and Singapore. The Group's cash and deposits at 30 June 2024 comprised US$238.2 million in United States Dollars and US$22.5 million in other currencies. They are primarily placed in liquid deposits and saving accounts.

p.24 Cash and Borrowings

16 Assets held for sale

US$'000	2024
At 1 January	**–**
Transfer from PP&E (Note 11)	**7,271**
At 30 June	**7,271**

17 Borrowings

The borrowings are repayable as follows:

US$'000	Bank loans	Convertible bonds	Other borrowings	Total
At 30 June 2024				
Within one year	**48,279**	**–**	**2,908**	**51,187**
In the second year	**96,722**	**27,530**	**2,586**	**126,838**
In the third to fifth year	**97,200**	**–**	**17,655**	**114,855**
	242,201	**27,530**	**23,149**	**292,880**
At 31 December 2023				
Within one year	43,404	–	2,857	46,261
In the second year	49,539	32,667	2,786	84,992
In the third to fifth year	146,880	–	18,912	165,792
After the fifth year	3,355	–	–	3,355
	243,178	32,667	24,555	300,400

The fair value of borrowings is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments and are within Level 2 of the fair value scale (Note 13).

During the period, an aggregate principal amount of US$5,500,000 of convertible bonds were converted into 30,351,090 shares (Note 19(a)).

18 Trade and other payables

US$'000	30 June 2024	31 December 2023
Trade payables	**99,504**	104,669
Accruals and other payables	**88,174**	102,912
Receipts in advance	**66,651**	53,350
	254,329	260,931

The carrying values of trade and other payables approximate their fair values due to their short-term maturities.

The ageing of trade payables based on due date is as follows:

US$'000	30 June 2024	31 December 2023
≤ 30 days	**91,621**	83,710
31-60 days	**834**	7,255
61-90 days	**862**	2,985
> 90 days	**6,187**	10,719
	99,504	104,669

19 Share capital

	Number of shares	US$'000
Authorised	**36,000,000,000**	**360,000**
Issued and fully paid		
At 1 January 2024	**5,263,823,056**	**52,638**
Shares issued upon conversion of convertible bonds (a)	**30,351,090**	**304**
Share bought back and cancelled (b)	**(33,799,000)**	**(338)**
Shares bought back and to be cancelled (b)	**(8,917,000)**	**(89)**
Shares granted to employees in the form of restricted share awards (c)	**18,409,000**	**5,693**
Shares purchased by trustee of the SASs	**(17,874,000)**	**(5,532)**
Shares transferred back to trustee upon lapse of restricted share awards (c)	**(1,231,000)**	**(351)**
At 30 June 2024	**5,250,762,146**	**52,325**

The issued share capital of the Company as at 30 June 2024 was 5,260,375,146 shares. The difference of 9,613,000 shares compared to the number of shares shown in the table above represents the shares bought back and to be cancelled and held by the trustee of the Company's SASs, amounting to US$279,000 which are recognised as a debit to share capital.

(a) Shares issued upon conversion of convertible bonds

During the period, 30,351,090 shares were issued upon the conversion of the convertible bonds in an aggregate principal amount of US$5,500,000 at a conversion price of HK$1.42 per share (Note 17).

(b) Shares bought back and cancelled

During the period, 42,716,000 shares were bought back on the Stock Exchange at an aggregate consideration of approximately US$14,592,000. Of these 42,716,000 shares, 33,799,000 shares were cancelled during the period and the remaining 8,917,000 shares were cancelled subsequently in July 2024.

(c) Restricted share awards

Restricted share awards under the Company's SASs were granted to Executive Directors and certain employees. The SASs under HKFRS is regarded as a special purpose entity of the Company.

On the grant of the restricted share awards, the relevant number of shares is legally transferred or issued to the trustee who holds the shares for the benefit of the grantees. A grantee shall not be entitled to vote, to receive dividends (except where the Board grants dividend equivalents to the grantee at its discretion) or to have any other rights of a shareholder in respect of the shares until vesting. If the shares are lapsed or forfeited, they will be held by the trustee and can be utilised for future awards.

Movements of the number of unvested restricted share awards during the period are as follows:

'000 shares	2024
At 1 January	**55,859**
Granted	**18,409**
Lapsed	**(1,231)**
At 30 June	**73,037**

p.35-36 Other information – Share Award Schemes

20 Notes to the unaudited condensed consolidated cash flow statement

Reconciliation of profit before taxation to cash generated from operations

US$'000	Six months ended 30 June 2024	2023
Profit before taxation	**57,961**	85,975
Assets and liabilities adjustments		
Depreciation on vessels and other PP&E	**77,162**	74,550
Depreciation on right-of-use assets	**28,114**	32,402
Gains on disposal of PP&E	**(2,625)**	(2,643)
Gains on disposal of assets held for sale	**–**	(6,247)
Net unrealised gains on derivative instruments not qualified as hedges	**(7,158)**	(269)
Write-back of provisions	**(4,000)**	–
Capital and funding adjustments		
Share-based compensation	**2,901**	3,388
Results adjustments		
Finance costs, net	**4,932**	3,645
Net foreign exchange losses/(gains)	**659**	(1,664)
Profit before taxation before working capital changes	**157,946**	189,137
Increase in inventories	**(3,681)**	(4,685)
(Increase)/decrease in trade and other receivables	**(18,005)**	400
(Decrease)/increase in trade and other payables	**(3,135)**	251
Cash generated from operations	**133,125**	185,103

21 Commitments

(a) Capital commitments

US$'000	30 June 2024	31 December 2023
Contracted for but not recognised as liabilities – vessel acquisitions and vessel equipment contracts	**18,213**	25,221

(b) Commitments under operating leases

(i) The Group as the lessee – payments

The non-cancellable lease commitment included leases of low-value assets, short-term leases with a term of 12 months or less and long-term leases with a term of over 12 months not yet commenced at 30 June 2024.

The future aggregate minimum lease payments of these leases are as follows:

US$'000	Vessels	Office equipment	Total
At 30 June 2024			
Within one year	**123,635**	**135**	**123,770**
In the second to fifth year	**134,877**	**3**	**134,880**
After the fifth year	**31,283**	**–**	**31,283**
	289,795	**138**	**289,933**
At 31 December 2023			
Within one year	104,794	198	104,992
In the second to fifth year	130,191	6	130,197
After the fifth year	32,737	–	32,737
	267,722	204	267,926

(ii) The Group as the lessor – receipts

The Group had future aggregate minimum lease receipts under non-cancellable operating leases for vessels as follows:

US$'000	30 June 2024	31 December 2023
Within one year	**67,433**	68,665
In the second to fifth year	**13,024**	14,565
	80,457	83,230

The Group leases vessels including a lease of a Capesize vessel which will be expiring in 3 years.

AUDITOR'S REVIEW REPORT

Report On Review of Interim Financial Information

To the Board of Directors of Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 40 to 52, which comprises the interim condensed consolidated balance sheet of Pacific Basin Shipping Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement for the six-month period then ended, and notes, comprising material accounting policy information and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 8 August 2024

Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

OUR PACIFIC BASIN CREW ARE OUR HEROES AT SEA

INTERIM REPORT 2024

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