CHARTING A COURSE FOR SUSTAINABLE GROWTH

Pacific Basin

ANNUAL REPORT 2024

STOCK CODE: 2343

#WithYouForTheLongHaul

OUR BUSINESS

Who We Are

We own and operate dry bulk cargo vessels, and our business is customer and cargo focused, providing over 600 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 local offices in key locations and a large fleet of vessels trading worldwide to service our global customers

p.4 Our Business

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. This minor bulk segment offers benefits of diversification in terms of geography, customers and cargoes, enabling triangular trading, high laden utilisation and greater carbon efficiency

Thank you to our several Pacific Basin colleagues from across our owned fleet and office network who produced almost all the photos in this report

403 shore staff in
14 offices around the world

4,600+ crew supporting the needs of our **600+** industrial customers

270+ vessels completed
2,280+ voyages in 2024

CONTENTS

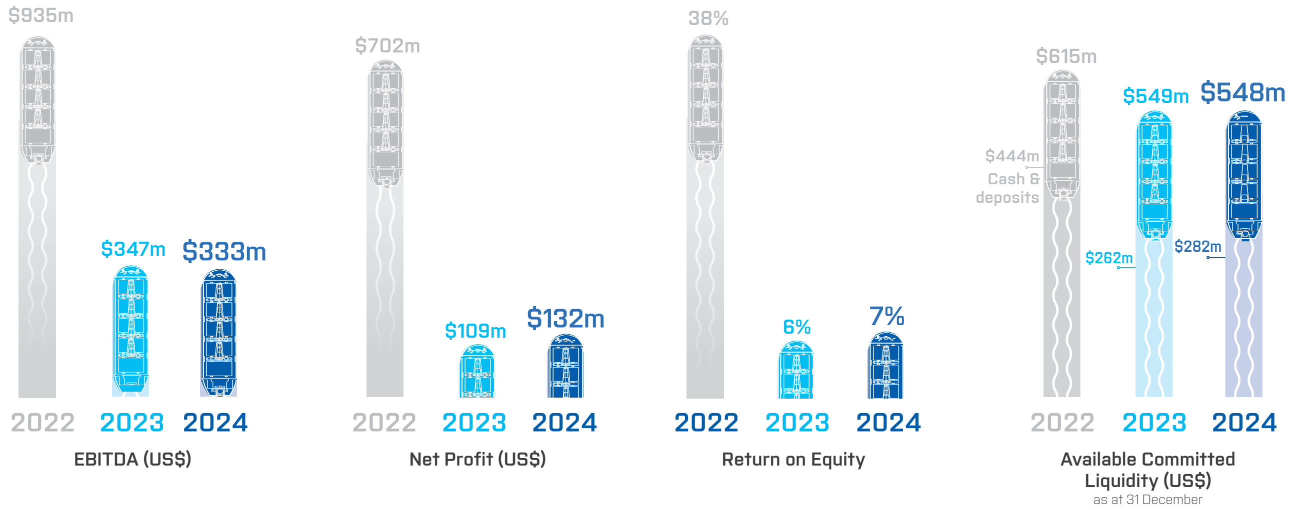
Key to navigation symbols

Linkage to related details within the Annual Report
Linkage to related details on our website www.pacificbasin.com
ESG Linkage to related details in our Sustainability Report 2024
KPI High-level KPIs (Key Performance Indicators)
A Audited Information

BUSINESS HIGHLIGHTS

Stable Financial Performance and Strong Balance Sheet

- In 2024, we generated an underlying profit of US$114.1 million, a net profit of US$131.7 million and EBITDA of US$333.4 million, yielding a return on equity of 7% and basic EPS of HK19.9 cents
- We are debt free on a net basis with cash and deposits of US$282.0 million and available committed liquidity of US$547.6 million as at 31 December 2024, with 59 vessels remaining unmortgaged
- The Board recommends a final dividend of HK5.1 cents per share which, combined with the HK4.1 cents per share interim dividend distributed in August 2024, represents 50% of our net profit for the full year, excluding vessel disposal gains



Positive about Our Sector and Our Business

- The seasonal ups and downs that typically characterise the dry bulk market were largely flattened out by geopolitical and climate-related events, making it challenging to capture the full value of the market
- We remain positive overall about our sector's fundamentals in the longer term, but are alert and prepared for geopolitical uncertainties and dry bulk market challenges in 2025 and are ready to act on opportunities
- We continue to generate a healthy cash flow and remain financially strong and can weather periods of uncertainty and lower earnings while still making disciplined counter-cyclical investments that will underpin our growth and competitiveness for many years to come
- We can be proud of the good progress we have been making in delivering on our strategy and priorities

Business Performance

- In 2024, our core business achieved Handysize and Supramax daily time-charter equivalent (TCE) earnings of US$12,840 and US$13,630 respectively, generating a total contribution of US$178.4 million before overheads
- Our operating activity achieved a daily margin of US$630 over 27,610 operating days, generating a contribution of US$17.4 million before overheads
- Our P&L break-even was US$9,820 and US$10,720 per day for Handysize and Supramax vessels respectively in 2024; our costs remain well controlled and sector leading
- In 2024, we outperformed the average Handysize (BHSI 38k dwt tonnage adjusted) and Supramax (BSI 58k dwt) indices by US$1,720 per day and US$710 per day respectively
- As at 31 December 2024, the estimated market value of our Handysize and Supramax fleet was US$2,008.0 million, significantly above our net book value of US$1,676.2 million

Our Fleet

- We owned 111 Handysize and Supramax/Ultramax vessels and had around 277 owned and chartered vessels on the water overall as at 31 December 2024
- In November 2024, we contracted for four dual-fuel Ultramax newbuilding low-emission vessels (LEVs) that are expected to deliver in 2028 and 2029 and will be able to operate on green methanol as well as sustainable biodiesel and conventional fuel oil
- The deal marks Pacific Basin's first newbuilding ordering since 2014 and is a significant milestone in our long-term plan to transition to net zero emissions by 2050 and comply with increasing decarbonisation regulations along the way
- With this newbuilding order, we are enhancing growth optionality for Pacific Basin, enabling fleet renewal and growth through additional LEV newbuilding orders and/or long-term charters of newbuildings with purchase options, and/or acquiring high-quality modern second-hand vessels, while selling older and less efficient vessels

Find out more in our Chief Executive's Review on page 12

FINANCIAL HIGHLIGHTS

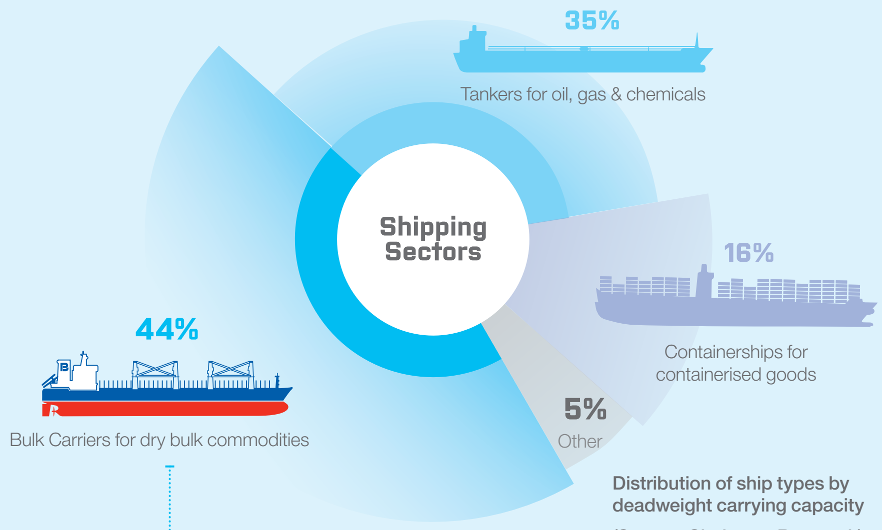
	2024 US$ Million	2023 US$ Million
Results		
Revenue	**2,581.6**	2,296.6
Time-Charter Equivalent ("TCE") Earnings	**1,482.0**	1,281.5
EBITDA[1]	**333.4**	347.2
EBIT	**132.7**	132.2
Underlying profit KPI	**114.1**	119.2
Profit attributable to shareholders	**131.7**	109.4
Balance Sheet		
Total assets	**2,414.0**	2,432.5
Total cash and deposits	**282.0**	261.5
Available committed liquidity	**547.6**	549.2
Net cash/(borrowings)	**19.7**	(38.9)
Shareholders' equity	**1,826.6**	1,797.9
Capital commitments	**146.6**	25.2
Cash Flows		
Operating	**309.3**	353.4
Investing	**(87.4)**	(61.2)
Financing	**(214.4)**	(389.7)
Net change in cash and cash equivalents	**7.5**	(97.5)
Per Share Data	**HK cents**	HK cents
Basic EPS	**19.9**	16.5
Dividends KPI	**9.2**	12.2
Operating cash flows	**46.6**	53.2
Shareholders' equity	**276.5**	267.4
Share price at year end	**HK$1.64**	HK$2.57
Market capitalisation at year end	**HK$8.5bn**	HK$13.5bn
Ratios		
Net profit margin	**5%**	5%
Return on average equity	**7%**	6%
Total shareholders' return	**(35)%**	10%
Net cash/(borrowings) to net book value of owned vessels KPI	**1%**	(2)%
Net cash/(borrowings) to shareholders' equity	**1%**	(2)%
Interest cover KPI	**16.8x**	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 INDUSTRY

The dry bulk industry carries dry commodities and other non-containerised cargo. Larger vessels including Capesize and Panamax vessels carry mainly iron ore, coal and grain. We specialise in the versatile, mid-size, geared Handysize and Supramax ships that carry a wide range of minor bulks and grains, which offers significant benefits of diversification in terms of geography, customers and cargoes.



Distribution of ship types by deadweight carrying capacity
(Source: Clarksons Research)

Our Focus

	Bulk Carrier Ship Types	Percentage of Global Dry Bulk Capacity	Versatility
Minor Bulks with cranes	**Handysize** 10,000–40,000 dwt	12%	More Versatile
	Supramax incl. Ultramax 40,000–70,000 dwt	24%	
Major Bulks without cranes	**Panamax** incl. Post-Panamax 70,000–100,000 dwt	25%	Less Versatile
	Capesize 100,000+ dwt	39%	

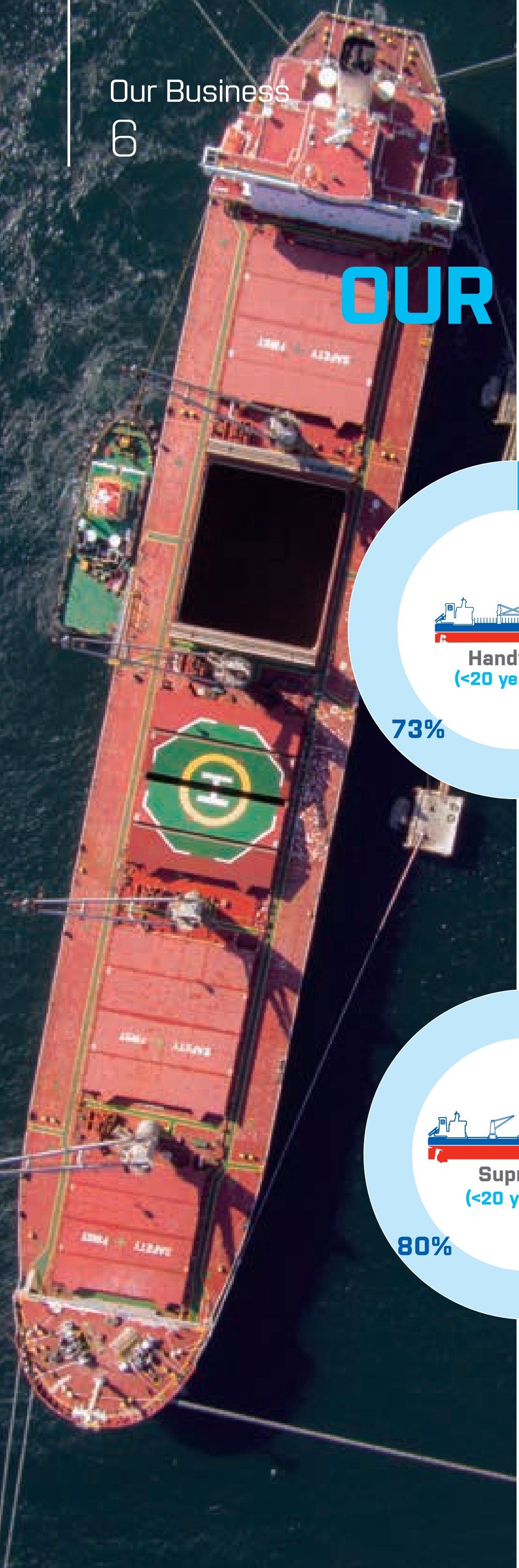
Main Commodities Carried

Minor Bulks
- Grains
- Ores
- Logs/Forest Products
- Bauxite
- Sugar
- Concentrates
- Cement & Clinker
- Coal/Coke
- Fertiliser
- Alumina
- Steel
- Petcoke
- Salt
- Sand & Gypsum
- Scrap

Major Bulks
- Grains
- Coal
- Iron Ore

Few ports, few customers, few cargo types, low scope for triangulation

Many ports, many customers, many cargo types, high scope for triangulation

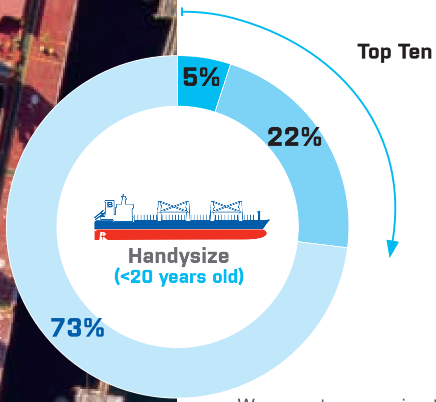


OUR FLEET

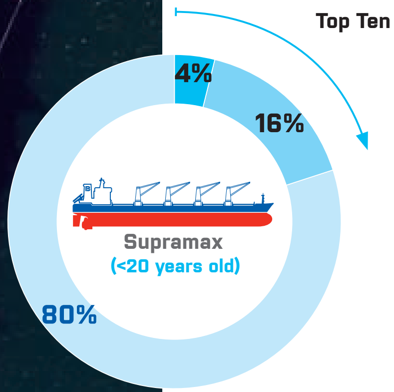
Our geared bulk carriers are highly versatile self-loading and self-discharging vessels

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



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

As at 31 December 2024	Vessels in Operation: Owned	Long-term Chartered	Short-term Chartered[1]	Total	Total Capacity (Million dwt) Owned	Average Age Owned
Handysize	60	13	54	127	2.1	14
Supramax/ Ultramax[2]	51	4	94	149	3.0	13
Capesize[4]	1	–	–	1	0.1	14
Total	112	17	148	277	5.2	13

As at 31 December 2024	Number of Vessels	Estimated Market Value[3] (US$ Million)	Total Net Book Value (US$ Million)
Handysize	60	911.5	791.5
Supramax/Ultramax[2]	51	1,096.5	884.7
Capesize[4]	1	19.0	21.0
Total	112	2,027.0	1,697.2

[1] Average number of short-term and index-linked vessels operated in December 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
[4] The Company owns one Capesize vessel which is chartered out on a long-term bareboat charter

WHY MINOR BULK

Attractive Characteristics of Minor Bulk

- More diverse customer, cargo and geographical exposure enables high utilisation
- A segment where scale and operational expertise make a difference
- Better daily TCE earnings driven by a high laden-to-ballast ratio
- Sound long-term demand expectations and modest fleet growth

We are one of the world's largest Handysize and Supramax owner-operators in a highly fragmented market that revolves around the carriage of minor bulks.

Minor bulk commodities are very varied, controlled by a large number of customers and transported via a large number of ports globally. This segment requires versatile self-loading and discharging (geared) ships of "handy" proportions to allow them access to the many ports around the world restricted by shallow water, locks, narrow channels and river bends.

We are focused on a particular ship segment and size, but are diversified geographically and in terms of customers and cargoes. This allows us scope to triangulate our voyages – such as by combining fronthaul and backhaul trades – and thus enhance our vessel utilisation and earnings.

A Focused Approach – Offering Benefits of Diversification

Diversified geography, customers and cargoes

600+ customers globally

Our largest customer represents only 3% of our volumes

Our top 25 customers represent 31% of our volumes

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

Examples of key minor bulk trade routes

→ fronthaul cargoes

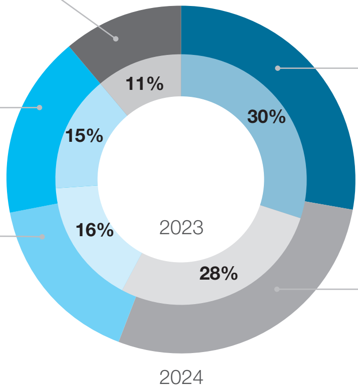
→ backhaul cargoes

"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

90.2 million tonnes in 2024 (84.7 million tonnes in 2023)

Minerals	**11%**
Salt	5%
Sand & Gypsum	5%
Soda Ash	1%
Energy	**17%**
Coal	11%
Petcoke	5%
Wood Pellets	1%
Metals	**16%**
Ores	7%
Concentrates	5%
Alumina	3%
Others	1%



Agricultural Products & Related	**28%**
Grains & Agricultural Products	16%
Fertiliser	10%
Sugar	2%
Construction Materials	**28%**
Cement & Cement Clinkers	13%
Steel & Scrap	10%
Logs & Forest Products	5%

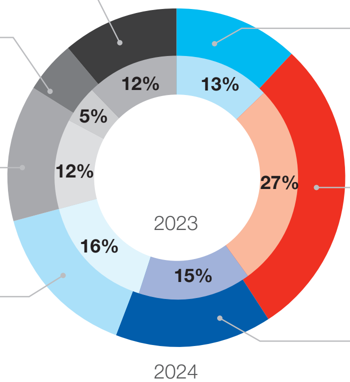
Our Cargo Loading & Discharging Activity (by volume) in 2024 & 2023

Middle East & India 11%

Africa 5%

Europe 13%

South America 15%



Australia & New Zealand 12%

Asia 29%
(China 11%)

North America 15%

THE YEAR IN REVIEW

A WORD FROM OUR CHAIRMAN

Stanley Hutter Ryan

Chairman

"The Company has a high-quality Board, an excellent executive and business team, and the financial strength to pursue its vision and strategies for sustainable growth and value creation."

Maintaining Good Financial Health

In a year characterised by geopolitical turbulence and an unusually flat freight market, Pacific Basin generated sound cash flow and delivered continued stable results in 2024, and the Company maintains a healthy financial position. As such, the Board recommends a final dividend of HK5.1 cents per share which, combined with the interim dividend, represents 50% of our net profit for the full year, excluding vessel disposal gains.

In view of the continued share discount to the current market value of our assets, the Board has approved a new share buyback programme of up to US$40 million for 2025, and we are keenly considering all our levers for enhancing shareholder value, while mindful of the prudence of low gearing ahead of the counter-cyclical investments and growth we plan to pursue as regulatory pressure builds to renew the global fleet with next-generation green vessels.

The Board and I are confident of the Company's future performance and we remain optimistic about its significant upside potential.

Strong Governance and Leadership

Good corporate governance underpins all components of our business and brings energy and credibility to the Company's decision making, which is central to delivering value for our shareholders. We have a high-quality Board comprising a majority of Independent Non-executive Directors (INEDs) with diverse expertise and backgrounds, enhanced recently with the addition of two new and highly qualified INEDs, Ms. Kalpana Desai and Ms. Heather Wang, who we welcome warmly to the Pacific Basin team.

p.65 Our Directors

We welcome also a new Chief Financial Officer, Mr. Jimmy Ng, who joins the management team in May 2025. I am sure he will complement the leadership team well and, knowing the rest of the Company's senior executives as I do, I am confident that the Pacific Basin business is in good hands, armed with a vision, strategy and priorities that will drive performance and growth.

On Course for a Sustainable Future

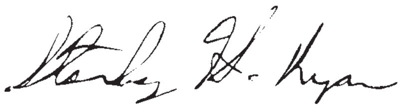
We aspire to deliver only sustainable and profitably accretive business development and growth, and ESG efforts in recent years have helped to further embed sustainability in the Company's culture. I am heartened to see the leading role the team has continued to take in recent years in advocating for seafarer rights and welfare at a time of increased risk and hardship related to Covid, piracy and militant attacks, and the chronic growth of illicit drug smuggling by traffickers that often culminates in the unfair criminalisation of innocent seafarers. The team is concerned with other relevant social issues too, and with environmental and climate issues, and the Company has again been recognised for its industry-leading ESG efforts and performance with top awards and commendable ratings.

p.37 Sustainability Highlights

The Company's big news towards the end of 2024 was its contracting for four dual-fuel Ultramax newbuilding vessels that will be able to operate on green methanol, sustainable biodiesel and conventional fuel oil. Among the world's first few such orders in the dry bulk sector, the deal represents a crucial step in our (and our industry's) long-term strategy to achieve net zero emissions by 2050.

p.14 Investing in our Future Fleet

On behalf of the Board, I extend my heartfelt thanks to our seafarers and our shore-based staff for their continued hard work and loyalty in 2024, and I thank also our shareholders and other stakeholders for their interest in and continued support of our Company.



Stanley Hutter Ryan
Chairman
Hong Kong, 28 February 2025

CHIEF EXECUTIVE'S REVIEW

Martin Fruergaard

Chief Executive Officer

"Geopolitical turbulence will continue in 2025 and we are prepared for the unexpected, watching closely for evolving market developments and ready to leverage the agility of our business model and the opportunities that may emerge from increased volatility."

Stable Financial Results in an Unusually Flat Freight Market

In 2024, we generated an underlying profit of US$114.1 million, a net profit of US$131.7 million and EBITDA of US$333.4 million, yielding a return on equity of 7% and basic EPS of HK19.9 cents.

p.83 Group Performance Review

The seasonal ups and downs that typically characterise the dry bulk market were largely flattened out by geopolitical and climate-related events, making it challenging to capture the full value of the market.

We are alert and prepared for geopolitical uncertainties and dry bulk market challenges in 2025, we remain positive overall about our sector's fundamentals in the longer term, we continue to generate a healthy cash flow and remain financially strong, and we can be proud of the good progress we have been making in delivering on our strategy and priorities.

Committed to Delivering Sound Shareholder Value

Distributing dividends consistent with our payout policy

In view of our sound cash generation, the Board recommends a final dividend of HK5.1 cents per share which, combined with the HK4.1 cents per share interim dividend distributed in August 2024, represents 50% of our net profit for the full year excluding vessel disposal gains, which is in line with our dividend policy.

New share buyback programme for 2025

In April 2024, we announced a share buyback programme which we completed in December 2024 following our repurchase and cancellation of 138 million shares over seven months for an aggregate consideration of about US$40 million. Repurchasing our own shares at a discount to the current market value of our assets is beneficial to our shareholders – more so than acquiring second-hand vessels at prevailing prices. While funded by our available cash flow and internal resources, we continue to maintain sufficient financial resources for the continued growth of our operations.

Through dividends and the share buyback programme, we have committed to distribute an aggregate amount of US$101 million in value to our shareholders for 2024, equivalent to about 83% of our 2024 net profit, excluding vessel disposal gains.

In view of the continued share discount to the market value of our assets, the Board has approved a new share buyback programme of up to US$40 million in 2025.

Strong balance sheet

After our 2024 share buyback programme and total capital expenditure of US$128.4 million, our financial position remains strong. The Company is debt free on a net basis with a net cash position of US$19.7 million and available committed liquidity of US$547.6 million as at 31 December 2024. Additionally, we have 59 vessels that remain unmortgaged.

p.28 Cash and Borrowings

Managing for value creation and growth

We have been keenly considering all our levers for enhancing shareholder value, including through dividends, share buybacks, gearing, free cash flow, profitability and growth. A strategic priority for us in 2025 is to enhance our performance culture to improve on our historical outperformance on most metrics, such as TCE earnings, Opex, G&A and finance costs. We are mindful of the effect that low gearing has on shareholder returns, but our very low level of debt with significant committed liquidity positions us well to invest and grow counter-cyclically, in line with our strategy, especially as regulatory pressure builds to renew the global fleet with next-generation green vessels.

Mixed Earnings Performance Supported by Sector-leading Cost Base

Our large **core business** generated a contribution of US$178.4 million before overheads. Our average Handysize and Supramax daily TCE earnings of US$12,840 and US$13,630 per day were 5% up and 1% down respectively compared to 2023 and outperformed average Handysize (BHSI 38k dwt tonnage-adjusted) and Supramax (BSI 58k dwt) indices by US$1,720 per day and US$710 per day respectively, illustrating the challenges we had in 2024 to optimally position our Supramax fleet and maintain a high Supramax outperformance.

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$9,820 and US$10,720 per day respectively.

Our **operating activity** contributed US$17.4 million before overheads, generating a margin of US$630 per day over 27,610 operating days, with Supramax particularly undermined by the impact of geopolitical events on the freight market. Our operating activity continued to grow with operating days increasing 18% year on year.

p.23 Our Performance

Our overheads and vessel operating expenses remain well controlled and sector leading – and are back to pre-Covid levels. Reducing our debt and utilising interest rate swaps to limit our exposure to variable interest rate debt has helped us to mitigate increases in finance costs in a higher interest rate environment.

Firmer Dry Bulk Demand Growth

Oceanbolt data shows global seaborne tonne-mile trade in dry bulk commodities grew by approximately 6% year on year in 2024, supported by robust Chinese demand for iron ore, coal and minor bulks, as well as global demand for Chinese steel. China sourcing from further distances, coupled with disruptions in the Panama and Suez canals, also contributed to the increase in overall tonne-mile demand.

Global minor bulk demand increased by about 9% in 2024, supported most notably by robust Chinese imports of bauxite and forest products, as well as Chinese exports of steel products.

Major bulk demand increased by about 5%, supported partly by:

- a 4% increase in grain loadings due to a recovery in the US and Argentinian harvest following reduced rainfall in 2023, and due to a recovery in loadings from Ukraine despite the ongoing conflict;
- a 4% increase in iron ore loadings due to strong demand from China and increased production in Australia and Brazil; and
- a 1% decrease in coal loadings but longer distance coal voyages, as declining coal demand in Europe and some East Asian countries was offset by strong coal demand from China and Southeast Asian countries amidst energy security concerns and unstable hydroelectric output.

p.18 Market Review

Steady Dry Bulk Supply Growth

Global dry bulk net fleet growth remained steady at 3% in 2024. Net fleet growth in the minor bulk vessel segments accelerated to 4.1%, driven by an 18% increase year on year in Handysize and Supramax newbuilding deliveries, whereas Capesize and Panamax deliveries decreased.

Scrapping of the total dry bulk fleet decreased by almost a third year on year on the back of improved and steady freight rates, with deletions (mainly in the Supramax and Panamax segments) totalling only 3.8 million dwt or 0.4% of the existing global dry bulk fleet.

Clarksons Research forecasts total dry bulk net fleet growth of 3.0% in 2025, with the combined Handysize and Supramax fleet expected to grow 4.4% net due to orders placed in the strong markets of 2021 and 2022.

The ageing global fleet, particularly in the Handysize segment, coupled with the anticipated announcement of global decarbonisation regulations, should encourage increased scrapping in coming years.

In fact, 2025 is expected to be a crucial year for finalising IMO's global measures to drive decarbonisation in shipping, including an economic measure that imposes a price on carbon emissions and a technical measure that forces the gradual uptake of green fuels. Undercompliance can be expected to incur increasingly significant penalties, making it more costly to continue operating older, less efficient, conventional ships in the years ahead.

Investing in our Future Fleet

In November 2024, we contracted for four dual-fuel Ultramax newbuilding low-emission vessels (LEVs) that are expected to deliver in 2028 and 2029 and will be able to operate on green methanol as well as sustainable biodiesel and conventional fuel oil, offering the fuel flexibility to comply, optimise and compete in what will be an increasingly challenging regulatory environment and market. They are also of the most fuel-efficient design, which will be a critical benefit given the higher fuel costs ahead.

Designing and building these dual-fuel ships in collaboration with Japanese partners Nihon Shipyard Co and Mitsui & Co positions us at the forefront of innovation in our sector and affords us several strategic early-mover benefits and enhanced operating margin opportunities that will be important in the years ahead.

The deal marks Pacific Basin's first newbuilding ordering since 2014 and is a significant milestone in our long-term plan to transition to net zero emissions by 2050 and comply with increasing decarbonisation regulations along the way.

First and foremost, our investment in such LEVs is driven by our view – backed by regulatory developments – that a market will soon emerge for such vessels, driving attractive economics in the long term, and that delivery in 2028 represents good timing considering the current fleet age profile and the expected further implementation of climate regulations that will benefit fuel-efficient vessels and of course green ships able to sail on sustainable low-carbon or carbon-neutral fuels.

In addition, with this newbuilding order, we are enhancing growth optionality for Pacific Basin, enabling fleet renewal and growth through additional LEV newbuilding orders and/or long-term charters of newbuildings with purchase options, and/or acquiring high-quality modern second-hand vessels, while selling older and less efficient vessels.

p.16 Strategic Priorities for 2025

Our first dual-fuel LEVs able to run on green methanol as well as fuel oil are due be delivered to us in 2028 and 2029

Meanwhile, we continue to analyse and implement new ways to improve the energy efficiency of our existing conventionally-fuelled ships and to optimise our voyages. Building on the dozens of such initiatives that we have implemented over many years, our focus in 2024 was the application of super-low-friction silicone hull coating – now benefiting over a third of our owned fleet – which results in less drag for longer periods between dry dockings and a significant fuel saving of about 8% when sailing in good weather.

The importance and prevalence of data and AI continues to increase as we and our industry look for an ever more granular understanding of the performance of our ships and the gains from technical and operational and other optimisation initiatives.

Our Commercial Voyage Optimisation team is working hard to extract more value from fuel-efficient operational measures and other voyage-related efficiency improvements. Leveraging digitalisation, we made good progress in 2024 on systems for more accurate data measurement, collection and analysis, including:

- implementing AI-driven processes for daily verification of our time-chartered (TC) fleet voyage data (for emission reporting compliance and fuel consumption optimisation);
- advanced data models for precise information on the fuel efficiency of our owned and TC fleet (for improving fuel efficiency);
- systems and models for choosing optimal methods of compliance with EU ETS and EU Fuel Maritime; and
- rolling out Remotely Operated Vehicles (ROVs) across our owned ships to monitor hull fouling.

ESG Sustainability Report p.18
Fuel-efficiency Measures

Investing in Our People

Despite decarbonisation, growth, investment decisions, shareholder returns and other opportunities dominating the agenda, we continue to be keenly focused on the security, safety, wellbeing, development and engagement of our employees. Sadly, none of these are guaranteed in our industry.

Over the past three years we have spoken passionately about the plight of several of our seafarer colleagues and fought hard for their release after they were unfairly criminalised and imprisoned when drug traffickers managed to stash their contraband in less-accessible parts of two of our ships in 2021 and 2023 respectively. We were very happy to report in December 2024 that ten colleagues detained in Nigeria since July 2023 were released and returned home to be with their families just in time for Christmas. And you may remember that our Captain Yu Yihai was released in 2023 after two years in a Honduran prison.

Our crews' eventual release was the result of a good team effort within Pacific Basin and in collaboration with allies ranging from local lawyers and P&I correspondents all the way up to leadership at the International Chamber of Shipping, BIMCO, ILO and the IMO, as well as departments of the Hong Kong Government and representatives of the People's Republic of China. We have advocated for security, fair treatment and due process for our colleagues and for seafarers generally in a number of forums – including in maritime and security conferences in Lagos, Geneva and Houston – in which coast guard, law enforcement, drug enforcement and other security agencies sought to collaborate with the industry to tackle the issue.

ESG Sustainability Report **p.40**
Interview with our retiring Global Head of Operations

In 2024, our Sustainability team coordinated a review of two of our priority sustainability issues, namely Safety, Security, Health and Wellbeing and Diversity, Equity and Inclusion to reconsider why they are important for business, how we are progressing, what's our approach, and what are our related goals and targets. We take a practical approach to both of these issues, firmly believing that Safety & Wellbeing and workplace DEI done right lead to a healthy, engaged, effective and thriving workforce and bring out and leverage the best in everyone and drive performance. These strategy reviews provided a valuable opportunity for deeper engagement with all our colleagues on these subjects, which is an important part of our efforts to embed and enhance our sustainability culture throughout the Pacific Basin organisation.

In 2024, our crews registered 11 lost-time injuries in over 20 million man hours, translating to a lost-time injury frequency (LTIF) of 0.54, which is among the best in our sector and close to our best ever LTIF performance (excluding two outlier Covid years).

We continue to challenge ourselves on what it means and takes to cultivate an optimally supported, competent, diverse, engaged and high-performing workforce. At sea and on shore, we continue to uphold the highest health and safety standards and train our colleagues for high-performance teamwork and to enable them to tackle evolving business challenges while looking after each other's overall wellbeing.

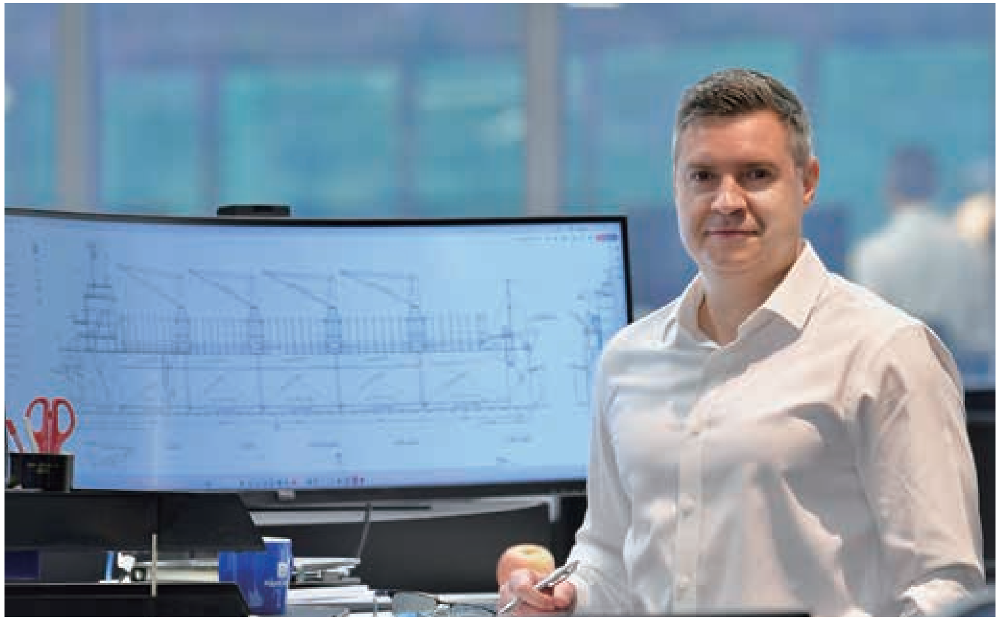
I encourage you to read our 2024 Sustainability Report for more discussion on our approach to and performance in relation to environmental, social, governance and other sustainability issues that are material to our business.

ESG Sustainability Report

Board and Leadership Changes

Responsibility for Pacific Basin's sustainability rests with our Board which in January 2024 elevated its delegated board-level oversight of sustainability from the Audit Committee to a dedicated new Sustainability Committee. In line with best practice, this is facilitating greater board-level bandwidth to ESG matters, while also freeing up time in board and audit committee meetings for other business.

The Company recently announced two new appointments at the Board level. Ms. Kalpana Desai and Ms. Heather Wang joined our Board on 1 February 2025 as Independent Non-executive Directors. Ms. Desai will also serve on our sustainability and audit committees, and Ms. Wang will also serve on our sustainability and remuneration committees. Please see our announcement of 17 January 2025 for a summary of their strong professional backgrounds and significant qualifications that will help to strengthen our Board with a broader range of valuable expertise.



Following a search that presented us with a number of excellent candidates, we today announced that Mr. Jimmy Ng will join us on 12 May 2025 as our new Chief Financial Officer. Please see our announcement dated today for a summary of his professional experience with US and European investment banks and, since 2008, with Hutchison Port Holdings.

We are excited to welcome Ms. Desai and Ms. Wang to the Board and Mr. Ng to the management team, and we are confident that they will make valuable contributions to the continued growth and success of Pacific Basin.

p.65 Our Directors

Meanwhile, our former Chief Financial Officer Mr. Michael Jorgensen left us in October 2024 and Mr. Alexandre Emery stepped down from our Board as an Independent Non-executive Director on 2 January 2025 due to the needs of a full-time executive role that he is taking up elsewhere. We thank both gentlemen sincerely for their contributions during their tenures at Pacific Basin, and we wish them well for their future endeavours.

Shipping Market Volatility Expected to Return in 2025

Global economic growth is expected to remain at a stable yet underwhelming 3.3% in 2025 and 2026 amid divergent growth paths and elevated policy uncertainty, according to the International Monetary Fund. Inflation, interest rates and tariffs are also all likely to continue to undermine dry bulk trade growth, which Clarkson's forecasts at 1.3% for the year. The geopolitical turbulence of last year will continue in 2025, amplified by the uncertainty of what may come out of the new US administration. But while more tariffs and protectionist policies may undermine trade, unforeseen shocks, disruption and other changes in the geopolitical landscape can equally support tonne-mile demand for shipping. We expect to see some volatility return to the dry bulk shipping market in 2025.

We are prepared for the unexpected, are watching closely for evolving geopolitical and shipping market developments, and will leverage the agility of our business model to react accordingly. We will continue to take a disciplined approach to our fleet renewal investments and disposals, and hope that increased volatility in 2025 will create opportunities for us to invest in our business.

In the longer term, we remain positive about our dry bulk sector due to a steady demand outlook for dry bulk commodities, the age profile of the global Handysize/Supramax fleet, the increasing pressure (and cost) of decarbonisation regulations on conventionally-fuelled vessels and the tight availability of newbuilding shipyard capacity.

Strategic Priorities for 2025

We wish to continue to renew and grow our owned fleet in a disciplined way that prepares us for a low-carbon future. Turbulent global developments will likely drive volatility in our market and, in turn, present opportunities for us to grow through the disciplined acquisition of high-quality modern second-hand vessels, while also selling older and less efficient vessels. We intend also to renew our fleet through additional LEV newbuilding orders and/or long-term charters of newbuildings with purchase options. We are also continuously looking for accretive M&A opportunities where the strategic and cultural fit is compelling. The growth optionality we enjoy is a valuable advantage.

p.6 Our Fleet

Other strategic priorities in 2025 are:

- to increase our focus on fuel procurement including developing our priority access to green fuels (green methanol and sustainable biodiesel)
- to accelerate our optimisation drive, and
- to enhance our performance management approach and culture.

Other long-standing aspects of our strategy include:

- leveraging our proven differentiators, including our cargo and customer focus, our asset heavy (owner) and asset light (operator) business model, our engaged people and our engaging culture
- protecting our license to operate with sustainability becoming embedded in our culture, enhanced stakeholder engagement through effective communication, and continued best practice governance and risk management, and
- constantly improving our competitiveness by staying specialised in minor bulk, maintaining industry leading margins, staying competitive on cost-per-day, continually improving our fully-integrated ownership model, and keeping our liquidity and balance sheet strong.

Through these strategic priorities, we will strive to enhance our platform for sustainable growth and delivery of attractive and market-leading total shareholder returns.

p.34 Delivering on our Strategy

Well Positioned for Uncertainty in 2025 and a more Promising Dry Bulk Market Longer Term

We are alert and prepared for uncertainties, challenges and opportunities in 2025. Fortunately, we remain financially strong and can weather periods of uncertainty and lower earnings while still making disciplined counter-cyclical investments that will underpin our growth and competitiveness for many years to come.

Our future success will therefore also depend on the continued good access we have to capital – financial, manufactured, human, social, relationship, intellectual and natural capital – all of which we cultivate to propel us towards our vision to be the leading ship owner/operator in dry bulk shipping, and the first-choice partner for all stakeholders.

I thank my Pacific Basin colleagues at sea and ashore for their diligent and innovative work, determination and loyalty – always and in particular during these more trying market conditions. Their contributions resulted in several strategic successes in 2024 with more in the pipeline. And I also acknowledge the valuable support of our cargo customers, tonnage providers, service providers, shareholders and other stakeholders for whose partnership and support we are very grateful.

Martin Fruergaard
Chief Executive Officer
Hong Kong, 28 February 2025

MARKET REVIEW

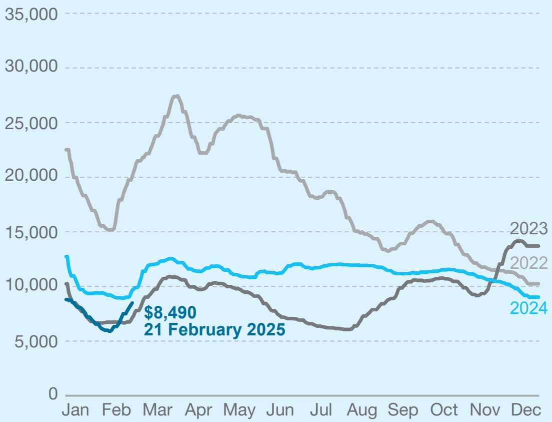
Freight rates remained firm and steady due to robust demand and limited seasonality

US$11,120 net ⬆ 24% YOY

BHSI 38K (tonnage adjusted) Handysize 2024 avg. market spot rate

Handysize Market Spot Rates in 2022-2025

US$/day net*

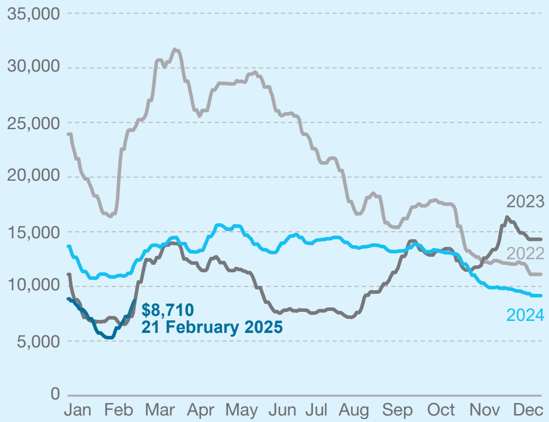


US$12,920 net ⬆ 21% YOY

BSI 58K Supramax 2024 avg. market spot rate

Supramax Market Spot Rates in 2022-2025

US$/day net*



* Excludes 5% commission

Source: Baltic Exchange (BHSI 38,200 dwt (tonnage adjusted) and BSI 58,328 dwt)

2024 average dry bulk market freight rates increased year on year due to firmer demand growth, while disruptions in the major Suez and Panama Canals chokepoints flattened the usual seasonal ups and downs throughout the year, which traditionally sees peaks after Lunar New Year and during northern hemisphere grain season in the third quarter. These disruptions also caused vessels to reroute resulting in longer voyages and adding to tonne-mile demand.

Average market spot freight rates for Handysize and Supramax increased 24% and 21% year on year to US$11,120 (tonnage-adjusted) net per day and US$12,920 net per day, respectively.

As freight rates weakened in the fourth quarter on lower-than-expected grains exports, we anticipated a weaker start to 2025 and built our cargo cover for the first quarter. Dry bulk demand and market activity has picked up with a commensurate uptick in market freight rates since the early Lunar New Year holidays at the end of January 2025.

p.22 Market Balance & possible market drivers

Vessel values softened after surge

US$30.5m ⬇ 2%

Second-hand Ultramax values YOY

Source: Clarksons Research, data as at January 2025

Second-hand vessel values surged in February 2024 and continued to rise until August, at which point they started to soften, as freight market trended down in the second half of 2024. Clarksons Research currently values a benchmark five-year-old Ultramax vessel at US$30.5 million, down by 2% compared to January 2024. Elevated newbuilding prices due to cost inflation, fuel type uncertainty and limited shipyard capacity continue to limit scope for material new vessel ordering in our sector, dry bulk vessel ordering will likely remain constrained in 2025.

DEMAND

Dry bulk demand growth streak continued, supported partly by robust Chinese demand

Oceanbolt data shows global seaborne dry bulk trade volumes increased by about 2% year on year in 2024 with tonne-mile demand growing a more significant 6%, supported partly by robust Chinese demand for commodities sourced from further afield (despite concerns about economic slowdown and a weak property market), coupled with disruptions in the Panama and Suez Canals.

Minor bulk loading volumes were up by about 3% in 2024 with tonne-mile demand growing 9%, supported most notably by robust Chinese imports of forest products and bauxite (for China's growing aluminium production), as well as Chinese exports of steel products.

Major bulk tonne-mile demand increased by about 5%, supported partly by:

- a 4% increase in grain loadings due to a 37% and 15% recovery in Argentinian and US harvests following reduced rainfall in 2023, and due to an 84% recovery in loadings from Ukraine despite the ongoing conflict; Brazil's robust soybean exports in the first half of 2024 were offset by delayed corn exports and the effects of drought in the second half;
- a 4% increase in iron ore loadings due to increased production in Australia and Brazil and strong demand from China which, benefitting from attractive iron ore prices, continued to produce and export steel on strong demand from Southeast Asia; and
- a 1% decrease in coal loadings but longer distance coal voyages, as declining coal demand in Europe and some East Asian countries (under their green agendas) was offset by strong coal demand from China and Southeast Asian countries amidst energy security concerns and unstable hydroelectric output.

2024 Global Cargo Loading Volumes#

Selected Minor Bulks*	↑	+3%
Grain	↑	+4%
Iron Ore	↑	+4%
Coal	↓	-1%

* 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

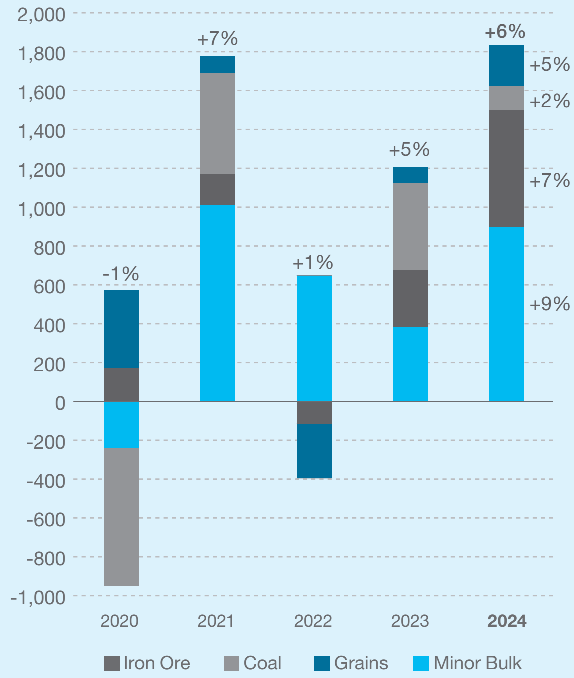
Source: Oceanbolt, data as at February 2025, subject to revision

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

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 mile, and therefore reflects both the volume shipped (tonnes) and distance shipped (miles).

Changes in Global Dry Bulk Demand

YOY change in billion tonne-miles



Source: Oceanbolt, data as at February 2025, subject to revision

SUPPLY

Net fleet growth remained steady due to limited scrapping

Global dry bulk net fleet growth slowed marginally from 3.1% in 2023 to 3.0% in 2024, while net fleet growth of the combined Handysize and Supramax segment in which we specialise increased from 3.4% in 2023 to 4.1% in 2024, driven by:

- an 18% increase in Handysize and Supramax newbuilding deliveries, whereas Capesize and Panamax deliveries decreased by 28% and 8% respectively; total dry bulk newbuilding deliveries declined 4% year on year; and
- a 30% decrease in the total dry bulk fleet scrapping due to improved and steady freight rates, with deletions (mainly in the Supramax and Panamax segments) totalling only 3.8 million dwt or 0.4% of the existing global dry bulk fleet.

Clarksons Research data points to forecast total dry bulk net fleet growth of 3.0% in 2025, with the combined Handysize and Supramax fleet expected to grow 4.4% net due to orders placed in the strong markets of 2021 and 2022.

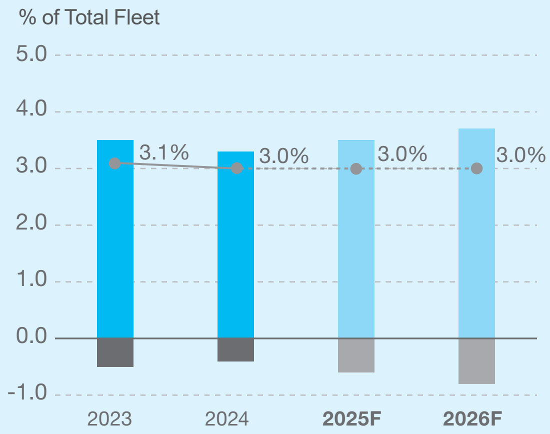
The ageing global fleet, particularly in the Handysize segment, coupled with the anticipated announcement of details of IMO's global decarbonisation regulations, should help encourage increased scrapping in coming years.

Net fleet growth is expected to moderate in the next few years due to reducing new vessel ordering and potentially increased scrapping as the fleet ages and decarbonisation regulations tighten. In time, decarbonisation regulations from IMO and EU 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

3.0%

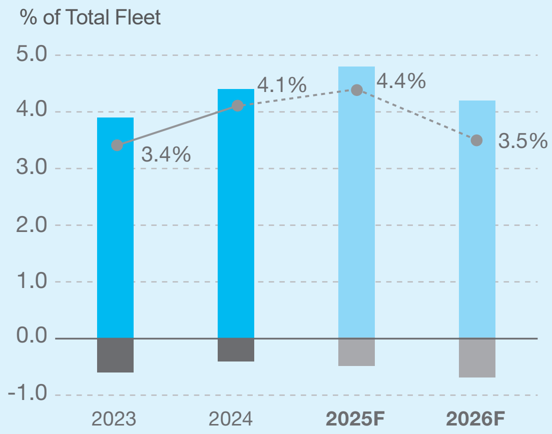
Overall dry bulk capacity 2024



Handysize/Supramax Supply Development

4.1%

Global Handysize/Supramax capacity 2024



New Deliveries
Deliveries Forecast
Scrapping
Scrapping Forecast
Net Fleet Growth

Source: Clarksons Research, data as at February 2025

ORDERBOOK

Restrained ordering due to regulatory uncertainty and limited yard capacity

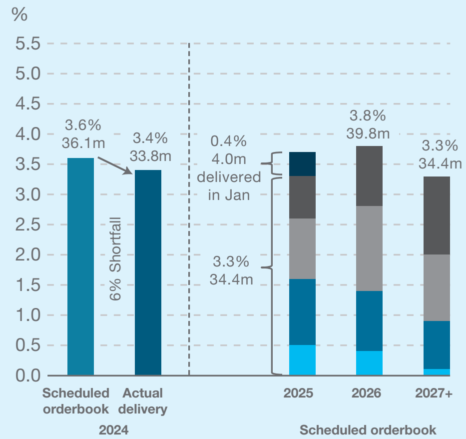
The total dry bulk orderbook currently stands at 10.4% of the existing fleet, with the combined Handysize and Supramax orderbook at 10.9% – both up slightly year on year, but historically moderate, especially when compared to the tanker and containership sectors.

Total dry bulk newbuild contracting activity in 2024 slowed by 10% year on year to 47.3 million dwt, with Handysize and Supramax ordering down 29% and 3% respectively, while ordering of Capesize vessels increased 24%.

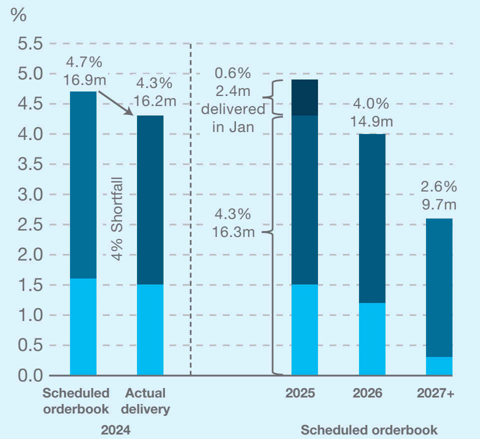
This reduction in ordering activity was due to:

- uncertainty about the details of IMO's coming global decarbonisation regulations and the technologies and availability of future fuels required to meet them;
- limited yard capacity for newbuilding orders until 2028, with limited new yard capacity coming online; and
- newbuilding prices remaining historically elevated due to cost inflation and limited yard capacity.

Overall Dry Bulk Orderbook



Handysize & Supramax Combined Orderbook



Source: Clarksons Research, data as at February 2025

	Orderbook as % of Existing Fleet	Average Age	Over 20 Years Old	2024 Scrapping as % of 1 January 2024 Existing Fleet
Handysize (10,000–40,000 dwt)	8.8%	14	14%	0.4%
Supramax & Ultramax (40,000–70,000 dwt)	12.0%	12	12%	0.3%
Panamax & Post-Panamax (70,000–100,000 dwt)	13.7%	12	13%	0.6%
Capesize (100,000+ dwt)	7.8%	11	5%	0.2%
Total	10.4%	13	10%	0.4%

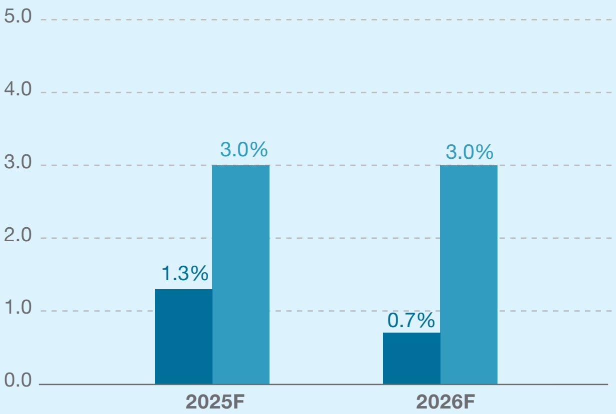
Source: Clarksons Research, data as at February 2025

MARKET BALANCE

Supply growth is expected to outpace demand in 2025

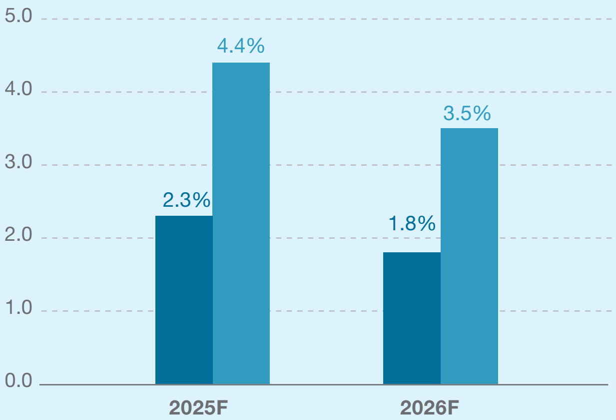
Total Dry Bulk Demand and Supply

% YOY change



Minor Bulk Demand and Handysize/Supramax Supply

% YOY change



■ Tonne-Mile Demand ■ Net Fleet Growth

Source: Clarksons Research, data as at February 2025

According to Clarksons Research forecast data, both total dry bulk and minor bulk supply growth are expected to outpace demand growth in 2025, due to expected high levels of new ship deliveries and limited scrapping.

However, geopolitical turbulence of last year is expected to continue in 2025 amplified by the uncertainty of what may still come from the new US administration, disruption in the Red Sea will likely continue, and further economic stimulus is expected in China, which together are likely to generate increased market volatility and may add support to freight rates.

POSSIBLE MARKET DRIVERS IN THE MEDIUM TERM

OPPORTUNITIES

- Chinese stimulus focusing on consumption with increased investment in infrastructure and urban renewal driving demand for dry bulk commodities
- Steady global economic growth supporting global commodity demand, particularly development in the ASEAN countries
- Geopolitical disruption and turbulence supporting commodities sourcing from further afield and increased freight market volatility
- Slower vessel operating speeds due to emissions regulations and increased fuel cost
- Limited new vessel ordering due to uncertainty over decarbonisation regulations and future vessel designs and alternative fuels, leading to tighter supply
- Increased scrapping of older and less optimally designed tonnage facing onerous environmental regulations and expensive maintenance and upgrade

THREATS

- Tariffs and protectionism disrupting trades and driving local production at the expense of global trade
- Trade conflicts negatively impacting global economic growth which reduces demand for dry bulk commodities
- Persistent high interest rates negatively impact global economic activities and demand in dry bulk commodities
- Increased deliveries and potential excessive new vessel ordering driving increased net fleet growth, outpacing demand growth
- Adverse weather conditions hampering grain production
- Chinese economic growth slower than expected despite stimulus
- Limited scrapping of vessels due to lack of clarity on decarbonisation regulations from IMO

OUR PERFORMANCE

Our business generated an underlying profit of US$114.1 million, representing a decrease of 4% compared to 2023 mainly due to increased G&A overheads from increased staff costs and IT-related expenses. Our performance before overheads increased by 1% to US$197.5 million on stronger freight rate and our increased cargo volume. We outperformed the Handysize and Supramax indices by 15% and 5% respectively, though our Supramax contribution was impacted by market developments driven by geopolitical and climate-related events, making it challenging to capture the full value of the market. Our Operating Activity also contributed to our performance, albeit less than in 2023 due to a lower operating activity margin per day, and despite continuing to grow our operating activity days.

Operating Performance

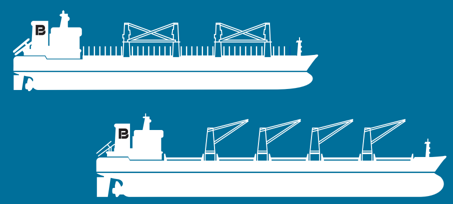
US$ Million	**1H24**	**2H24**	**2024**	**2023**	**Change**
Core business Handysize contribution	41.1	66.1	**107.2**	97.4	+10%
Core business Supramax contribution	35.7	35.5	**71.2**	70.0	+2%
Operating activity contribution	7.8	9.6	**17.4**	25.6	-32%
Capesize contribution	0.8	0.9	**1.7**	1.7	–
Performance before overheads	85.4	112.1	**197.5**	194.7	+1%
Adjusted total G&A overheads	(41.2)	(41.5)	**(82.7)**	(76.0)	-9%
Taxation and others	(0.3)	(0.4)	**(0.7)**	0.5	>-100%
Underlying profit	43.9	70.2	**114.1**	119.2	-4%
Vessel net book value (incl. assets held for sale)	1,761.7	1,697.2	**1,697.2**	1,795.2	-5%

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

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.



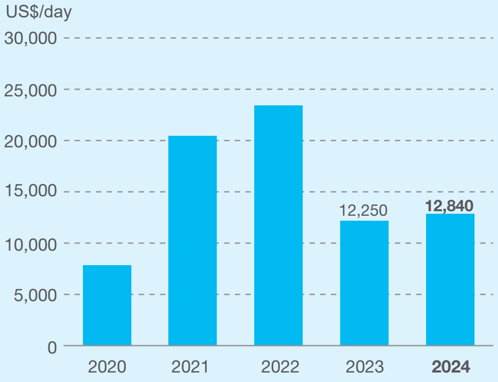
Operating Activity

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

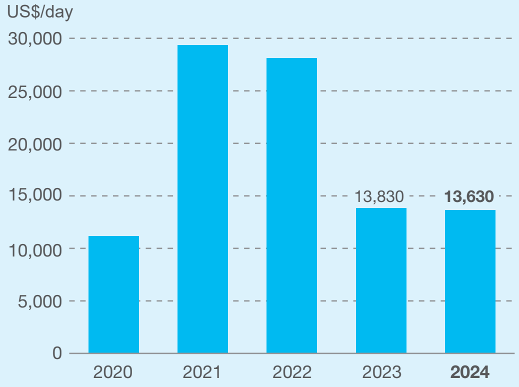
Handysize

TCE EARNINGS KPI



Supramax

TCE EARNINGS KPI



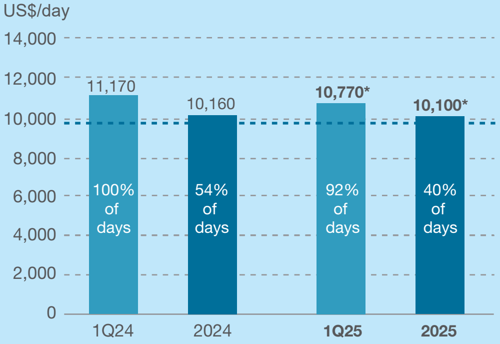
TCE EARNINGS KPI

Our core business generated:

- Handysize daily earnings of US$12,840 on 27,010 revenue days
- Supramax daily earnings of US$13,630 on 19,560 revenue days
- In the period, our Handysize outperformed the index (BHSI 38k dwt tonnage-adjusted) by US$1,720 or 15% per day. Scrubbers fitted to our five core Handysize vessels contributed US$30 per day to outperformance
- In the period, our Supramax outperformed the index (BSI 58k dwt) by US$710 or 5% per day. Scrubbers fitted to our 34 core Supramax vessels contributed US$610 per day to outperformance
- Note that Handysize and Supramax 4Q24 TCE earnings were positively impacted by reversals of prior-period freight tax provisions. The reversal of Handysize freight tax provisions of US$8.6 million resulted in a TCE increase of US$1,280 per day in 4Q24. The reversal of Supramax freight tax provisions of US$9.2 million resulted in a TCE increase of US$1,920 per day in 4Q24. This resulted in a 2024 full year increase to Handysize and Supramax TCE earnings of US$320 per day and US$470 per day respectively

Handysize

FORWARD CARGO COVER

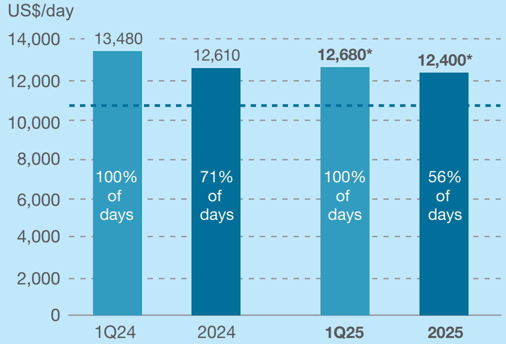


- - - Indicative 2024 core fleet P&L break-even incl. G&A: US$9,820

* As at late-January 2025; these TCE rates are indicative only as voyages are still in progress and 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$50 per day

Supramax

FORWARD CARGO COVER



- - - Indicative 2024 core fleet P&L break-even incl. G&A: US$10,720

* As at late-January 2025; these TCE rates are indicative only as voyages are still in progress; Current value of Supramax scrubber benefits is approximately US$290 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

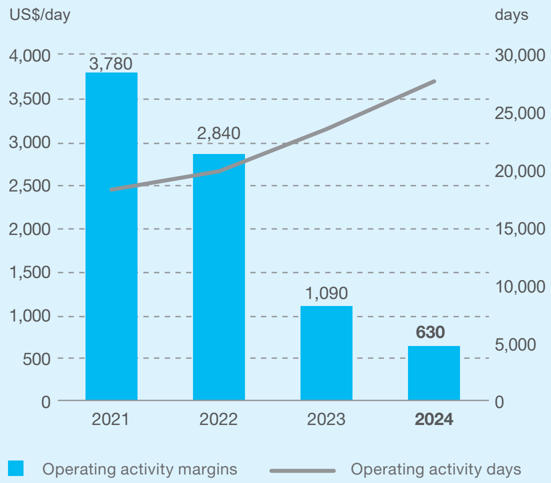
- We actively took cover for the first quarter of 2025 in view of the downward trend in freight rates towards the end of 2024, while maintaining a higher degree of spot market exposure for the remainder of 2025
- We have covered 92% and 100% of our Handysize and Supramax vessel days currently contracted for the first quarter of 2025 at US$10,770 and US$12,680 per day respectively
- We have covered 40% and 56% of our Handysize and Supramax vessel days currently contracted for the full year of 2025 at US$10,100 and US$12,400 per day respectively
- Our P&L break-even was US$9,820 and US$10,720 per day for Handysize and Supramax vessels respectively in 2024; our costs remain well controlled and sector leading

p.26 Core Business Vessel Costs

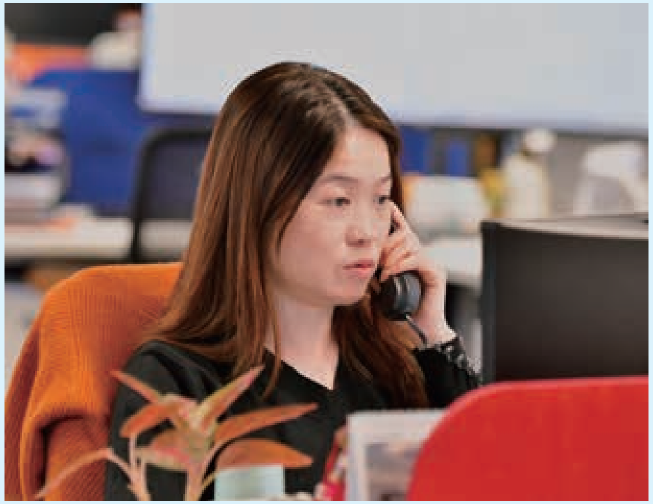
OPERATING ACTIVITY

MARGIN KPI

US$630 per day



- In 2024, our operating activity contributed US$17.4 million or 9% of our Group's performance before overheads, having generated a margin of US$630 per day over 27,610 operating activity days
- While our margin per day reduced, we increased our operating activity days by 18% year on year
- 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

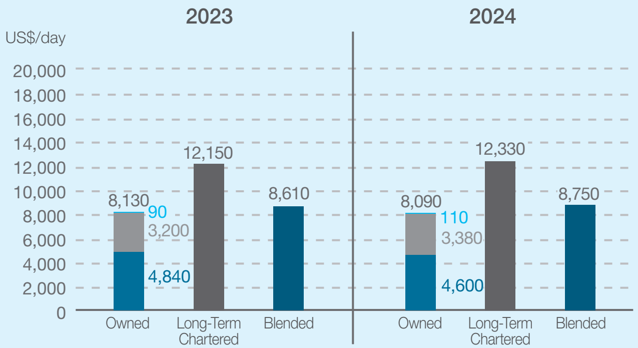


CORE BUSINESS VESSEL COSTS

Daily Vessel Costs

Handysize

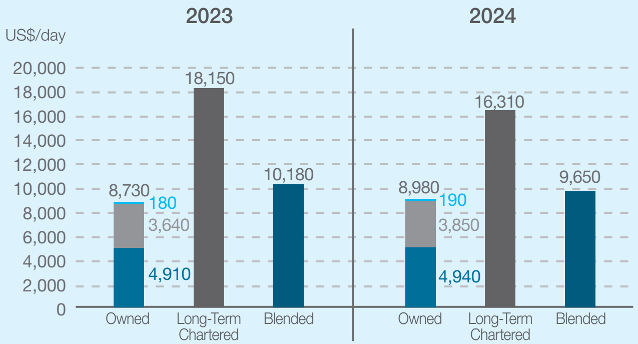
Blended US$8,750



	2023 Owned	2023 Long-Term Chartered	2023 Blended	2024 Owned	2024 Long-Term Chartered	2024 Blended
Number of vessels*	65	11	76	60	13	73
Avg. DWT*	34,670	38,510	35,230	34,790	38,890	35,520

Supramax

Blended US$9,650



	2023 Owned	2023 Long-Term Chartered	2023 Blended	2024 Owned	2024 Long-Term Chartered	2024 Blended
Number of vessels*	49	8	57	51	4	55
Avg. DWT*	58,540	61,070	58,930	58,630	61,000	58,880

Opex Depreciation Finance Cost

* Fleet as at 31 December 2023 and 2024

Owned Vessel Costs

- **Operating expenses**

  Our average Handysize and Supramax daily operating expenses ("Opex") decreased by 2% to US$4,750 (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 year, our fleet of owned vessels experienced on average 2.4 days (2023: 0.8 days) of unplanned technical off-hire per vessel, impacted by the significant downtime of one vessel that experienced main engine bearing damage requiring lengthy repair.

- **Depreciation**

  Our Handysize and Supramax daily depreciation costs both increased by 6% 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 25% to US$150 (2023: US$120) was primarily due to lower interest income as a result of decreased 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 1% to US$12,330 primarily due to the stronger freight market. Our Supramax long-term chartered vessel daily costs reduced by 10% to US$16,130 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$8,750 for Handysize vessels (2023: US$8,610) and decreased to US$9,650 for Supramax vessels (2023: US$10,180).

General and Administrative ("G&A") Overheads

Our adjusted total G&A overheads increased to US$82.7 million (2023: US$76.0 million) mainly due to the increased staff costs and IT-related expenses during the year. Spread across our total vessel days, our daily G&A overheads remain competitive at US$780 (2023: US$760), comprising US$1,070 and US$600 (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 2024 and 2023:

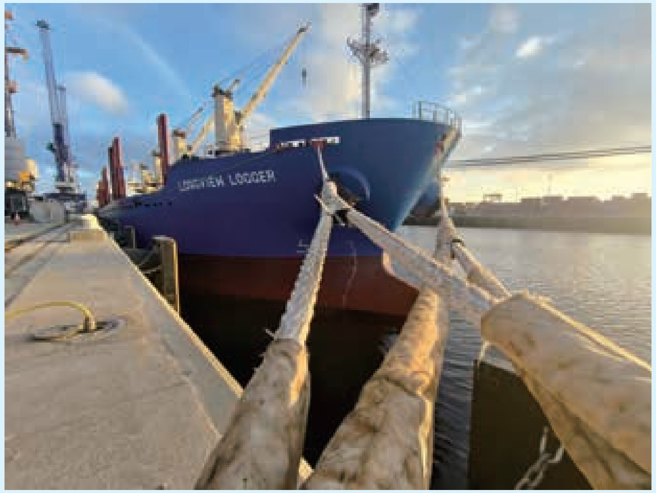
	Handysize		Supramax	
Days	2023	**2024**	2023	**2024**
Core business revenue days	28,420	**27,010**	20,230	**19,560**
– Owned revenue days	24,960	**22,750**	17,070	**17,700**
– Long-term chartered days	3,460	**4,260**	3,160	**1,860**
Short-term core days[1]	7,730	**11,640**	18,660	**19,090**
Operating activity days	9,190	**11,240**	14,290	**16,370**
Owned off-hire days	710	**370**	400	**680**
Total vessel days	46,050	**50,260**	53,580	**55,700**

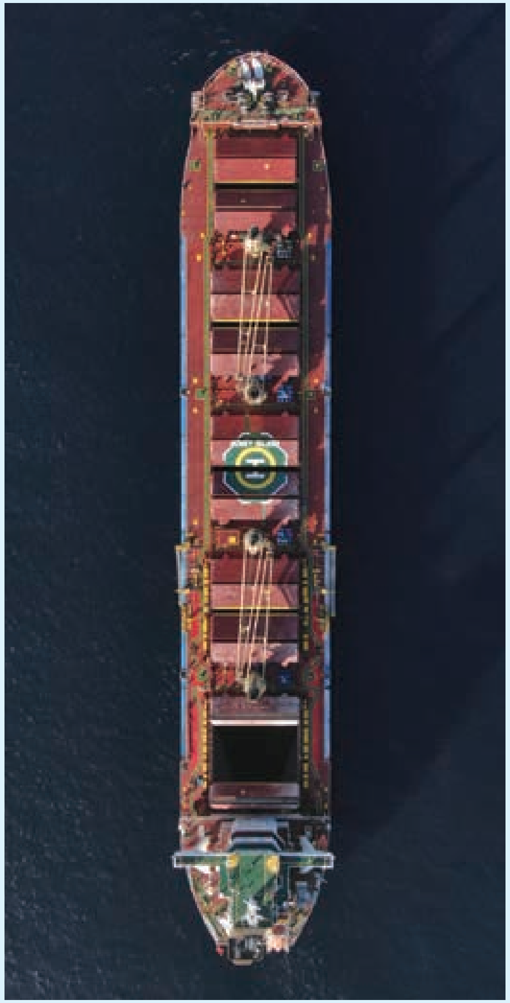
[1] Short-term chartered vessels used to support our core business

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$)	Vessel days	Average cost (US$)
2025	3,410	12,670	1,290	14,430
2026	2,530	13,340	1,400	15,050
2027	2,190	13,190	1,460	14,680
2028	2,140	12,780	1,460	14,250
2029+	2,060	12,820	2,660	13,780
Total	**12,330**		**8,270**	





CASH AND BORROWINGS

Operating Cash Inflow

US$258.9m

Available Committed Liquidity

US$547.6m

Net Cash to Net Book Value of Owned Vessels

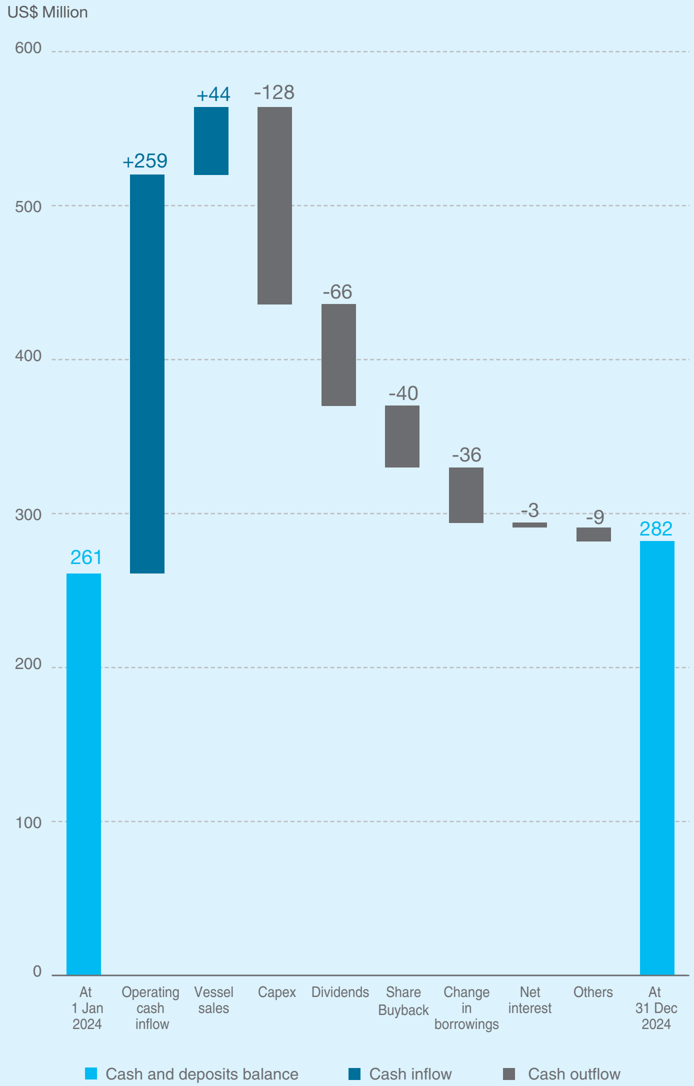
1%

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 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 year we realised US$43.7 million from the sale of 5 Handysize vessels
- Our net cash outflow from borrowings was US$35.9 million in the year
- During the year we spent US$40.0 million to repurchase shares under our announced share buyback programme
- During the year we incurred capital expenditure of US$128.4 million, including:

  (a) US$42.8 million for 1 Ultramax and 1 Supramax vessels which delivered into our fleet in 2024

  (b) US$46.0 million for dry dockings and other additions

  (c) In November, we contracted for four dual-fuel Ultramax newbuilding low-emission vessels (LEVs) which we expect to be delivered in 2028 and 2029. We paid an initial US$39.6 million out of a total consideration of US$186.0 million and we currently plan for these vessels to be paid for in cash.
- As at 31 December 2024, we had 59 unmortgaged vessels

Liquidity and Borrowings A

US$ Million	31 Dec 2024	31 Dec 2023	Change
Cash and deposits (a)	**282.0**	261.5	+8%
Available undrawn committed facilities	**265.6**	287.7	-8%
Available committed liquidity	**547.6**	549.2	0%
Current portion of borrowings	**(76.5)**	(46.3)	
Non-current portion of borrowings	**(185.8)**	(254.1)	
Total borrowings (b)	**(262.3)**	(300.4)	+13%
Net cash/(borrowings) (a) + (b)	**19.7**	(38.9)	>+100%
Net cash/(borrowings) to shareholders' equity	**1%**	(2)%	
Net cash/(borrowings) to net book value of owned vessels KPI	**1%**	(2)%	

p.106 Financial Statements Note 16 Cash and deposits (including how we invest our cash)

Borrowings and Undrawn Committed Facilities

Borrowings and Undrawn Committed Facilities – US$500.2 million (31 December 2023: US$555.4 million)

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

A decrease in interest to US$16.4 million (2023: US$16.5 million) was mainly due to a decrease in average borrowings to US$283.0 million.

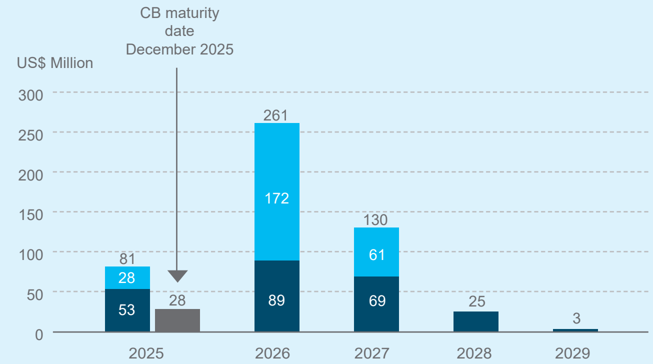
The Group monitors the loan-to-asset value requirements on its bank borrowings. If the market values of the Group's mortgaged assets fall below the level prescribed by our lenders, the Group may pledge additional cash or offer other additional collateral unless the banks offer waivers for technical breaches.

As at 31 December 2024:

- The Group's secured borrowings were secured by 53 vessels with a total net book value of US$896.7 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.94 Financial Statements Note 7
Finance income and finance costs

Schedule of Reduction in Borrowings and Undrawn Committed Facilities



- Undrawn committed facilities (US$265.6 million)
- Borrowings (US$234.6 million)
- Convertible bonds (face value US$28.1 million, book value US$27.7 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 31 December 2024, including the liability component of the convertible bonds, amounted to US$527.9 million (31 December 2023: US$588.1 million) and are denominated in United States Dollars.

Convertible Bonds Liability Component – US$27.7 million (31 December 2023: US$32.7 million)

Following the conversion offer completed in May 2022, a subsequent bondholder conversion in July 2022, the open market repurchase of convertible bonds in December 2022 and further bondholder conversions in May 2023 and June 2024, as at 31 December 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$1.39 per share.

Finance Costs

US$ Million	Average interest rate P/L	Average interest rate Cash	Balance at 31 December 2024	Finance costs 2024	Finance costs 2023	Change
Borrowings (including realised interest rate swap contracts)	5.7%	5.7%	**234.6**	**16.4**	16.5	+1%
Convertible bonds (Note)	4.7%	3.0%	**27.7**	**1.4**	1.5	+8%
	5.6%	KPI 5.5%	**262.3**	**17.8**	18.0	+1%
Other finance charges				**2.0**	1.5	
Total finance costs				**19.8**	19.5	-2%
Interest coverage (calculated as EBITDA divided by total finance costs)				KPI **16.8x**	17.8x	

Note: The convertible bonds have a P/L cost of US$1.4 million and a cash cost of US$0.9 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 31 December 2024, 69% (31 December 2023: 75%) of the Group's borrowings were on fixed interest rates.

TIMELINE

JAN

- Opened a new office in Singapore to capture new business opportunities and better serve customers in Southeast Asia
- Established a dedicated board-level Sustainability Committee
- Gold sponsor of Geneva Dry, the world's premier commodities shipping conference
- PB Ratings and Officers Seminar in Mumbai attended by over 100 PB seafarers

FEB

- Announced 2023 Annual Results of US$109 million net profit and US$347 million EBITDA

MAR

- Published our 8th standalone Sustainability Report
- PB Crew and Officers Seminar in Dalian attended by over 110 PB seafarers

APR

- Started rollout of Starlink high-speed connectivity on our owned ships to enhance the wellbeing of our seafarers
- Tokyo customer event attended by around 300 PB partners

MAY

- Won the Silver Award in the ESG Leader Award category at the ESG Shipping Awards International 2024
- Launched the Company's first ever Share Buy-back Programme
- Received the Best HR Initiatives Award 2024 at the Spinnaker Maritime People and Culture Conference
- PB Crew and Officers Seminar in Cebu attended by over 140 PB seafarers

JUN

- PB Officers Seminar in Kolkata attended by over 60 PB seafarers
- Sponsored an open day at the Hong Kong Maritime Museum to celebrate the International Day of the Seafarer

JUL

- Celebrated the 20th anniversary of Pacific Basin's listing on the Hong Kong Stock Exchange
- Won four awards at the Hong Kong Marine Department Awards
  - Award for outstanding performance in Port State Control
  - Award for Bravery – for the heroic efforts of crew members aboard m/v Columbia River
  - Green Fleet Award – for efforts in reducing our environmental footprint
  - Most HK Cadets Award – for recruiting the most Hong Kong Sea-going Cadets in 2023

AUG

- Received a Silver medal in the EcoVadis sustainability assessment
- Announced Interim Results of US$58 million net profit and US$158 million EBITDA

SILVER | Top 15%
ecovadis
Sustainability Rating
AUG 2024

SEP

- Athens customer event attended by around 150 PB partners
- Received the Port of Los Angeles' Vessel Speed Reduction Program (VSRP) certificate for a 7th consecutive year
- Our Operations Director Suresh Prabhakar spoke at a maritime security conference in Lagos to address the unfair detainment of seafarers when drugs are discovered on board ships
- Maintained an AA– (Sustainable) rating and ranked in top 10% in Hong Kong Quality Assurance Agency ESG ratings for 2024

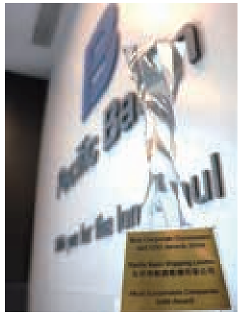
Hang Seng Corporate Sustainability Index Series Member 2024-2025

OCT

- Won three Grand Awards and one Commendation at the 2024 Hong Kong ESG Reporting Awards
  - Grand Award for Best ESG Report (mid-cap)
  - Grand Award for Excellence in ESG Governance
  - Grand Award for Excellence in Social Positive Impact
  - Commendation for Excellence in Environmental Positive Impact
- PB Officers Seminar in Dalian attended by over 60 PB seafarers
- Melbourne customer event attended by over 150 PB partners

NOV

- Contracted for four dual-fuel 64,000 dwt Ultramax newbuilding low-emission vessels from Japan
- Won the Gold Award in the Most Sustainable Companies and Organisations section at the Hong Kong Institute of CPA's 2024 Best Corporate Governance and ESG Awards
- Platinum Sponsor of The Captain's Table Maritime innovation Competition
- Held our global Operations team meeting in Hong Kong
- PB Crew and Officers Seminar in Manila attended by over 100 PB seafarers



DEC

- Won the Silver Award in the Transport and Logistics Sector at the 2023 Hong Kong Awards for Environmental Excellence (HKAEE)
- Won the Best ESG reporting (mid-cap) Award at IR Magazine Awards – Greater China
- Completed our 2024 Share Buy-back Programme with the purchase of around 138 million shares for an aggregate consideration of about US$40 million
- Supported WWF Hong Kong's marine conservation and education programme; PB families attended eco tours to the WWF Hoi Ha Marine Life Centre
- Ten seafarer colleagues detained in Nigeria since July 2023 were released and returned home after being found innocent of drug trafficking

ESG Sustainability Report p.39
Continued drug smuggling in ships by cartels

STRATEGY DELIVERY

HOW WE CREATE VALUE

We attach great importance to cultivating the relationships and resources that we need to propel us towards our vision and create better outcomes for our customers, our people, our shareholders, society and the environment

Our Purpose
To safely and sustainably deliver by sea the dry bulk commodities that are essential to society

Our Vision
To be a leading ship owner/operator in dry bulk shipping, and the first choice partner for customers and other stakeholders

An expanded form of this summary table is available on our website
www.pacificbasin.com
About Us > How We Create Value

The resources and relationships we rely on	How we create or protect value	Desired outcomes
Our Fleet	■ Investing in Our Fleet ■ High-quality Ships ■ Scale & Interchangeability ■ In-house Technical Ops	■ Optimal ship design and efficiency ■ Increased economies of scale and vessel utilisation ■ Optimal scheduling and flexibility for our customers ■ Enhanced technical and service reliability for customers ■ Enhanced health, safety, quality and cost control
Our People, Culture & Global Office Network	■ Investing in Our People ■ Safety, Wellbeing, DEI & Engagement ■ Collaboration & Team Productivity ■ Being Local ■ Being Global	■ Safeguarding the quality, effectiveness and availability of staff and their team-work onshore and at sea ■ Meaningful customer partnerships and collaboration ■ Access to market intelligence and cargo ■ Optimal trading and positioning of our fleet
Stakeholder Relationships & Partnerships	■ Deepening Our Relationships ■ Stakeholder Engagement & Collaboration	■ Understanding, trust and support between Pacific Basin and our staff, customers, tonnage providers, suppliers, investors, financiers, communities and other stakeholders
Natural Resources	■ Safeguarding the Environment	■ Minimise consumption of natural resources ■ Minimise impact on the environment
Technology, Data & Intellectual Capital	■ Effective Business Model & Systems	■ Sector-leading service delivery ■ Voyage & fuel optimisation ■ Maximising vessel earnings ■ Minimising costs without impacting safety ■ Strong brand reputation
Financial Capital	■ Evolving Management & Governance Practices ■ Maximising Efficiencies & Controlling Costs ■ Considered Treasury Activity	■ Sound financial management ■ Enhanced corporate & financial profile

The value we create

Serving our customers
We provide over 600 customers with a high-quality, personalised, flexible and reliable freight service under spot and long-term cargo contracts, making it easy to do business with us so that they can focus on growing their business

Serving our people
Our 5,000+ staff feel safe, supported and engaged, benefitting from fulfilling, decent work and fair wages

Serving society
We deliver efficiently and responsibly the food, animal feed, construction materials, energy and other raw materials that are essential to society and the global economy

Serving the environment
We have significantly reduced the intensity of our emissions and other outputs over the past 20 years, and are on a path to decarbonising our operations and further minimising our overall environmental impacts

Serving our shareholders
We continue to nurture the financial health of our Group, mitigate risks and leverage our business model to deliver attractive long-term returns over the shipping cycle

DELIVERING ON OUR STRATEGY

Strategic Focus	Strategy Delivery and Performance	2025 Objectives
Investing in Our Fleet	In November, we contracted for four dual-fuel Ultramax newbuilding low-emission vessels (LEVs) that will be able to operate on green methanol as well as sustainable biodiesel and conventional fuel oil, offering the fuel flexibility to comply, optimise and compete in what will be an increasingly challenging regulatory environment and market. They are also of the most fuel-efficient design, which will be a critical benefit given the higher fuel costs ahead. The deal marks Pacific Basin's first newbuilding ordering since 2014 and is a significant milestone in our long-term plan to transition to net zero emissions by 2050 and comply with increasing decarbonisation regulations along the way. In 2024, we exercised a purchase option and took delivery of a 2016 Japanese-built Supramax vessel. We also took delivery of three long-term chartered 40,000 dwt Handysize newbuilding vessel and one long-term chartered 64,000 dwt Ultramax newbuilding vessel. Our fleet is expanding with the addition of larger and more efficient Handysize and Supermax/Ultramax newbuilding vessels. We own 111 Handysize and Supramax/Ultramax vessels and have around 277 owned and chartered vessels on the water overall as at 31 December 2024.	We remain committed to our long-term strategy to continue to renew and grow our owned fleet through the disciplined acquisition of high-quality, modern, second-hand vessels, while also selling our older and less-efficient vessels. We intend also to renew our fleet through additional LEV newbuilding orders and/or long-term charters of newbuildings with purchase options. We are also continuously looking for accretive M&A opportunities where the strategic and cultural fit is compelling.
Investing in Our People	In 2024, our Sustainability team coordinated a review and took a practical approach to two of our priority sustainability issues, namely Safety, Security, Health and Wellbeing and Diversity, Equity and Inclusion, which provided a valuable opportunity for deeper engagement with all our colleagues on these subjects. We also provided comprehensive training for our crews and shore-based colleagues and supported crew's physical and mental health as well as their wellbeing such as the implementation of Starlink for high-speed connectivity. We also took part in the SAFETY4SEA SEAFiT Crew Welfare Survey. The overall crew wellness index of our crew is 79%, which is higher than the overall SEAFiT survey benchmark of 72%. We invested in recruitment activities and training programmes in our recruitment offices, including organising safeTALK workshops to 150 seafarers to equip them with the knowledge and tools to take proactive steps in preventing suicide, a Wives and Mother's Wellness Day in the Philippines for the spouses of our seafarers, and have advocated for security, fair treatment and due process for our colleagues and for seafarers generally in a number of forums – including in maritime and security conferences in Lagos, Geneva and Houston.	In 2025, we will conduct crew and office staff engagement surveys and will act on the survey findings with initiatives to enhance staff engagement across our fleet and organisation. We will continue to pursue our permanent objectives of enhancing safety performance, productivity, high-performance teamwork, job fulfilment and wellbeing. We aspire to be a top ship owner and operator in the dry bulk shipping industry and the preferred partner for our employees and all stakeholders.
Deepening Our Relationships	Our customer-focused business model drives innovative customer engagement and service, high service reliability, enhanced customer satisfaction and an excellent industry reputation. We opened a new office in Singapore in January 2024, giving us 11 commercial offices and 14 offices overall around the world. In 2024, we carried 90 million tonnes (2023: 85 million tonnes) for over 600 customers.	We seek to further improve the customer experience through regular customer engagement and close partnership at a local level, collaborating to meet tightening carbon intensity rules, making it easier to do business with us, and drawing on a global team and office network that is unmatched in the dry bulk sector, in return enhancing our access to cargoes.

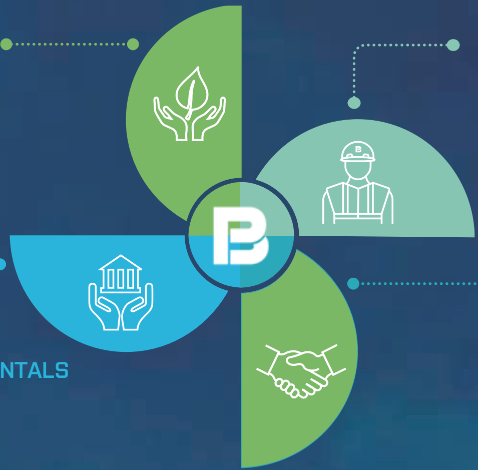
Strategic Focus	Strategy Delivery and Performance	2025 Objectives
Safeguarding Health & Safety	Safety remains our top priority as we strive for zero injuries and enhance our focus on mental wellbeing through training strategies, enhancements in technology on board our vessels and further improvements to our remote medical support. In 2024, our crews registered 11 lost-time injuries in almost 20 million man hours, translating to an LTIF injury rate of 0.54, which is our best ever LTIF performance (excluding two outlier Covid years) but which narrowly missed our aggressive target of 0.5 as per the targets of our sustainability-linked financing of December 2023.	Through continued investment in training, wellbeing, systems, procedures and technology, we will strive to substantially eliminate injury and navigation incidents and promote a healthy and supportive work environment at sea and ashore.
Evolving Management & Governance Practices	In January 2024, we enhanced our sustainability governance structure by elevating responsibility for sustainability to a new dedicated board-level Sustainability Committee to improve the effectiveness of our approach to sustainable development, the resilience and reputation of our business, and the confidence our stakeholders place in us. In 2024, the Group continued to adopt a "Three Lines of Defence" model. The Risk Management team continued to foster a culture of risk and control awareness throughout the organisation to ensure employees who carry out everyday tasks understand that they are risk owners. Regular training sessions and workshops on company policies and procedures, anti-bribery training for both shore staff and seafarers, ongoing cybersecurity alerts and company-wide drills on Business Continuity Plan (BCP) are some of the initiatives the Group has taken to equip our employees to identify, assess, and manage risks effectively. Additionally, we continuously adopt new technologies and software, improve cyber and data security, and follow industry best practices to ensure our staff are well prepared to navigate evolving risk landscapes and contribute effectively to the Group's overall risk management efforts. We ranked in the top 10% among our peers in ISS' Governance QualityScore and won the Gold Award in the Most Sustainable Companies and Organisations (Non-Hang Seng Index (Small Market Capitalisation) Category) at the HKICPA's Best Corporate Governance and ESG Awards 2024. We continued to adopt the ESG Reporting Code issued by the Stock Exchange of Hong Kong Limited as well as other international reporting standards and guidelines such as the United Nations Global Compact, the United Nations Sustainable Development Goals, the Global Reporting Initiative (GRI) Standards, the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations, Sustainability Accounting Standard Board (SASB) for Maritime transportation, and the Integrated Reporting Framework.	To cope with the increasingly complex world and ever-evolving shipping market, we proactively review and assess our understanding of our emerging risks and ensure our risk management approach is holistic and agile. We maintain a high standard of control environment as it is one of the top priorities of the Company. We constantly review the effectiveness of our Corporate Governance structure including the Board's performance and shareholders communication policy to ensure they are effective and transparent so as to safeguard the interest of our shareholders. We continue to improve and invest in new technologies and tools to enhance monitoring efforts and maintain robust controls, reinforcing our commitment to ethical and sustainable business. In 2025, we are implementing a new ERP system, featuring enhanced automation capabilities and integration. It is expected to further reduce human error, raise efficiency, and provide even more comprehensive data to support the decision-making capability of management. While enhancing our ability to optimise voyages and operations, the Company has integrated ESG considerations into its daily operation and management. We always seek to refine management decision making, risk mitigation and board governance. We strive to continue to uphold our best-in-class levels of corporate governance, business transparency and stakeholder confidence.

Strategic Focus	Strategy Delivery and Performance	2025 Objectives
Safeguarding the Environment	To comply with IMO's global energy efficiency and carbon intensity regulations, we continued to assess and implement technical and operational initiatives to improve the energy efficiency of our conventionally-fuelled existing ships and maximise their longevity in the face of increasingly stringent regulatory requirements. Also, our commitment in November for four 64,000 dwt dual-fuel Ultramax newbuilding low-emission vessels (LEVs) of the most fuel-efficient design and with dual-fuel engines represents a major milestone in our long-term strategy to achieve net zero emissions by 2050. Our carbon intensity in 2024 was 42% lower than in our 2008 baseline year, and we expect to have more than halved our carbon intensity by 2030 en route to our long-term target of net zero by 2050.	We are in dialogue with several green fuel suppliers and producers to develop access to bio-methanol and e-methanol, as well as biofuel (biodiesel). We will continue to invest, engage and collaborate to ensure we continue to gradually reduce the carbon-intensity and environmental impact of our fleet as required under tightening and new rules.
Maximising Efficiencies & Controlling Costs	Our average Handysize and Supramax daily operating expenses (Opex) decreased by 2% to US$4,750 (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.	Due to the cyclical nature of dry bulk shipping, freight market volatility will continue to drive our careful and considered cost control measures, while leveraging our scale and reputation as a safe counterparty. Leveraging our digitalisation capability, we will explore scope for more efficient operation, scheduling and trading of our ships and optimal matching of our large fleet and cargo systems to maintain high vessel utilisation, availability and punctuality.
Enhancing Corporate & Financial Profile	We have maintained conservative gearing and continue to benefit from access to capital generated through operations, debt and equity. Our access to various external sources of funding at the most competitive cost in our industry, combined with our strong available committed liquidity position enhance our financial strength and corporate profile and bring comfort to customers and shareholders and enhance Pacific Basin's position as a preferred partner for many stakeholders. At the year end, our net cash to net book value of our owned fleet was 1% and we were in compliance with our bank covenants.	We will continue to manage our financial resources and funding, and to work within our financial gearing targets, maintain the financial health of the Group drawing on our access to capital, and strive for best-in-class reporting, transparency and corporate stewardship. We will continue to leverage our business model and strategies to deliver attractive long-term returns to our shareholders over the shipping cycle. We will continue to assess and recommend appropriate distributions in accordance with our dividend distribution policy.

ESG Sustainability Report p.60
Responsible Value Creation

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 diverse, well-supported and high-performing 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 2024 for a full review of our sustainability approach and performance

Our Sustainability Priorities

We prioritise our 20+ sustainability issues based on our assessments of what is currently most important to our stakeholders, our business, society and the environment, as well as what is most urgent and where we choose to be more ambitious. We currently see these five ESG issues as our Company's top-most sustainability focus areas:

- **Employee Safety, Security, Health & Wellbeing**
- **Diversity, Equity & Inclusion**
- **Carbon & GHG Emissions Reduction**
- **Good Management & Corporate Governance**
- **Responsible Business Practices & Cargo Carriage**

In 2024, we conducted internal workshops to tighten up our vision, ambitions, goals and targets for Safety & Wellbeing and Diversity, Equity & Inclusion, key outcomes of which are summarised in our Sustainability Report 2024. We will enhance our strategies for our three other priority ESG issues in 2025.

ESG Sustainability Report **p.42 & 55**
Safety & DEI strategy reviews

These collaborative exercises provide a valuable opportunity for deeper engagement with our colleagues on these topics and provide a forum for refining and updating our ambitions, goals and targets, while empowering our colleagues to tailor initiatives to achieve them and further embedding sustainability in our culture.

ENVIRONMENTAL RESPONSIBILITY

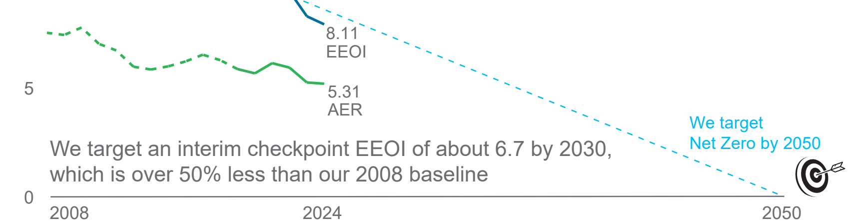
Ambition: As a leading dry bulk ship owner and operator, Pacific Basin seeks to further improve our fleet scale, optimise our performance and offer flexible and reliable service while striving to decouple this from environmental impact. We operate in a heavily regulated industry and take responsibility for decarbonising our fleet, managing our waste, marine discharges and resources consumption, ensuring our ships 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

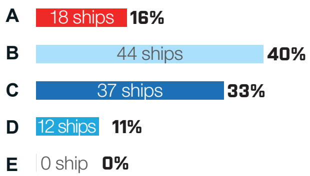
Carbon Intensity (EEOI) of our owned fleet KPI

0 by 2050 (6.7 by 2030)

Grams CO_2 per tonne-mile



Our AER Carbon Intensity Ratings



IMO GHG Strategy

Revised in 2023, IMO's GHG strategy includes goals for international shipping to achieve:

- net-zero emissions by about 2050
- CO_2 intensity reduction of 40% by 2030 compared to 2008 level
- total GHG emissions reduction of 20-30% by 2030 and 70-80% by 2040
- 5-10% of energy use to come from zero-GHG-emission technologies and fuels by 2030

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

In 2025, we are due to learn more about IMO's planned technical and economic measures (mid-term measures) scheduled to take effect in 2027.

Preparing Well for New Decarbonisation Regulations

- **IMO's global energy efficiency and carbon intensity regulations** (EEXI and CII) came into effect in 2023 and our ships are in compliance and well positioned to continue to comply and trade for the foreseeable future
- The European Union included shipping in its **Emissions Trading System (EU ETS)** with effect from 2024, and we pass up the cost of compliance with this carbon pricing mechanism to our cargo customers by including the cost of required EU Allowances in our freight rates for EU-related voyages
- The EU's **FuelEU Maritime** rules took effect in January 2025, forcing the gradual uptake of renewable and low-carbon fuels when trading in, to and from EU. We are complying by using sufficient compliant biofuel on just a few ships, in conjunction with pooling EU-related emissions from all our ships engaged in EU trades
- We are closely monitoring and preparing for IMO's new mid-term measures currently under development (and negotiation by 170+ members states) and scheduled to take effect in 2027, including:

a) technical measure	– a global GHG fuel standard regulating the phased reduction of marine fuel GHG intensity, essentially forcing the gradual adoption of green fuels
b) economic measure	– a GHG emissions pricing mechanism, likely in the form of a global carbon levy to incentivise the adoption of green ships and fuels

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

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

Achieving the long-term goal of complete decarbonisation will not be possible without a transition to green ships able to run on sustainable green fuels. In November 2024, we led the way by ordering four 64,000 dwt dual-fuel **low-emission vessels (LEVs)** capable of running on both green methanol or fuel oil. The vessels are scheduled for delivery in 2028 and 2029, well ahead of our original 2030 target.

ESG Sustainability Report **p.20**
Collaborating on LEVs

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 opportunity.

Our increased focus on mental wellbeing of our seafarers in recent years has included:

- Starlink internet service to provide high-speed internet service exceeding 200 Mbps ultra-low latency
- enhanced training strategies and constant review of safety and wellbeing programs
- a Wellness at Sea Manual and training covering a range of mental wellbeing topics to raise awareness across our fleet
- enhancement 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

We prioritise the safety and security of our colleagues, our ships 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
- Gangway turnstile
- Perimeter camera

The Gulf of Guinea Declaration
on Suppression of Piracy

Lost Time Injury Frequency

0.54 ↓ **19%**

injuries per million man hours

In 2024, our crews registered 11 lost-time injuries in over 20 million man hours, mostly arising from relatively minor slips, trips, falls, finger and eye injuries. We conduct thorough reviews of every incident and near-miss, analysing the root causes to develop and implement effective preventive measures.

External Inspection Deficiency Rate

0.72 ↓ **9%**

deficiencies per PSC inspection

We recorded fewer deficiencies in Port State Control inspections, benefitting from normalised ship manager visits and maintenance intensity, and a commensurate improvement in vessels' condition.

Harassment and Bullying Cases

4

harassment incidents

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

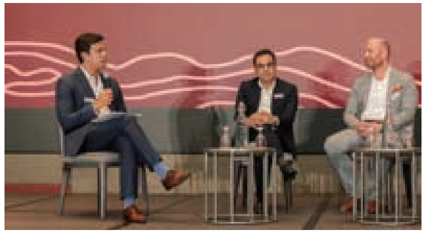
RESPONSIBLE VALUE CREATION

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

ESG Please see our standalone Sustainability Report 2024 for a review of how we create value responsibly

Examples of collaborations with our stakeholders in 2024



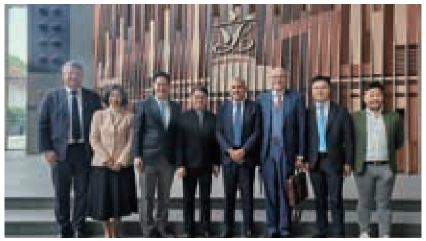
Since March 2023, we have been collaborating with our cargo customer Rio Tinto as part of their Designated Owners & Operators Standard initiative to enhance safety and welfare in dry bulk industry.

7 young recruits attended our structured trainee programme in 2024. We also expanded our internship programme, welcoming a diverse group of 17 interns mainly in our Hong Kong headquarters.

We sponsored free admission to the Hong Kong Maritime Museum for the general public to mark the International Day of the Seafarer in late June.

We organised a Wives and Mothers Wellness Day in the Philippines for spouses and parents of our seafarers, featuring activities to promote physical and mental wellbeing.

Following a two and a half year collaboration with Japanese partners Nihon Shipyard Co and Mitsui & Co, Pacific Basin has contracted for four 64,000 dwt dual-fuel Ultramax newbuilding low-emission vessels (LEVs) capable of running on both green methanol and conventionally fuel oil.



We are on the Methanol Bunkering Task Force which helps the Hong Kong government formulate policies that drive the development of green fuel bunkering in Hong Kong. We are also in dialogue with several green fuel producers to develop our access to green fuels for our LEVs.

We supported the marine conservation and education programmes of WWF Hong Kong, which included eco-tours around Hong Kong's shorelines and coral reefs for over 60 Pacific Basin colleagues and family members.

We advocated strongly for security, fair treatment and due process for seafarers in a number of forums in which coast guard, law enforcement, drug enforcement and other security agencies collaborated with the industry to try tackle the issues of drug trafficking on ships and unfair seafarer criminalisation.

RESPONSIBLE BUSINESS FUNDAMENTALS

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

Governing with efficiency and discretion

We continue to bolster and streamline management decision-making, risk mitigation, due diligence and board governance procedures and systems, ensuring alignment between ship and shore operations.

Strengthening resilience and business continuity

We mitigate accidents which pose material risks not only to the business but to our people and the environment. We futureproof the business by assessing and managing disruptions from climate risks, global pandemics and cyber security.

Building trust through integrity and transparency

We increase stakeholder confidence by tackling corruption with ethical practices, transparent reporting and regular multi-level engagement.

Maintaining financial health and access to capital

We continue to manage our financial resources and funding, work within our financial gearing targets, maintain the financial health of the Group drawing on our access to capital, and strive for best-in-class reporting, transparency and corporate stewardship.

ESG Please see page 10 of our Sustainability Report 2024 for our ESG ratings and awards

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) reports to the SC to ensure effective implementation of our sustainability strategy.

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.

After an extensive global search, we welcomed two new appointees to our Board as Independent Non-executive Directors who also serve on our Sustainability Committee and other committees effective from 1 February 2025. Our Board now comprises nine members of seven nationalities, including six Independent Non-executive Directors, two Non-Executive Directors and one Executive Director, with four women directors comprising 44% of the Board.

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, EcoVadis, Bloomberg and FTSE Russell.

MSCI ESG RATINGS BBB

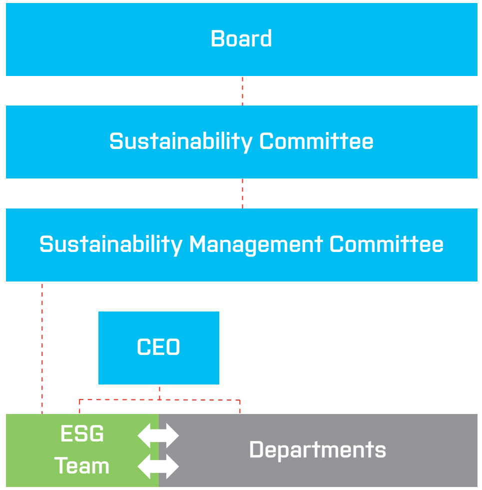
In 2024, Pacific Basin received an MSCI ESG Rating of BBB

AA- Sustainability Rating by HKQAA

We received a sustainability rating of AA- from the Hong Kong Quality Assurance Agency on behalf of Hang Seng Indexes

GOVERNANCE QUALITYSCORE 1 HIGHEST RANKED BY ISS ESG

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



Our Sustainability team is lean and centralised, and serves to shape ESG strategy and oversee execution, measure and report performance, act as ambassadors to engage, inspire, transform ESG into a differentiator, and embed sustainability in our culture.

Relevant departments own our ESG issues and execute the detailed planning and implementation of initiatives to meet our sustainability goals

GOVERNANCE

CORPORATE GOVERNANCE

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

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

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

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

Corporate Strategy

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

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

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

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

The Board of Directors

Board Composition and Responsibilities

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

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

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

- **Dynamic Board Composition**

  A list of the Board members and their roles and functions is available on the websites of the Company and the Stock Exchange. Our Board members come from diverse business and professional backgrounds, bringing valuable experience to the Board for the best interests of the Company and its shareholders. As at the date of this Annual Report, the Board comprising nine members with expertise in accounting, commercial, commodities, corporate finance, merger and acquisition, financial services, legal, human resources, multi-national companies, marine technology, naval architect and shipping business. They are collectively responsible for directing and supervising the affairs of the Group.

- **Board Nomination and Diversity**

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

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

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

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

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

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

Board Skills and Experience

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

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

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

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

Executive Director Commitment to the Business Activities of the Group

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

Role of the INEDs and NEDs

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

NEDs' and INEDs' Period of Office

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

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

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

Assessment of INEDs' Independence

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

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

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

Directors' Continuous Professional Development

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

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

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

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

Board Evaluation

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

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

The Board and its members' responsibilities

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

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

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

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

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

Board Committees

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

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

www.pacificbasin.com
Sustainability > Board & Board Committees

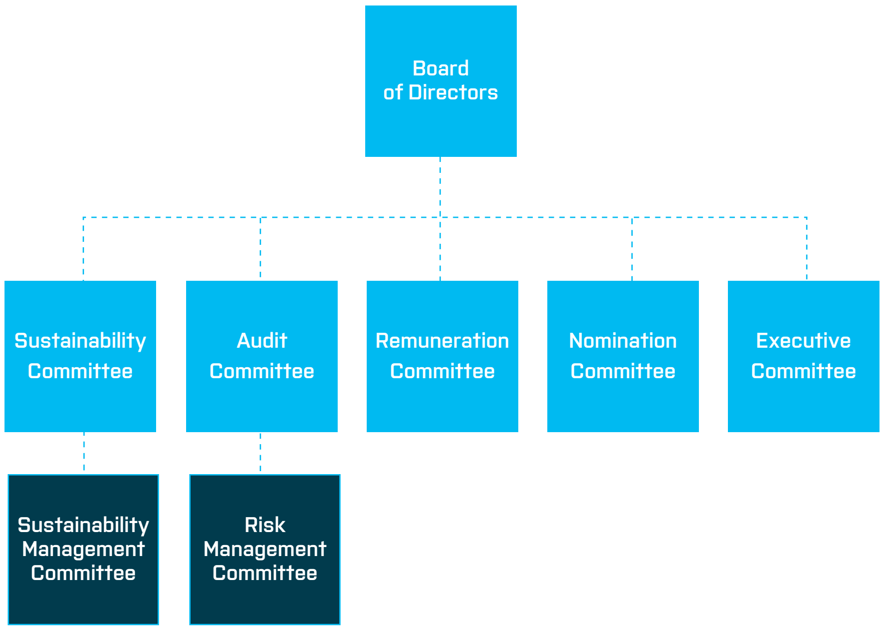
Decisions made by the Board and the Board Committees are based on detailed analyses prepared by the management which include:

(i) monthly operations performance analysis;

(ii) periodic asset investment and divestment proposals;

(iii) periodic proposals on financing and capital structure; and

(iv) periodic Board meetings to evaluate management's strategic priorities.



Board, Board Committee and General Meetings in 2024

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

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

Meetings held in 2024

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

[1] The Sustainability Committee was established on 2 January 2024

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

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

The Audit Committee

Membership

Chairman: John M.M. Williamson (INED)

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

Main Responsibilities

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

Work Done in 2024

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

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

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

The Remuneration Committee

Membership

Chairman: Irene Waage Basili (INED)

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

Main Responsibilities

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

Work Done in 2024

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

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

The Nomination Committee

Membership

Chairman: Stanley H. Ryan (INED)

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

Main Responsibilities

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

Work Done in 2024

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

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

The Executive Committee

Membership

Chairman: Chief Executive Officer

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

Main Responsibilities

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

Work Done in 2024

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

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

Sustainability Governance

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

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

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

Sustainability is a Board Responsibility

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

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

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

Elevated Board-level Oversight

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

Functions of SMC

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

Day-to-day Implementation

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

Compliance with ESG Code

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

The Sustainability Committee

Membership

Chairman: Kirsi K. Tikka (INED)

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

Main Responsibilities

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

Work Done in 2024

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

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

The Sustainability Management Committee

Membership

Chairman: Chief Executive Officer

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

Main Responsibilities

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

Work Done in 2024

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

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

Climate Training for Board

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

RISK MANAGEMENT

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

Framework

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

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

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

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

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

- **Governance and Culture**

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

- **Strategy and Objective-setting**

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

- **Performance**

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

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

- **Review and Revision**

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

- **Information, Communication, and Reporting**

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

The Risk Management Committee

Membership

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

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

Main Responsibilities

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

Work Done in 2024

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

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

Annual Assessment of Risk and Internal Controls

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

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

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

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

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

p.11 The Year in Review

Effectiveness of the Risk Management and Internal Control Systems

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

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

OUR PRINCIPAL RISKS

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

p.33 How We Create Value

1. Investing in Our Fleet

p.34-36 Delivering on Our Strategy

Risk/Impact

Market Risk A

Adverse financial impacts include:

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

Change from last year: ↑

Mitigating Measures

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

Our operating activity is able to generate a margin throughout the shipping cycle complementing our core business.

Earnings volatility is partially managed by securing contracts of affreightment of one year or longer. We remain focused on the Handysize and Supramax segments of the dry bulk sector which is where we have a strong competitive edge.

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

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

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

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

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

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

p.101 Financial Statements Note 14
Derivative Assets and Liabilities

Risk/Impact

Vessel Investment, Deployment and Operational Risk

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

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

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

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

Change from last year: ↑

Mitigating Measures

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

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

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

ESG Sustainability Report p.36
Pacific Basin Management System

2. Investing in Our People

p.34-36 Delivering on Our Strategy

Risk/Impact	Mitigating Measures
Succession Risk Inadequate succession planning may lead to prolonged executive searches, disruption to our strategic momentum and the Group's business, and undermine stakeholders' confidence within the Group. **Change from last year:** ↓	Our Group's dedicated HR department oversees the organisational design, talent management, recruitment and remuneration. Succession plans for senior management are regularly reviewed. The Nomination Committee closely monitors the Board succession planning process to ensure Board continuity and diversity. Actively promote our brand and culture and proactive engagement among staff. The Group implemented measures to modernise our way of work, facilitate work flexibility and travel for staff members. The Group has a clear vision, mission and business principles with which to equip any potential Board, management and staff successors to lead the business forward.
Employee Recruitment, Engagement, Retention Risk We are only as good as our people and so our ability to achieve our vision depends on the effectiveness of our staff both ashore and at sea. Loss of key staff or an inability to attract, train or retain staff could affect our ability to grow our business and achieve our long-term goals. Due to the nature of the profession, working at sea can be physically and emotionally demanding which brings challenges to recruit seafarers and to maintain their health and wellbeing as failure to do so may impact operational safety. **Change from last year:** ↓	Our Group's HR and crewing departments are tasked with recruiting, developing and maximising engagement of staff ashore and at sea by: ▪ refreshing our Diversity, Equity & Inclusion (DEI) strategy to enhance engagement, teamwork, performance and success; ▪ maintaining regular contact with talent representing a wide cross-section of the shipping industry, and using diverse manning sources for seafarers to engage our diversified crew pools in several countries; ▪ reviewing salary structure regularly to ensure that it remains adequate and competitive to attract and retain the best talent; ▪ conducting staff engagement survey to enhance employee's engagement; ▪ providing in-person, interactive officer training and seminars to facilitate education and communication; ▪ offering regular training for staff ashore and at sea, not only to ensure that they are capable of performing their duties but also to help improve professional fulfilment; ▪ implementing annual staff performance appraisals, incentives and other initiatives to encourage, retain and otherwise engage staff; ▪ upgrading satellite data plans and wellbeing facilities on-board to offer our crews better internet access 24/7 and entertainment facilities; ▪ providing 24/7 medical and specialist advice to our seafarers; and ▪ providing an employee wellness programme on a global basis including offering counselling services and wellness workshops to all employees. ESG Sustainability Report p.33-58 Responsibility to our People

3. Deepening Our Relationships

p.34-36 Delivering on Our Strategy

Risk/Impact	Mitigating Measures
Credit and Counterparty Risk A Default or failure of counterparties to honour their contractual obligations may cause financial losses. Counterparties include: ■ our cargo customers; ■ ship owners; ■ ship builders, sellers and buyers; ■ suppliers; ■ derivatives counterparties; and ■ banks and financial institutions. **Change from last year:**	Our global office network enables us to know our counterparties better. We take measures to limit our credit exposure by: ■ transacting with a diverse range of counterparties with successful track records and sound credit ratings; ■ actively assessing the creditworthiness of counterparties; ■ establishing a due diligence team to perform on-boarding counterparties due diligence; ■ enhancing our counterparty on-boarding procedures to enable comprehensive evaluation; ■ deploying a comprehensive, automated and API-enabled sanctions compliance solution, supplemented by independent risk appraisal reports to perform sanction checks and full evaluation on all new counterparties and systematic daily screening of our active counterparties, to ensure the Group complies with international sanctions legislation; ■ engaging with our counterparties on a regular basis to keep up to date with their financial situations; and ■ obtaining refund guarantees from newbuilding shipyards. p.105 Financial Statements Note 15 Trade and other receivables
Customer Satisfaction and Reputation Risk Poor service may impair our brand value and reputation as a trusted counterparty, which could restrict our access to customers, cargoes, high-quality vessels, funding and talent. **Change from last year:**	Our global office network positions us closer to our customers enabling direct and frequent customer engagement, a clearer understanding of their needs and localised customer service. With 14 offices on 6 continents, we provide a localised global service for any customers on any route, anywhere, anytime. Our fleet scale and uniformity, complemented by our comprehensive in-house technical operations, utilising an extensive and integrated marine online trading platform to enhance our ability to deliver a high-quality and reliable service. Customer engagement includes surveys and regular telephone or face-to-face contact to gather feedback with a view to further improve customer satisfaction.
Banking Relationships Risk Poor loan administration and relationships with banks may limit our funding sources. **Change from last year:**	Our Group's dedicated corporate finance function develops and maintains relationship with a diverse group of reputable banks worldwide through regular senior management contact. We also work on the diversification of our funding profile.

4. Safeguarding Health and Safety

p.34-36 Delivering on Our Strategy

Risk/Impact	Mitigating Measures
Health, Safety and Security Risk Inadequate safety maintenance and operational standards, increased risk of drug smuggling, piracy or other causes of accidents may lead to security issues, injuries, loss of life, severe damage to our third party and owned properties or vessels, affecting profitability and impacting the Group's reputation among seafarers, customers and other stakeholders. **Change from last year:** ↑	We nurture an empowered, risk and safety-focused organisation. Our commitment to the safe operation of our ships is manifested through a proactive and robust system ashore and at sea – the Pacific Basin Management System ("PBMS") – which is reviewed and updated regularly. The PBMS is further enhanced by comprehensive risk assessment, well-conceived training and maintenance programmes, as well as innovative initiatives to ensure our vessels are in good condition and in all respects safe to trade. We adopt comprehensive anti-drug smuggling measures and take appropriate precautions according to the level of risk, including hiring a security expert to further assess security risks and enhance mitigation measures. Our high-quality attention to safety is evidenced by an excellent safety record and our several safety-related awards in recent years. We maintain high retention of senior officers and sufficient crews on board to ensure our crews are experienced in our trades with a good rest-to-work ratio. We focus on enhancing our seafarers' health, safety and wellbeing on board by providing comprehensive support including physical and mental wellbeing support with the latest in remote medical support services. We provide training and development for our seafarers, adopting a well-designed and structured approach that boosts the overall health and safety performance of our seafarers and our fleet. ESG Sustainability Report **p.37-46** Safety, Security, Health & Wellbeing
Insurance Risk Vessel incidents could endanger our crew, adversely affect the strength of our brand and reputation and result in service disruption and significant costs. **Change from last year:** ↑	Despite best efforts to ensure safe operations, incidents do happen. We place insurance cover at competitive rates through marine insurance products both on our owned fleets and chartered fleets, including hull and machinery, war risk, protection and indemnity, loss of hire, drug seizure loss, freight demurrage and defence cover. Sufficiency of insurance cover is regularly evaluated and adjusted in line with prevailing asset values and in compliance with loan covenants and internal policies.

5. Evolving Management & Governance Practices

p.34-36 Delivering on Our Strategy

Risk/Impact	Mitigating Measures
IT Security Risk Our business processes rely heavily on IT systems (including cloud-based) on daily communications ashore and at sea. Failure of a key IT system, targeted attacks on our system, or a breakdown of security systems could result in communications breakdown, business disruption and potential financial and/or reputational losses. Business disturbances due to cybersecurity risks can be significant. **Change from last year:**	Our IT Steering Committee chaired by our CEO oversees the Group's IT policies and procedures and ensures the Group's IT strategies meet our business needs. Our IT team works closely with the business departments to tailor appropriate and effective IT solutions, support, and preventive and contingency measures. We have a formalised business continuity plan ("BCP") system in place and arrange periodic company-wide drills and webinars to simulate a situation of essential IT systems shutdown. Our system migrations to reputable cloud-based services had significantly enhanced the Group's data security and reduced the likelihood of cyber incidents. We regularly evaluate our cloud-service providers, ensuring that they have organisational controls in place to safeguard systems and data. We also verify if they are independently certified by international standard audits so as to comply with industry standards and our internal policies. We continue to enhance our cyber security maturity by upgrading our IT infrastructure and enhancing employees' knowledge and awareness. We further protect our business against financial loss due to cyber-crimes by taking commercial crime insurance cover.
Corporate Governance Risk Inadequate corporate governance measures may adversely impact the diligence, integrity and transparency of our risk assessment, decision-making and reporting processes and undermine stakeholders' confidence. **Change from last year:**	The Group is committed to good corporate governance to meet the requirements of our business and stakeholders. The Board has established the Audit (supported by the Risk Management Committee), Sustainability (supported by the Sustainability Management Committee), Remuneration and Nomination Committees, to proactively ensure the overall corporate governance, risk management framework and sustainability strategy of the Group are appropriate and effective. The Group has put in place appropriate internal procedures to monitor changes in applicable laws and regulations, ensure compliance with all relevant local and international laws and regulations in the places we trade, including comprehensive regulations enacted by the International Maritime Organization (and enforced by its member countries) and international sanctions legislation. Our commitment to anti-bribery practices and high standards of corporate governance has been certified by TRACE, and is underscored by our admission as a member of the Maritime Anti-Corruption Network (MACN). Regular anti-bribery trainings were organised to shore-based staff and seafarers. The Board and relevant employees receive regular governance training to ensure a high standard of corporate governance. p.43 Corporate Governance
Investor Relations Risk Lack of transparency or adequacy in our external communications could undermine stakeholders' confidence in our Group. **Change from last year:**	The Group has a dedicated investor relations function and has in place policies and guidelines on information disclosure and communication with the public. We review our implementation and effectiveness of our Shareholders Communication Policy annually. We publish financial reports or trading updates quarterly, keeping the public informed of material developments of the Group and the market guided by the Corporate Governance Code's best practices. Our website and social media platforms are updated regularly with company news and financial information. p.78 Investor Relations

6. Safeguarding the Environment

p.34-36 Delivering on Our Strategy

Risk/Impact

Environmental and Decarbonisation Risk

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

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

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

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

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

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

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

Change from last year: ↑

ESG Sustainability Report **p.26**
Continuous Preparation for Decarbonisation Rules

Mitigating Measures

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

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

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

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

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

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

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

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

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

7. Maximising Efficiencies & Controlling Costs

p.34-36 Delivering on Our Strategy

Risk/Impact	Mitigating Measures
Operational Efficiency Risk Poor internal systems, processes, communications and management could adversely impact our business and undermine our operational efficiency. **Change from last year:**	The Group's top-down approach ensures its performance and strategic objectives (including efficiency objectives) are communicated to all staff through organisation-wide staff meetings, information dissemination via intranet and seasonal team building events. We have also established a clear and robust organisation structure that supports our business needs. Other key measures to bolster operational efficiency include: ■ accelerate the Group's digitalisation and processes automations journey by review and upgrade of IT systems, evaluation and procurement of new software and digital applications, applications and hardware to ensure alignment with the business environment and requirements and promote effective system integrations across our operations; ■ new digital resources enabled integrated data to enhance transparency and accuracy, resulting in faster and reliable data access to drive better business decisions and ultimately business value; ■ appropriate documentation of business policies and procedures to ensure process consistency and best practices; ■ proper vendor vetting procedures to ensure the stable and sustainable supply of services and goods; and ■ outsource certain operational functions where appropriate to third party providers, allowing our own resources to be more effectively deployed.
Cost Management Risk Failure to manage costs effectively and sensibly could result in financial losses, resources misallocation, safety issues, business disruption, customer dissatisfaction, supplier alienation or loss of opportunities. **Change from last year:**	Active resources planning and costs estimation are carried out by business departments to expedite their work scope and assess business opportunities. Our cost management measures are in line with our strategy to maximise efficiency and reduce cost without jeopardising our stakeholders' satisfaction, corporate reputation and operational safety. Approval mechanisms are in place across business departments to ensure expenditures are scrutinised and approved by authorised persons. Monthly management reports including its costs and deviation from budget are scrutinised by the Board and management to ensure the proper performance of the Group. Variances from resources planning and cost estimations are regularly monitored to enable effective optimisation of business performance and cost efficiency.

8. Enhancing Corporate & Financial Profile

p.34-36 Delivering on Our Strategy

Risk/Impact	Mitigating Measures
Liquidity Risk A Insufficient financial resources (such as bank borrowing facilities) may negatively impact the Group's ability to grow and to meet its payment obligations as they fall due. **Change from last year:**	Our Group's Corporate Finance function actively manages the cash and borrowings of the Group to ensure: ■ sufficient funds are available to meet our existing and future commitments; ■ an appropriate level of liquidity is maintained during different stages of the shipping cycle; ■ compliance with covenants relating to our borrowings and convertible bonds; ■ regular and transparent dialogues with our relationship banks are maintained; and ■ the right level of financial leverage and financial flexibility. p.115 Financial Statements Note 26 Financial Liabilities Summary p.28 Cash and Borrowings
Capital Management Risk A Weakness in our financial management capability and insufficient capital could impact: ■ our ability to operate as a going concern; ■ our ability to provide adequate returns to shareholders; and ■ other stakeholders' ability and willingness to support the Group. Increase in interest rate and exchange rate volatility in the currencies we use may increase uncertainty of funding cost and financial impact. **Change from last year:** p.56 Our Principal Risks Deepening Our Relationships	To achieve an optimal capital structure, the Group conducts regular reviews on: ■ future capital requirements and capital efficiency; ■ prevailing and projected profitability; ■ projected operating cash flows; and ■ projected capital expenditure and expectations for strategic investment opportunities. Our distribution policy is to pay out a minimum of 50% of net profits for the full year, excluding vessel disposal gains, and any additional distribution can be in the form of special dividends and/or share buyback, with the remainder of the profits retained as capital for future use. p.79 Investor Relations Shareholder Return and Dividend Our exchange rate risk is limited by the general use of US dollars in our industry. Interest rate volatility is managed by entering into interest rate swaps. Our Board monitors closely the ratio of interest cover, net borrowings to net book value of owned vessels, and the ratio of net borrowings to shareholders' equity. p.3 Financial Highlights p.101 Financial Statements Note 14 Derivative Assets and Liabilities

OTHER INFORMATION

Handling Inside Information

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

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

Directors – Remuneration and Share Ownership

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

Directors' Securities Transactions

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

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

Senior Management and Staff's Securities Transactions

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

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

Auditor's Remuneration

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

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

Our Shareholders

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

p.76 Report of the Directors
Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

p.79 Investor Relations
Our Shareholders

Shareholders Communication Policy

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

www.pacificbasin.com
Sustainability > Corporate Governance

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

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

p.81 Investor Relations
Stakeholder Communication Channels

Shareholders Meeting

The Company held one general meeting during the reporting year.

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

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

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

Amendments to Bye-laws of the Company

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

www.pacificbasin.com
Investors > News: Proxy Form
Media > FAQ: AGM and Shareholders' Questions

Shareholders' Rights

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

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

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

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

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

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

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

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

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

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

Planned Financial Calendar in 2025

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

Closure of Register of Members

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

OUR DIRECTORS

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

Executive Director

Martin Fruergaard

Chief Executive Officer and Executive Director

(age 57)

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

Education & qualifications:
International Institute for Management Development: EMBA degree

Various executive courses at IMD and Harvard Business School

Advanced Management Program at Harvard Business School

Term of office:
Appointed as Executive Director in July 2021
Current term expires at the 2027 AGM

External appointments:
Executive Committee member of the Hong Kong Shipowners Association

Committee membership:
Chairman of Executive Committee

Independent Non-executive Directors

Stanley Hutter Ryan

Chairman of the Board and Independent Non-executive Director

(age 63)

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

Education & qualifications:
University of Notre Dame: Bachelor of Economics and Computer Applications degree

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

Term of office:
Appointed as INED in July 2016
Current term expires at the 2027 AGM

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

Committee membership:
Chairman of Nomination Committee
Member of Remuneration Committee

Irene Waage Basili

Independent Non-executive Director

(age 57)

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

Education & qualifications:
Boston University: Bachelor of Business Administration degree

Term of office:
Appointed as INED in May 2014
Current term expires at the 2026 AGM

External appointments:
Chief executive officer of Shearwater Geoservices

Committee membership:
Chairman of Remuneration Committee
Member of Nomination Committee

Independent Non-executive Directors

Kirsi Kyllikki Tikka

Independent Non-executive Director

(age 68)

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

Education & qualifications:

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

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

Harvard Business School: Executive Training Program, Management Development

Term of office:
Appointed as INED in September 2019
Current term expires at the 2025 AGM

External appointments:
INED of New York-listed Ardmore Shipping Corporation

Committee membership:
Chairman of Sustainability Committee
Member of Nomination Committee

John Mackay McCulloch Williamson

Independent Non-executive Director

(age 66)

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

Education & qualifications:

Heriot-Watt University: Bachelor of Arts degree

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

Fellow of the Chartered Institute for Securities and Investment, UK

Senior Fellow of the Hong Kong Securities and Investment Institute

Member of the Hong Kong Management Association

Term of office:
Appointed as INED in November 2020
Current term expires at the 2026 AGM

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

Committee membership:
Chairman of Audit Committee

Kalpana Desai

Independent Non-executive Director

(aged 57)

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

Education & qualifications:
London School of Economics and Political Science: Bachelor of Economics degree

Harvard Business School: Corporate Director Certificate

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

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

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

Committee membership:
Member of Audit and Sustainability Committees

Independent Non-executive Director and Non-executive Directors

Wang Xiaojun Heather

Independent Non-executive Director

(age 61)

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

Education & qualifications:
Rutgers Business School: MBA

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

External appointments:
INED of Hong Kong-listed CLP Holdings Limited

Committee membership:
Member of Remuneration and Sustainability Committees

Alexander Howarth Yat Kay Cheung

Non-executive Director

(age 53)

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

Education & qualifications:
King's College London: LLB Hons Degree

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

Term of office:
Appointed as NED in January 2022

Current term expires at the 2025 AGM

External appointments:
None

Committee membership:
Member of Audit and Remuneration Committees

Mats Henrik Berglund

Non-executive Director

(age 62)

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

Education & qualifications:
Gothenburg University Business School: an Economist (Civilekonom) degree

Advanced Management Program at Harvard Business School

Term of office:
Appointed as NED in January 2024 for 3 years

Current term expires at the 2027 AGM

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

Committee membership:
Member of Nomination and Sustainability Committees

REMUNERATION REPORT

Introduction

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

Group's Remuneration Policy

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

The Board has taken into consideration a number of relevant factors when considering remuneration adjustments and annual bonuses, such as making reference to the prevailing market conditions, local market practice, salaries paid by comparable companies, the levels of emolument of existing staff of the Company, job responsibilities, duties and scope, performance of individuals and the market demand for their skills. The business of shipping is highly cyclical. It is inappropriate to impose straight financial measures for both salary adjustments and bonus determination as to do so would likely generate meaningless results and potentially damaging consequences. The Board seeks to obtain a balance of all the above mentioned factors.

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

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

Key components of remuneration are set out below.

Key Remuneration Components for Executive Directors and All Employees

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

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

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

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

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

Looking forward – 2025 and beyond

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

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

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

Remuneration for the Years Ended 31 December 2024 and 2023

31 December 2024	Directors fee US$'000	Salaries US$'000	Bonuses US$'000	Pension[6] US$'000	Total payable US$'000	Share-based compensation[1] US$'000	Total payable and charged US$'000
Executive Director							
Martin Fruergaard	**–**	**1,120**	**170**	**2**	**1,292**	**558**	**1,850**
Independent Non-executive Directors							
Irene Waage Basili	**109**	**–**	**–**	**–**	**109**	**–**	**109**
Stanley H. Ryan	**200**	**–**	**–**	**–**	**200**	**–**	**200**
Kirsi K. Tikka	**109**	**–**	**–**	**–**	**109**	**–**	**109**
John M.M. Williamson	**115**	**–**	**–**	**–**	**115**	**–**	**115**
Alexandre F.A. Emery[2]	**102**	**–**	**–**	**–**	**102**	**–**	**102**
Non-executive Directors							
Alexander H.Y.K. Cheung	**102**	**–**	**–**	**–**	**102**	**–**	**102**
Mats H. Berglund[3]	**102**	**–**	**–**	**–**	**102**	**–**	**102**
	839	**–**	**–**	**–**	**839**	**–**	**839**
Total Directors' remuneration	**839**	**1,120**	**170**	**2**	**2,131**	**558**	**2,689**
Senior Management							
Michael Jorgensen[4]	**–**	**785[4]**	**–**	**2**	**787**	**905**	**1,692**
Other Employees	**–**	**170,257[5]**	**6,171**	**4,419**	**180,847**	**4,152**	**184,999**
Total remuneration	**839**	**172,162**	**6,341**	**4,423**	**183,765**	**5,615**	**189,380**

31 December 2023	Directors fee US$'000	Salaries US$'000	Bonuses US$'000	Pension[6] US$'000	Total payable US$'000	Share-based compensation[1] US$'000	Total payable and charged US$'000
Executive Directors							
David M. Turnbull[7]	–	153	–	–	153	362	515
Martin Fruergaard	–	1,093	553	2	1,648	576	2,224
Peter Schulz[8]	–	833[8]	–	1	834	510	1,344
	–	2,079	553	3	2,635	1,448	4,083
Independent Non-executive Directors							
Irene Waage Basili	104	–	–	–	104	–	104
Stanley H. Ryan	170	–	–	–	170	–	170
Kirsi K. Tikka	106	–	–	–	106	–	106
John M.M. Williamson	118	–	–	–	118	–	118
Robert C. Nicholson[9]	33	–	–	–	33	–	33
Non-executive Director							
Alexander H.Y.K. Cheung	106	–	–	–	106	–	106
	637	–	–	–	637	–	637
Total Directors' remuneration	637	2,079	553	3	3,272	1,448	4,720
Senior Management							
Michael Jorgensen[4]	–	273	57	1	331	146	477
Other Employees	–	172,980[5]	8,671	4,075	185,726	4,324	190,050
Total remuneration	637	175,332	9,281	4,079	189,329	5,918	195,247

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

Note:

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

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

Accounting Policies on Employee Benefits A

Bonuses

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

Retirement Benefit Obligations

Mandatory Provident Fund Scheme

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

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

Other Defined Contribution Schemes

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

Share-based Compensation

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

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

REPORT OF THE DIRECTORS

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

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

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

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

Results

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

Dividend

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

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

p.12 Chief Executive's Review

Purchase, Sale or Redemption of Securities

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

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

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

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

Share Capital and Pre-emptive Rights

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

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

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

Convertible Bonds

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

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

Distributable Reserve

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

Donations/Sponsorships

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

Material Investments, Acquisitions and Disposals

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

2013 Share Award Scheme & 2023 Share Award Scheme

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

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

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

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

Maximum Number of Shares

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

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

Vesting of Awards

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

Limit for Each Eligible Participant

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

Procedure of Granting Restricted Awards

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

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

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

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

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

Awards Granted

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

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

Note: No awards cancelled during the financial year

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

'000 shares	Date of Grant	Unvested at 31 Dec 2024	Unvested at 1 Jan 2024	During the Year Granted[1]	During the Year Vested[2]	During the Year Lapsed	Vesting period[5] 2025	Vesting period[5] 2026	Vesting period[5] 2027
	2-Aug-21	–	2,421	–	(2,421)	–	–	–	–
	3-Mar-22	1,280	1,280	–	–	–	1,280	–	–
	2-Aug-23	1,466	1,466	–	–	–	–	1,466	–
	5-Mar-24	1,658	–	1,658	–	–	–	–	1,658
		4.404	5,167	1,658	(2,421)	–	1,280	1,466	1,658

Notes:

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

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

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

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

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

Directors

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

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

Notes:

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

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

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

Directors' Service Contracts

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

Directors' Material Interests in Transaction, Arrangement and Contracts

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

Director's Indemnities

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

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

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

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

Notes:

(1) Restricted share awards were granted during the year under the 2023 SAS and have been disclosed on page 73 of this Report.

(2) Mr. Emery resigned as an INED with effect from 2 January 2025.

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

Biographical Details of Directors

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

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

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

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

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

Notes:

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

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

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

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

Other Disclosure

Management Contracts

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

Major Customers and Suppliers

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

Connected Transactions

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

Compliance with the Corporate Governance Code

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

Audit, Remuneration, Nomination, Sustainability and Executive Committees

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

Auditor

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

Public Float

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

By Order of the Board

Mok Kit Ting, Kitty

Company Secretary

Hong Kong, 28 February 2025

INVESTOR RELATIONS

Creating Value for Shareholders

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

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

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

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

www.pacificbasin.com
About Us > Awards

Share and Convertible Bond Information

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

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

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

p.110 Share Capital

Pacific Basin Share Price Performance vs Hang Seng Index

Source: Bloomberg, data as at 21 February 2025

Convertible Bonds Price Performance

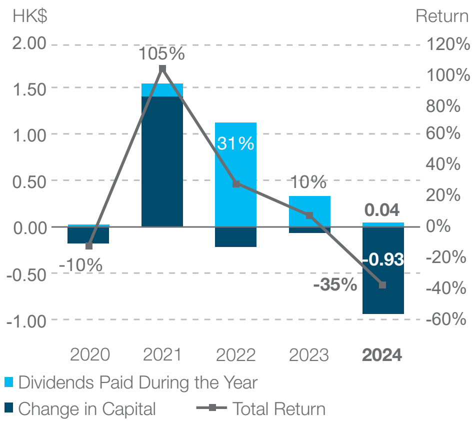
Source: Bloomberg, data as at 21 February 2025

Shareholder Return and Dividend

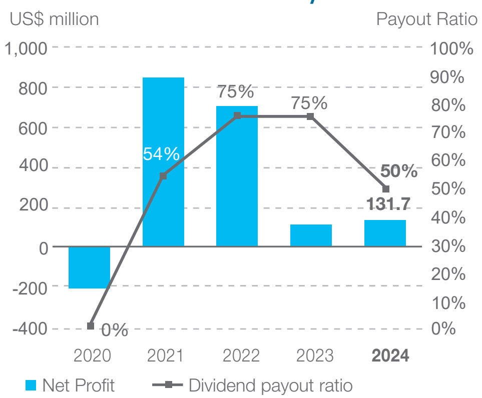
Value is returned to shareholders by way of both appreciation in share price and dividends. In 2024, our total shareholder return was (35)% due to a sector-wide reduction in share prices.

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

Total Shareholders' Return



Net Profit and Dividend Payout Ratio



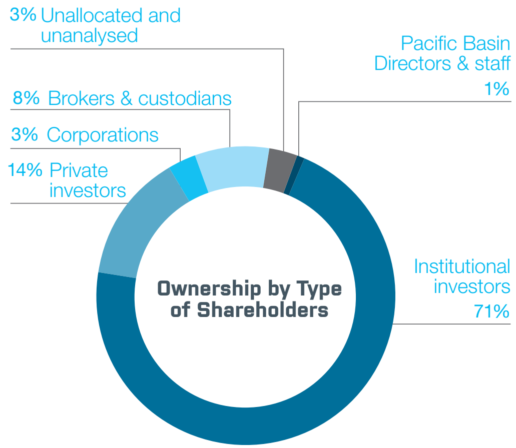
Our Shareholders

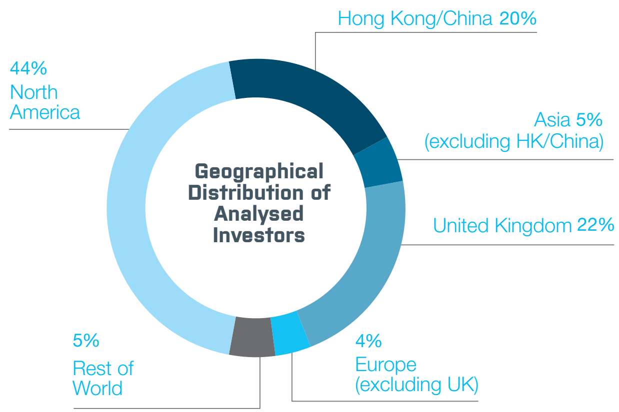
As at 31 December 2024, Orient Capital was able to analyse the ownership of approximately 88% of the Company's share capital. Institutional Investors still accounted for the largest portion of the Company's shareholder base, owning over 3.6 billion shares or 71% of our share capital.

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

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

* Number of shareholders discovered and analysed



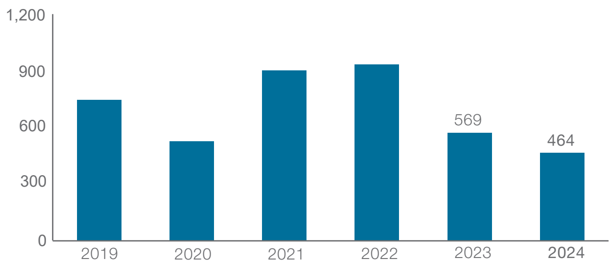


Our Activities in 2024

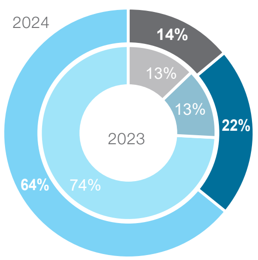
Investor Meetings

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

Number of Investors We Engaged



Type of Investor Meetings



- Investment Banks Conferences
- Meeting/Conference Calls
- Results Announcements & NDRs

Communications with Sell-side Analysts

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

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

Analysts covered Pacific Basin in 2024

8

Research Reports covered Pacific Basin in 2024

42

Analyst Contact Details
www.pacificbasin.com
Investors > Shareholder Information > Research Coverage

Investor Perception

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

Key Investor Concerns in 2024

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

Stakeholder Communication Channels

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

Company Website

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

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

Social Media Communications

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

Vessel Tours

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

Financial Reporting

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

Shareholder Meetings and Hotlines

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

Investor Perception

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

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

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

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.

US$ Million	Note	2024	2023	Change*
Revenue		**2,581.6**	2,296.6	+12%
Bunker, port disbursement & other voyage costs		**(1,099.6)**	(1,015.1)	-8%
Time-charter equivalent ("TCE") earnings	1	**1,482.0**	1,281.5	+16%
Owned vessel costs				
Operating expenses	2	**(197.0)**	(210.1)	+6%
Depreciation	3	**(153.7)**	(150.5)	-2%
Net finance costs	4	**(6.2)**	(5.4)	-15%
Chartered vessel costs				
Non-capitalised charter costs	5	**(880.0)**	(656.5)	-34%
Capitalised charter costs	5	**(47.6)**	(64.3)	+26%
Operating performance before overheads		**197.5**	194.7	+1%
Adjusted total G&A overheads	6	**(82.7)**	(76.0)	-9%
Taxation and others		**(0.7)**	0.5	>-100%
Underlying profit		**114.1**	119.2	-4%
Net disposal gain of vessels	7	**9.6**	10.8	
Unrealised derivative income/ (expenses)	8	**4.0**	(4.6)	
Write-back of provisions	9	**4.0**	–	
Vessel impairment		**–**	(16.0)	
Profit attributable to shareholders		**131.7**	109.4	+20%
EBITDA		**333.4**	347.2	-4%
Net profit margin		**5%**	5%	0%
Return on average equity		**7%**	6%	+1%

* 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 market freight rates 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 2% mainly due to higher docking costs and investments in fuel-efficiency enhancements.
4. The 15% increase in net finance costs was primarily due to lower interest income as a result of decreased 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 market freight rates during the year.
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 9% mainly due to increased staff costs and IT-related expenses.
7. The net disposal gain relates to the disposal of our older and less efficient Handysize vessels.
8. Unrealised derivative income mainly represents the positive mark-to-market on our forward freight agreements.
9. Write-back of provisions relates to settlement in operational costs and claims.

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.

Pages 84 to 119 comprise the audited financial statements A

FINANCIAL STATEMENTS

Consolidated Income Statement

	Note	For the year ended 31 December 2024 US$'000	2023 US$'000
Revenue	4	**2,581,552**	2,296,622
Cost of services	5	**(2,446,312)**	(2,165,671)
Gross profit		**135,240**	130,951
Indirect general and administrative overheads	5	**(6,009)**	(6,745)
Other income and gains	6	**13,763**	10,846
Other expenses	5	**(803)**	(17,489)
Finance income	7	**13,693**	14,187
Finance costs	7	**(23,503)**	(22,650)
Profit before taxation		**132,381**	109,100
Tax (charges)/credits	8	**(684)**	279
Profit attributable to shareholders		**131,697**	109,379
Earnings per share for profit attributable to shareholders (in US cents)			
Basic earnings per share	10(a)	**2.54**	2.10
Diluted earnings per share	10(b)	**2.47**	2.05

Consolidated Statement of Comprehensive Income

	For the year ended 31 December 2024 US$'000	2023 US$'000
Profit attributable to shareholders	**131,697**	109,379
Other comprehensive income Items that are and may be reclassified subsequently to income statement		
Cash flow hedges		
– fair value gains	**1,159**	1,222
– fair value gains transferred to income statement	**(2,909)**	(3,777)
Currency translation differences	**(811)**	28
Total comprehensive income attributable to shareholders	**129,136**	106,852

Consolidated Balance Sheet

	Note	As at 31 December 2024 US$'000	2023 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**1,698,666**	1,796,678
Right-of-use assets	12	**80,060**	63,190
Goodwill	13	**25,256**	25,256
Derivative assets	14	**1,995**	3,831
Trade and other receivables	15	**42,250**	4,292
Restricted cash	16	**–**	54
		1,848,227	1,893,301
Current assets			
Inventories	17	**126,391**	134,729
Derivative assets	14	**2,281**	2,043
Trade and other receivables	15	**155,017**	140,044
Cash and deposits	16	**282,037**	261,399
Tax recoverable		**82**	946
		565,808	539,161
Total assets		**2,414,035**	2,432,462

	Note	As at 31 December 2024 US$'000	2023 US$'000
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	22	**50,710**	52,638
Retained profits	23	**662,986**	597,075
Other reserves	23	**1,112,948**	1,148,216
Total equity		**1,826,644**	1,797,929
LIABILITIES			
Non-current liabilities			
Borrowings	20	**185,776**	254,139
Lease liabilities	21	**52,149**	26,603
Derivative liabilities	14	**499**	791
		238,424	281,533
Current liabilities			
Borrowings	20	**76,542**	46,261
Lease liabilities	21	**29,891**	39,249
Derivative liabilities	14	**3,014**	6,559
Trade and other payables	19	**239,520**	260,931
		348,967	353,000
Total liabilities		**587,391**	634,533

Approved by the Board of Directors on 28 February 2025.

Stanley Hutter Ryan
Director

Martin Fruergaard
Director

Consolidated Statement of Changes in Equity

	Note	For the year ended 31 December 2024 US$'000	2023 US$'000
At 1 January		**1,797,929**	1,907,355
Total comprehensive income attributable to shareholders		**129,136**	106,852
Transactions with owners in their capacity as owners			
Dividends paid	9	**(65,797)**	(217,861)
Share-based compensation		**5,614**	5,918
Shares issued upon conversion of convertible bonds	22(a)	**5,376**	487
Shares bought back and cancelled	22(b)	**(40,082)**	–
Shares purchased by trustee of the SASs	22(c)	**(5,532)**	(4,822)
At 31 December		**1,826,644**	1,797,929

Consolidated Cash Flow Statement

	Note	For the year ended 31 December 2024 US$'000	2023 US$'000
Operating activities			
Cash generated from operations	24(a)	**309,163**	354,062
Taxation refunded/(paid)		**172**	(662)
Net cash generated from operating activities		**309,335**	353,400
Investing activities			
Purchase of property, plant and equipment		**(128,405)**	(252,072)
Disposal of property, plant and equipment		**35,124**	57,309
Disposal of assets held for sale		**8,528**	34,423
(Increase)/decrease in term deposits with original maturities over 3 months		**(16,391)**	84,987
Decrease in restricted cash		**54**	–
Interest received	7	**13,693**	14,187
Net cash used in investing activities		**(87,397)**	(61,166)

	Note	For the year ended 31 December 2024 US$'000	2023 US$'000
Financing activities			
Drawdown of bank loans	24(b)	**98,571**	–
Repayment of bank loans and other borrowings	24(b)	**(134,456)**	(81,325)
Interest on borrowings and other finance charges paid		**(16,667)**	(18,239)
Repayment of lease liabilities – principal element	21	**(46,780)**	(64,287)
Interest on lease liabilities paid	7	**(3,659)**	(3,194)
Dividends paid	9	**(65,797)**	(217,861)
Payment for buyback and cancellation of shares	22(b)	**(40,082)**	–
Payment for shares purchased by trustee of the SASs	22(c)	**(5,532)**	(4,822)
Net cash used in financing activities		**(214,402)**	(389,728)
Net increase/(decrease) in cash and cash equivalents		**7,536**	(97,494)
Cash and cash equivalents			
At 1 January		**261,399**	358,838
Net increase/(decrease) in cash and cash equivalents		**7,536**	(97,494)
Exchange (losses)/gains		**(3,289)**	55
At 31 December	16	**265,646**	261,399
Term deposits with original maturities over 3 months			
At 1 January		**–**	84,987
Increase/(decrease) in term deposits with original maturities over 3 months		**16,391**	(84,987)
At 31 December	16	**16,391**	–
Cash and deposits at 31 December	16	**282,037**	261,399

NOTES TO THE FINANCIAL STATEMENTS

1 Introduction

1.1 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 financial statements have been approved for issue by the Board of Directors on 28 February 2025.

p.11-27 The Year in Review
Market Review & Our Performance

p.125 Corporate Information
Registered Office Address

1.2 Presentation of the notes to the financial statements

The notes to the financial statements in this report are placed in order of significance to aid an understanding of the key drivers of the financial position of the Group, whilst maintaining the grouping of notes between income statement and balance sheet where appropriate.

Information relating to a specific financial statement line item has been brought together in one note. Hence:

Material Accounting Policies
are not shown separately but are included in the note or sections of this Annual Report for that item. They have been highlighted with this grey background. A navigation table is presented in Note 2.3.

Critical Accounting Estimates and Judgements
are not shown separately but are included in the note or sections of this Annual Report for that item. They have been highlighted with this white background with frame. A navigation table is presented in Note 3.

Disclosure of the following items has been integrated into other sections of the Annual Report. The audited parts have been clearly marked and are listed below:

- Financial risk management in Risk Management section
    - Market Risk – Page 54
    - Credit and Counterparty Risk – Page 56
    - Liquidity Risk – Page 61
    - Capital Management Risk – Page 61
- Employee benefits in Remuneration Report – Pages 69-70

2 Basis of preparation

2.1 Objective and accounting standards

The objective of these consolidated financial statements is to present and explain the results of the year ended 31 December 2024 and the financial position of the Group on that date, together with comparative information.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities (including derivative instruments) which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements are listed under Note 3.

2.2 Impact of new accounting policies

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.

The new or revised standards and amendments that have been issued but are not yet effective will have no significant impact on the Group's results and financial position in the foreseeable future.

2.3 Accounting policies navigator

Accounting policies	Location
Assets held for sale	Note 18
Borrowings	Note 20
Cash and cash equivalents	Note 16
Consolidation	Note 2.4
Contingent liabilities and contingent assets	Note 28
Convertible bonds	Note 20(b)
Current and deferred income tax	Note 8
Derivative financial instruments and hedging activities: i) cash flow hedges, and ii) derivatives not qualifying for hedge accounting	Note 14
Dividends	Note 9
Employee benefits	Remuneration Report (p. 70)
Financial assets at fair value through profit or loss	Note 14
Foreign currency translation	Note 2.5
Goodwill	Note 13
Impairment of i) investments and non-financial assets and ii) financial assets	Note 5
Inventories	Note 17
Leases	
Lease liabilities	Note 21
Non-lease component of leases	Note 5
Right-of-use assets	Note 12
Operating leases where the Group is the lessor	Note 25(b)(ii)
Offsetting financial instruments	Note 14
Property, plant and equipment ("PP&E") including: i) vessels and vessel component cost, ii) other property, plant and equipment, iii) subsequent expenditure, iv) depreciation, v) residual values and useful lives, and vi) gains or losses on disposal	Note 11
Provisions	Note 2.6
Revenue recognition for freight and charter-hire	Note 4
Segment reporting	Note 4
Share capital	Note 22
Trade receivables	Note 15
Trade payables	Note 19

The Group's material accounting policies have been consistently applied to each of the years presented in these financial statements.

2.4 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. In each acquisition case, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial information of subsidiaries has been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Please refer to Note 5 for the accounting policy on impairment.

2.5 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in United States Dollars, which is the Company's functional and the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

2.5 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in "direct G&A overheads included in cost of services" or "indirect G&A overheads" of the income statement, except when deferred in equity as qualifying cash flow hedges.

Translation difference on non-monetary financial assets and liabilities carried at fair value such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss.

(c) Group companies

The results and financial position of each of the Group entities (none of which has the currency of a hyperinflationary economy) whose functional currency is different from the presentation currency is translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing rate on the balance sheet date;

(ii) income and expenses are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

When a foreign operation is partially or totally disposed of, exchange differences that were recorded in equity are reclassified to the consolidated income statement.

2.6 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that carry a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are listed below with references to the locations of these items in the notes to the financial statements.

	Critical Accounting Estimates and Judgements	Location
(a)	Residual values of property, plant and equipment	Note 11
(b)	Useful lives of vessels and vessel component costs	Note 11
(c)	Impairment of owned vessels and right-of-use assets	Note 11
(d)	Impairment of goodwill	Note 13

During the ordinary course of our business, there may be disputes or unresolved matters with vessel owners, charterers, vendors, suppliers, tax authorities and other parties for which the Group makes estimates and provisions based on the likelihood of outflow of resources and magnitude of exposures. Significant judgements are also involved in making such estimates.

4 Revenue and segment information

US$'000	2024	2023
Freight	**2,235,897**	1,964,167
Charter-hire		
– lease component	**230,125**	217,241
– non-lease component	**115,530**	115,214
	2,581,552	2,296,622

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.

Accounting policy

Segment reporting

Management internally reviews and reports on the performance of the Group's material operations as a single segment. This is also the basis on which management reports to the Board.

Revenue recognition

Revenue is measured at the transaction price agreed under the contract with a customer for the services rendered in the ordinary course of the Group's activities. Revenue is shown net of rebates and discounts and after eliminating sales within the Group.

Freight and charter-hire

The Group generates revenue from shipping activities, which are principally derived from Handysize and Supramax vessels. Revenues are generated from a combination of voyage charters and time charters.

Freight, revenue from a voyage charter, is recognised over time, which is determined on a time proportion method of the voyage from loading to discharging.

Charter-hire, revenue from a time charter, is recognised over time based on daily rate. The Group separately accounts for the lease (i.e. bareboat charter) and non-lease components (i.e. technical management services) for time charter contracts. Consideration of the lease component and non-lease component is allocated with reference to the stand-alone market prices.

5 Expenses by nature

US$'000	2024	2023
Vessel-related expenses		
Vessel charter costs (a)	**879,964**	656,498
Bunker consumed	**624,307**	591,008
Port disbursements and other voyage costs	**475,568**	429,733
Vessel depreciation	**197,980**	211,911
Employee benefit expenses – crew wages and other related costs (c)	**126,530**	133,211
Vessel operating expenses	**59,201**	63,608
Lubricating oil consumed	**11,292**	13,272
Net gains on bunker swap contracts	**(4,940)**	(3,478)
	2,369,902	2,095,763
General and administrative overheads (b)		
Employee benefit expenses including Directors' emoluments (c)	**62,850**	62,035
IT-related expenses	**5,706**	3,914
Other PP&E depreciation	**2,718**	3,101
Net foreign exchange losses/(gains)	**2,497**	(116)
Office lease expenses	**1,038**	956
Auditor's remuneration		
– audit	**1,015**	1,122
– non-audit	**17**	15
Other general and administrative expenses	**6,578**	5,626
	82,419	76,653
Other expenses		
Net losses on forward foreign exchange contracts	**803**	–
Provision for impairment – owned vessel	**–**	15,997
Net losses on forward freight agreements	**–**	1,492
	803	17,489
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	**2,453,124**	2,189,905

(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$69.5 million (2023: US$34.2 million).

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

US$'000	2024	2023
Direct G&A overheads included in cost of services	**76,410**	69,908
Indirect G&A overheads	**6,009**	6,745
Total G&A overheads	**82,419**	76,653

(c) Employee benefit expenses

Total employee benefit expenses amounted to US$189.4 million (2023: US$195.2 million). Please refer to Remuneration Report p.69 for details.

Accounting policy

Impairment

(i) Impairment of investments and non-financial assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation but are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In assessing whether there is any indication that an asset may be impaired, internal and external sources of information are considered. If any such indication exists, the recoverable amount of the asset is assessed. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of (a) an asset's fair value less costs of disposal and (b) the value-in-use. The fair values of vessels are determined by independent valuers. The value-in-use of the vessels represents estimated future cash flows from the continuing use of the vessels. For the purposes of assessing impairment, assets are grouped into the lowest levels at which there are separately identifiable cash flows. This level is described as a cash-generating unit ("CGU").

Assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment provision at each balance sheet date.

(ii) Impairment of financial assets

The Group's trade receivables are financial assets that are subject to the expected credit loss assessment. For trade receivables, the expected credit losses are measured using a lifetime expected loss allowance. To measure the expected credit loss, the Group assesses its trade receivables on individual debtor basis to determine the probability that the Group will not be able to collect the specific amount due according to the original terms of that receivable. For each debtor, the Group considers historical repayment performance, external ratings, reports and statistics, other factors such as significant financial difficulties faced by debtors and macroeconomic factors affecting the ability of the debtors as appropriate, while incorporating forecasts of future conditions. The carrying amount of trade receivables is reduced by the provision for impairment, and the amount of the loss is recognised in the income statement within "Cost of services". The trade receivables are written off where there is no reasonable expectation of recovery.

For other financial assets carried at amortised cost, the expected credit losses are assessed on a forward-looking basis.

Cash and cash equivalents are also subject to the impairment requirements of HKFRS 9.

Non-lease component of leases

The Group, as lessee, has elected to separately account for the lease (i.e. bareboat charter) and non-lease components (i.e. technical management services) for time charter contracts on vessels with a term of over 12 months. Assessing the measurement of the non-lease component includes a significant accounting judgement. Consideration of the lease component and non-lease component is allocated with reference to the stand-alone market prices.

6 Other income and gains

US$'000	2024	2023
Net gains on disposal of PP&E	**8,350**	2,281
Write-back of provisions	**4,000**	–
Gains on disposal of assets held for sale	**1,257**	8,505
Net gains on forward freight agreements	**156**	–
Government subsidies	**–**	60
	13,763	10,846

7 Finance income and finance costs

US$'000	2024	2023
Finance income		
Bank interest income	**(13,688)**	(14,020)
Other interest income	**(5)**	(167)
	(13,693)	(14,187)
Finance costs		
Interest on borrowings		
– bank loans and other borrowings	**19,313**	19,715
– convertible bonds	**1,377**	1,499
Interest on lease liabilities	**3,659**	3,194
Net gains on interest rate swap contracts	**(2,909)**	(3,230)
Other finance charges	**2,063**	1,472
	23,503	22,650
Finance costs, net	**9,810**	8,463

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	2024	2023
Overseas tax, provided at the rates of taxation prevailing in the jurisdictions	**657**	866
Adjustments in respect of prior year	**27**	(1,145)
Tax charges/(credits)	**684**	(279)

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the applicable tax rate, being the weighted average of rates prevailing in the jurisdictions in which the Group operates, as follows:

US$'000	2024	2023
Profit before taxation	**132,381**	109,100
Tax calculated at applicable tax rates	**21,394**	17,628
Income not subject to taxation	**(368,728)**	(349,388)
Expenses not deductible for taxation purposes	**347,991**	332,626
Adjustments in respect of prior year	**27**	(1,145)
Tax charges/(credits)	**684**	(279)
Weighted average applicable tax rate	**16.2%**	16.2%

Under the Inclusive Framework on Base-Erosion and Profit Shifting, the Organisation for Economic Co-operation and Development ("OECD") released the Pillar Two Global Anti-Base Erosion Model Rules (the "Rules") in December 2021. The Rules introduce a global minimum effective tax rate where multinational enterprises with consolidated revenues over EUR 750 million are subject to a minimum effective tax rate of 15% on income arising in low-tax jurisdictions. The Rules need to be passed into legislation based on each jurisdiction's approach.

The Group is within the scope of the Rules. The Group's international shipping income is excluded under the Rules. The effect of income from non-shipping activities subject to the minimum tax rate requirement is considered not significant.

The tax residency of the Company is Hong Kong and its respective legislation is expected to come into effect from 2025 which is not effective at the reporting period. On the other hand, the legislation of certain other jurisdictions in which the Group operates came into effect in 2024. Based on the assessment for the year, the Group does not have any related tax exposure arising in these jurisdictions. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to the Rules income taxes, as provided in HKAS 12 "International Tax Reform – Pillar Two Model Rules".

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Tax Transparency

Accounting policy

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the jurisdictions where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

9 Dividends

	2024			2023		
	HK cents per share	US cents per share	US$'000	HK cents per share	US cents per share	US$'000
Interim dividend	**4.1**	**0.5**	**27,573**	6.5	0.8	43,636
Proposed final dividend (a)	**5.1**	**0.7**	**33,374**	5.7	0.8	38,224
Total dividends for the year	**9.2**	**1.2**	**60,947**	12.2	1.6	81,860
Dividends paid during the year (b)	**9.8**	**1.3**	**65,797**	32.5	4.2	217,861

(a) The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting on 25 April 2025 and not reflected in the financial statements.

(b) Dividends paid during the year represent final dividend of the prior year and interim dividend of the reporting year.

Accounting policy

Dividend distributions to the Company's shareholders are recognised as liabilities in the financial statements in the period in which the dividends are approved by the shareholders or Directors, where appropriate.

The dividend declared after the year end is not reflected as a dividend payable in the financial statements of that year, but will be reflected as an appropriation of retained profits for the following 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 year, excluding 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 22(c)).

		2024	2023
Profit attributable to shareholders	(US$'000)	**131,697**	109,379
Weighted average number of shares in issue	('000)	**5,176,618**	5,202,704
Basic earnings per share	(US cents)	**2.54**	2.10
Equivalent to	(HK cents)	**19.86**	16.46

(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 year, excluding the shares held by the trustee of the Company's SASs and after adjusting for the dilutive effect of convertible bonds (Note 20(b)) and unvested restricted shares (Note 22(c)).

		2024	2023
Profit attributable to shareholders	(US$'000)	**131,697**	109,379
Effect of interest on convertible bonds	(US$'000)	**1,377**	1,499
Adjusted profit attributable to shareholders	(US$'000)	**133,074**	110,878
Weighted average number of shares in issue	('000)	**5,176,618**	5,202,704
Effect of convertible bonds	('000)	**168,844**	174,530
Effect of unvested restricted shares	('000)	**33,755**	36,319
Diluted weighted average number of shares	('000)	**5,379,217**	5,413,553
Diluted earnings per share	(US cents)	**2.47**	2.05
Equivalent to	(HK cents)	**19.31**	16.03

11 Property, plant and equipment

US$'000	2024 Vessels and vessel component costs	2024 Leasehold improve-ments	2024 Furniture, fixtures and equipment	2024 Motor vehicles	2024 Total	2023 Vessels and vessel component costs	2023 Leasehold improve-ments	2023 Furniture, fixtures and equipment	2023 Motor vehicles	2023 Total
Cost										
At 1 January	**2,722,099**	**5,746**	**10,828**	**41**	**2,738,714**	2,657,127	5,602	10,477	27	2,673,233
Additions	**89,868**	**59**	**520**	**–**	**90,447**	252,323	193	500	41	253,057
Transfer to assets held for sale (Note 18)	**(17,505)**	**–**	**–**	**–**	**(17,505)**	(15,770)	–	–	–	(15,770)
Disposals	**(78,622)**	**(68)**	**(116)**	**–**	**(78,806)**	(142,749)	(71)	(66)	(27)	(142,913)
Write offs	**(24,071)**	**–**	**(14)**	**–**	**(24,085)**	(28,832)	–	(94)	–	(28,926)
Exchange differences	**–**	**(95)**	**(66)**	**(2)**	**(163)**	–	22	11	–	33
At 31 December	**2,691,769**	**5,642**	**11,152**	**39**	**2,708,602**	2,722,099	5,746	10,828	41	2,738,714
Accumulated depreciation and impairment										
At 1 January	**926,937**	**5,175**	**9,923**	**1**	**942,036**	886,702	4,733	9,603	27	901,065
Charge for the year	**153,746**	**166**	**447**	**8**	**154,367**	150,544	492	468	1	151,505
Transfer to assets held for sale (Note 18)	**(10,234)**	**–**	**–**	**–**	**(10,234)**	(9,736)	–	–	–	(9,736)
Provision for impairment	**–**	**–**	**–**	**–**	**–**	15,997	–	–	–	15,997
Disposals	**(51,857)**	**(68)**	**(107)**	**–**	**(52,032)**	(87,738)	(61)	(59)	(27)	(87,885)
Write offs	**(24,071)**	**–**	**(14)**	**–**	**(24,085)**	(28,832)	–	(94)	–	(28,926)
Exchange differences	**–**	**(69)**	**(47)**	**–**	**(116)**	–	11	5	–	16
At 31 December	**994,521**	**5,204**	**10,202**	**9**	**1,009,936**	926,937	5,175	9,923	1	942,036
Net book value										
At 31 December	**1,697,248**	**438**	**950**	**30**	**1,698,666**	1,795,162	571	905	40	1,796,678

Estimated useful lives				
Vessels:	25 years	4 to 10 years or the remaining lease period if shorter	3 to 6 years	4 to 5 years
Vessel component costs:	estimated period to the next drydocking			

11 Property, plant and equipment (continued)

(a) As at 31 December 2024, the aggregate cost and accumulated depreciation of vessel component costs amounted to US$117.5 million (2023: US$107.1 million) and US$60.7 million (2023: US$48.4 million) respectively.

(b) Certain owned vessels with net book value of US$864.2 million (2023: US$918.9 million) were pledged to banks as securities for bank loans granted to the Group (Note 20(a)).

Certain owned vessels with net book value of US$32.5 million (2023: US$33.5 million) were effectively pledged as securities to other borrowings (Note 20(c)) as the rights to the vessels revert to the lessors in the event of default.

Accounting policy

Please refer to Note 5 for the accounting policy on impairment.

(i) Vessels and vessel component costs

Vessels are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Vessel component costs include the cost of major components which are usually replaced or renewed at drydockings. The assets are stated at cost less accumulated depreciation and accumulated impairment losses. The Group subsequently capitalises drydocking costs as they are incurred.

(ii) Other property, plant and equipment

Other property, plant and equipment, comprising leasehold improvements, furniture, fixtures and equipment and motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is either included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will accrue to the Group and such expenditure can be measured reliably. The carrying amount of a replaced part is written off. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

(iv) Depreciation

Depreciation of property, plant and equipment is calculated using straight-line method to allocate their cost less their residual values over their remaining estimated useful lives.

(v) Residual values and useful lives

The residual values of the Group's assets are defined as the estimated amounts that the Group would obtain from disposal of the assets, after deducting the estimated costs of disposals, as if the assets were already of the age and in the conditions expected at the end of their useful lives.

Useful lives of the Group's vessels and vessel component costs are defined as the period over which they are expected to be available for use by the Group.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(vi) Gains or losses on disposal

Gains or losses on disposal are determined by comparing the proceeds with the carrying amounts and are recognised in the income statement.

11 Property, plant and equipment (continued)

Critical accounting estimates and judgements

Residual values of property, plant and equipment

The Group estimates residual values of its vessels by reference to the lightweight tonnes of the vessels and the average demolition steel price of similar vessels in the Far East market and Indian Sub-Continent market.

- **Sensitivity analysis:**

  With all other variables held constant, if the residual value of vessels increases/decreases by 10% from management estimates, the depreciation expense would decrease/increase by US$3.9 million in the next year.

Useful lives of vessels and vessel component costs

The Group estimates the useful life of its vessels by reference to the average historical useful life of similar vessels, their expected usage, expected repair and maintenance programme, and technical or commercial obsolescence arising from changes or improvements in the shipping market.

The Group estimates the useful life of its vessel component costs by reference to the average historical periods between drydocking cycles of vessels of similar age, and the expected usage of the vessel until its next drydock.

- **Sensitivity analysis:**

  With all other variables held constant, if the useful lives of vessels increase/decrease by 3 years from management estimates, the depreciation expense would decrease by US$26.0 million or increase by US$34.7 million in the next year.

Impairment of owned vessels and right-of-use assets

The Group tests whether the carrying values of owned vessels and right-of-use assets have suffered any impairment, or whether any previously recognised impairment loss shall be reversed, in accordance with the accounting policy on impairment of investments and non-financial assets in Note 5. In assessing the indicators of potential impairment and reversal of impairment provision, internal and external sources of information such as reported sale and purchase prices, market demand and general market conditions are considered. If any of such indication exists, the Group estimates the recoverable amount of that asset based on the information above as well as valuations from independent valuers.

As at 31 December 2024, the net asset value of the Group is higher than its market capitalisation. This is considered as an indicator of potential impairment. Vessels that are interchangeable are grouped together into one cash-generating unit ("CGU"). Management identifies three CGUs, comprising Handysize vessels smaller than 30,000 dwt ("Small Handysize"), Handysize vessels equal to or larger than 30,000 dwt ("Large Handysize") and Supramax vessels for the purpose of impairment assessment.

An impairment is recognised when the carrying value exceeds the recoverable amount, where the recoverable amount is the higher of value-in-use and fair value less costs of disposal. Likewise, a reversal of the impairment provision is recognised when the recoverable amount becomes higher than the carrying value, subject to conditions described in Note 5.

The value-in-use of the vessels is an assessment of estimated future vessel earnings based on assumptions and appropriate discount rates to derive the present value of those earnings. The discount rates are based on a weighted average cost of capital ("WACC"), calculated by using a standard WACC model in which cost of equity, cost of debt and capital structure are the key parameters. The applicable discount rate is 8.0% (2023: 7.7%).

The fair value less costs of disposal is based on valuations performed by independent valuers. This valuation is regarded as unobservable inputs and is within Level 3 of the fair value scale (Note 14). The valuation is based on a market approach under which each vessel is valued with reference to recent sales of comparable vessels.

Management has assessed the recoverable amount of the three CGUs, and concluded no provision for impairment was required for the current year based on fair value less costs of disposal of Small Handysize vessels and value-in-use of Large Handysize and Supramax vessels.

- **Sensitivity analysis:**

  (i) With all other variables held constant, increasing the discount rates by 100 basis points from management estimates would not give rise to any impairment.

  (ii) With all other variables held constant, reducing the future vessel earnings over the life of the vessel by US$1,000 per day from the management estimates would not give rise to any impairment.

  (iii) With all other variables held constant, reducing the fair value less costs of disposal by 10% would give rise to impairment charge of US$2.5 million for Small Handysize vessels while no impairment would be required for Large Handysize and Supramax vessels.

12 Right-of-use assets

US$'000	Vessels	Other PP&E	Total
At 1 January 2024	**56,782**	**6,408**	**63,190**
Additions	**50,789**	**1,267**	**52,056**
Lease modification	**10,959**	**291**	**11,250**
Depreciation	**(44,234)**	**(2,097)**	**(46,331)**
Exchange differences	**–**	**(105)**	**(105)**
At 31 December 2024	**74,296**	**5,764**	**80,060**
At 1 January 2023	81,185	8,682	89,867
Additions	29,806	16	29,822
Lease modification	7,158	(339)	6,819
Depreciation	(61,367)	(2,140)	(63,507)
Exchange differences	–	189	189
At 31 December 2023	56,782	6,408	63,190

Accounting policy

At inception, we assess whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, and lease payments made before the commencement date. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to testing for impairment if there is an indicator of impairment, as for owned assets. Please refer to Note 11 for the critical accounting estimates and judgements on impairment.

The Group applies the lease recognition exemption to short-term leases and leases for which the underlying asset is of low value such as office equipment (e.g. printing and photocopying machines).

13 Goodwill

US$'000	2024	2023
At 1 January/31 December	**25,256**	25,256

Goodwill represents the excess of the Group's cost of acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Accounting policy

Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity being sold. It is tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired in accordance with the accounting policy on impairment in Note 5. Impairment losses on goodwill are not reversible.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Critical accounting estimates and judgements – Impairment of Goodwill

The recoverable amount of the goodwill has been determined based on a value-in-use calculation. The calculation is based on a one-year budget and a further four-year outlook. Key assumptions were based on past performance, management's expectations on market development and general inflation. Cash flows beyond the fifth year are extrapolated assuming zero growth and no material change in the existing scope of business, business environment and market conditions. The discount rate applied to the cash flow projections is 8.0% (2023: 7.7%).

Based on the assessment performed, no impairment provision against the carrying value of goodwill is considered necessary.

With all other variables held constant, increasing the discount rates by 100 basis points from the original estimate will not give rise to any impairment.

14 Derivative assets and liabilities

The Group is exposed to fluctuations in interest rates, bunker prices, currency exchange rates and freight 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 foreign exchange contracts	Level 2
Forward freight agreements	Level 1

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 transfer between the Level 1 and Level 2 during the year.

	2024		2023	
US$'000	**Assets**	**Liabilities**	Assets	Liabilities
Non-current				
Cash flow hedges				
Interest rate swap contracts (a)	**1,957**	**–**	3,784	–
Derivatives that do not qualify for hedge accounting				
Bunker swap contracts (b)	**38**	**(499)**	16	(791)
Forward foreign exchange contracts (c)	**–**	**–**	31	–
	1,995	**(499)**	3,831	(791)
Current				
Cash flow hedges				
Interest rate swap contracts (a)	**78**	**–**	–	–
Derivatives that do not qualify for hedge accounting				
Bunker swap contracts (b)	**1,303**	**(1,391)**	1,695	(2,564)
Forward foreign exchange contracts (c)	**19**	**(728)**	63	–
Forward freight agreements (d)	**881**	**(895)**	285	(3,995)
	2,281	**(3,014)**	2,043	(6,559)
Total	**4,276**	**(3,513)**	5,874	(7,350)

14 Derivative assets and liabilities (continued)

(a) Interest rate swap contracts

All our interest rate swap contracts qualify for hedge accounting as cash flow hedges

Certain borrowings are subject to floating interest rates, which can be volatile, but the Group manages these exposures by entering into interest rate swap contracts.

Effective date	Outstanding notional amount	Fixed swap rates	Expiry through
2024			
August 2023 to December 2023	US$73 million	USD Term SOFR swapped to 1.3% to 2.7% per annum	June 2025 to May 2026
2023			
August 2023 to December 2023	US$88 million	USD Term SOFR swapped to 1.3% to 2.7% per annum	June 2025 to May 2026

- **Sensitivity analysis:**

  With all other variables held constant, if the average interest rate on the net cash balance subject to floating interest rates (cash and deposits net of unhedged floating borrowings) held by the Group at the balance sheet date had been 50 basis point higher/lower, the Group's profit after tax would increase/decrease by approximately US$1.0 million (2023: US$0.9 million).

(b) Bunker swap contracts

None of our bunker swap contracts qualifies for hedge accounting

The Group enters into bunker swap contracts for very low sulphur fuel oil, marine gas oil and fuel oil to manage the fluctuations in bunker prices in connection with its cargo contract commitments.

At 31 December, the Group had outstanding bunker swap contracts as follows:

Fuel type	Quantity (Metric tonnes)	Weighted average deal price (US$)	Expiry through
2024			
Very low sulphur fuel oil	119,148	518	December 2026
Marine gas oil	12,044	672	November 2027
Fuel oil	565	441	March 2025
2023			
Very low sulphur fuel oil	114,385	537	December 2026
Marine gas oil	8,388	724	December 2026
Fuel oil	1,275	440	April 2024

- **Sensitivity analysis:**

  With all other variables held constant, if the average forward price of following fuel types on the bunker swap contracts held by the Group at the balance sheet date had been 10% higher/lower, the Group's profit after tax would increase/decrease by approximately US$6.1 million (2023: US$6.0 million) for very low sulphur fuel oil; increase/decrease by approximately US$0.8 million (2023: US$0.6 million) for marine gas oil and increase/decrease by approximately US$0.03 million (2023: US$0.1 million) for fuel oil.

14 Derivative assets and liabilities (continued)

(c) Forward foreign exchange contracts

The Group operates internationally and is exposed to fluctuation in foreign exchange arising from transactions and monetary assets and liabilities that are denominated in currencies other than United States Dollars which is the functional currency of most of the Group's entities. Our exchange rate risk is limited by the general use of United States Dollars in our industry.

None of our forward foreign exchange contracts qualifies for hedge accounting

The Group has transactions denominated in currencies other than United States Dollars.

At 31 December 2024, the Group had outstanding forward foreign exchange contracts to buy approximately US$0.5 million (2023: US$1.6 million) and simultaneously sell approximately AUD0.8 million (2023: AUD2.4 million) for revenue that was denominated in Australian Dollars, and contracts to buy approximately JPY 4,100 million (2023: Nil) and simultaneously sell approximately US$27.4 million (2023: Nil) for potential vessel purchase that was denominated in Japanese Yens. These contracts will expire through June 2025.

(d) Forward freight agreements

None of our forward freight agreements qualifies for hedge accounting

The Group enters into forward freight agreements as a method of managing its exposure to both its physical tonnage and cargo commitments with regard to its Handysize and Supramax vessels.

At 31 December, the Group had outstanding forward freight agreements as follows:

Index[1]	**Contract type**	**Quantity** (days)	**Weighted average contract daily price** (US$)	**Expiry through**
2024				
BSI	Buy	530	12,400	December 2025
BSI	Sell	510	12,024	December 2025
2023				
BHSI	Sell	630	10,338	December 2024
BSI	Buy	335	13,922	March 2024
BSI	Sell	995	12,027	December 2024

[1] "BHSI" stands for "Baltic Handysize Index" and "BSI" stands for "Baltic Supramax Index".

- **Sensitivity analysis:**
  With all other variables held constant, if the average forward freight rate on forward freight agreements held by the Group at the balance sheet date had been 20% higher/lower, the Group's profit after tax would increase/decrease by approximately US$0.1 million (2023: decrease/increase by US$3.5 million).

14 Derivative assets and liabilities (continued)

Accounting policy

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Derivatives are classified as current and non-current assets according to their respective settlement dates.

Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement, and are subsequently remeasured at their fair values. Gains and losses arising from changes in the fair values are included in the other income or other expenses in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

In the cash flow statement, financial assets held for trading are presented within "operating activities" as part of changes in working capital.

Derivative financial instruments and hedging activities

The method of recognising the resulting gain or loss arising from changes in fair value for derivative financial instruments depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges.

The Group documents at the inception of the transaction the relationship between the hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in the hedging transactions are highly effective in offsetting the changes in fair values or cash flows of the hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedging derivative is more than twelve months after the balance sheet date.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income and expenses.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recycled when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in equity is immediately transferred to the income statement.

(ii) Derivatives not qualifying for hedge accounting

Derivative instruments that do not qualify for hedge accounting are accounted for as financial assets and liabilities at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the income statement.

Bunker swap contracts, forward freight agreements and forward foreign exchange contracts do not qualify for hedge accounting mainly because the contract periods, which are in calendar months, do not coincide with the periods of the physical contracts.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

15 Trade and other receivables

US$'000	2024	2023
Non-current		
Prepayments on vessels (a)	**42,250**	4,292
Current		
Trade receivables (b)	**106,300**	92,086
Other receivables	**23,775**	30,104
Prepayments	**24,942**	17,854
	155,017	140,044

p.56 Our Principal Risks
Credit and Counterparty Risk

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

(a) Non-current prepayments

Prepayments mainly relates to the contracts for four dual-fuel Ultramax newbuilding low-emission vessels ("LEVs").

(b) Trade receivables

At 31 December, the ageing of trade receivables based on invoice date is as follows:

US$'000	2024	2023
≤ 30 days	**86,360**	64,148
31-60 days	**4,165**	7,607
61-90 days	**2,463**	4,307
> 90 days	**13,312**	16,024
	106,300	92,086

Accounting policy

Trade receivables mainly represent freight and charter-hire receivables which are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment, if any.

Please refer to Note 5 for the accounting policy on impairment.

Credit policy

Trade receivables consist principally of voyage-related trade receivables. It is industry practice that 95% to 100% of freight is paid upon completion of loading, with any remaining balance paid after completion of discharge and the finalisation of port disbursements, demurrage claims and other voyage-related charges. The Group will not normally grant any credit terms to its customers and therefore all trade receivables are past due.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of international customers.

At 31 December 2024 and 2023, there was no significant loss allowance provision arising from its trade and other receivables.

16 Cash and deposits

US$'000	2024	2023
Term deposits with original maturities of 3 months or less	**202,190**	212,039
Cash at bank and on hand	**63,456**	49,360
Cash and cash equivalents	**265,646**	261,399
Term deposits with original maturities over 3 months	**16,391**	–
Cash and deposits	**282,037**	261,399
Restricted cash	**–**	54
Total cash and deposits	**282,037**	261,453
Average effective interest rate on bank deposits for the year	**4.6%**	4.9%
Average remaining maturity of bank deposits at year end	**40 days**	28 days

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 31 December 2024 comprised US$251.2 million in United States Dollars and US$30.8 million in other currencies. They are primarily placed in liquid deposits and saving accounts.

Accounting policy – Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

Please refer to Note 5 for the accounting policy on impairment.

p.28 Cash and Borrowings
Cash Flow and Cash

17 Inventories

US$'000	2024	2023
Bunkers	**110,339**	122,720
Lubricating oil and others	**16,052**	12,009
	126,391	134,729

Accounting policy

Inventories are stated at the lower of cost and net realisable value, as estimated by the management. Costs are calculated on a first-in first-out basis.

18 Assets held for sale

US$'000	2024	2023
At 1 January	**–**	19,884
Transfer from PPE (Note 11)	**7,271**	6,034
Disposals	**(7,306)**	(25,918)
Others	**35**	–
At 31 December	**–**	–

Accounting policy

Assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs of disposal.

19 Trade and other payables

US$'000	2024	2023
Trade payables (a)	**100,311**	104,669
Accruals and other payables	**73,480**	102,912
Receipts in advance (b)	**65,729**	53,350
	239,520	260,931

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

(a) Trade payables

At 31 December, the ageing of trade payables based on due date is as follows:

US$'000	2024	2023
≤ 30 days	**93,407**	83,710
31-60 days	**1,313**	7,255
61-90 days	**733**	2,985
> 90 days	**4,858**	10,719
	100,311	104,669

Accounting policy

Trade payables mainly represent freight and charter-hire payables which are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(b) Receipts in advance

Receipts in advance included amounts received in relation to cargo contracts to be completed of US$64.2 million (2023: US$51.6 million). Receipts in advance of US$51.6 million as at 31 December 2023 were fully recognised as revenue in 2024.

20 Borrowings

US$'000	2024	2023
Non-current		
Bank loans (a)	**166,865**	199,774
Convertible bonds (b)	**–**	32,667
Other borrowings (c)	**18,911**	21,698
	185,776	254,139
Current		
Bank loans (a)	**46,012**	43,404
Convertible bonds (b)	**27,743**	–
Other borrowings (c)	**2,787**	2,857
	76,542	46,261
Total	**262,318**	300,400

The borrowings are mainly denominated in United States Dollars and the carrying values approximate their fair values.

Please refer to Note 24(b) for reconciliation of borrowings.

Accounting policy

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least twelve months after the balance sheet date.

20 Borrowings (continued)

(a) Bank loans

The Group's bank loans were secured, *inter alia*, by the following:

(i) Mortgages over certain owned vessels with net book value of US$864.2 million (2023: US$918.9 million) (Note 11(b)); and

(ii) Assignment of earnings and insurances compensation in respect of these vessels.

These bank loans are repayable as follows:

US$'000	2024	2023
Within one year	**46,012**	43,404
In the second year	**86,230**	49,539
In the third to fifth year	**80,635**	146,880
After the fifth year	**–**	3,355
	212,877	243,178
Average effective interest rate for the year (after hedging)	**5.8%**	5.2%

(b) Convertible bonds

	2024		2023	
US$'000	**Principal amount**	**Liability component**	Principal amount	Liability component
3.0% coupon due 2025	**28,110**	**27,743**	33,610	32,667

The carrying value of convertible bonds approximate their fair values.

During the year, an aggregate principal amount of US$5,500,000 of convertible bonds were converted into 30,351,090 shares (Note 22(a)).

Key terms	
Issue size	US$175.0 million
Issue date	10 December 2019
Maturity date	10 December 2025
Coupon – cash cost	3.0% p.a. payable semi-annually in arrears on 10 June and 10 December
Effective interest rate	4.7% charged to income statement
Redemption price	100%
Conversion price converting bonds into shares	HK$1.39 (with effect from 21 August 2024) (Note)
Conversion at bondholders' option	Anytime on or after 20 January 2020
Bondholder put date for redemption at 100% of the principal amount	On 10 December 2023, each bondholder had the right to require the Group to redeem all or some of the bonds unconditionally. At 31 December 2023, the convertible bonds are classified as non-current liabilities after the put date. At 31 December 2024, they are classified as current liabilities as they are falling due on the maturity date of 10 December 2025.

Note: The conversion price is subject to an adjustment arising from any cash dividends paid by the Company according to a pre-determined adjustment factor. Such adjustment becomes effective on the first date on which the shares are traded ex-dividend if a dividend had been declared.

Accounting policy

Convertible bonds are accounted for as the aggregate of (i) a liability component and (ii) an equity component.

At initial recognition, the fair value of the liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible bond. The remainder of the proceeds is allocated to the conversion option as an equity component.

Transaction costs associated with the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity.

20 Borrowings (continued)

(c) Other borrowings

The Group's other borrowings related to two (2023: two) owned vessels with net book value of US$32.5 million (2023: US$33.5 million) (Note 11(b)). They were sold and simultaneously leased back by the Group on a bareboat charter basis. Under the terms of the leases, the Group has options to purchase these vessels at pre-determined times during the lease period and is obliged to purchase these vessels upon the expiry of the respective lease. Such borrowings are effectively secured as the rights to the leased vessels revert to the lessors in the event of default.

These other borrowings are repayable as follows:

US$'000	2024	2023
Within one year	**2,787**	2,857
In the second year	**2,515**	2,786
In the third to fifth year	**16,396**	18,912
	21,698	24,555
Average effective interest rate for the year (after hedging)	**4.0%**	4.2%

21 Lease liabilities

US$'000	2024	2023
At 1 January	**65,852**	93,291
Additions	**51,853**	29,821
Lease modification	**11,240**	6,819
Repayments	**(46,780)**	(64,287)
Exchange differences	**(125)**	208
At 31 December	**82,040**	65,852
Non-current	**52,149**	26,603
Current	**29,891**	39,249
	82,040	65,852

The lease liabilities are repayable as follows:

US$'000	2024	2023
Within one year	**29,891**	39,249
In the second year	**17,716**	12,214
In the third to fifth year	**34,253**	14,389
After the fifth year	**180**	–
	82,040	65,852

Accounting policy

At the commencement date of the lease, lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease term comprises the non-cancellable period with addition of periods covered by options to extend the lease if the Group is reasonably certain to exercise the extension option or reasonably certain not to exercise the termination option. This assessment is made on inception of the lease. The lease payments include fixed payments and variable payments depending on an index or a rate.

In calculating the present value of lease payments, the incremental borrowing rate at the lease commencement date is used. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced following the making of the lease payments. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease payments on short-term leases and leases of low-value assets expensed in the income statement on a straight-line basis over the lease term.

22 Share capital

	2024 Number of shares	2024 US$'000	2023 Number of shares	2023 US$'000
Authorised	**36,000,000,000**	**360,000**	36,000,000,000	360,000
Issued and fully paid				
At 1 January	**5,263,823,056**	**52,638**	5,260,541,023	52,464
Shares issued upon conversion of convertible bonds (a)	**30,351,090**	**304**	2,612,033	26
Shares bought back and cancelled (b)	**(138,221,000)**	**(1,382)**	–	–
Shares granted to employees in the form of restricted share awards (c)	**18,409,000**	**5,693**	17,741,000	5,049
Shares purchased by trustee of the SASs (c)	**(17,874,000)**	**(5,532)**	(16,730,000)	(4,822)
Shares transferred back to trustee upon lapse of restricted share awards (c)	**(3,246,000)**	**(1,011)**	(341,000)	(79)
At 31 December	**5,153,242,146**	**50,710**	5,263,823,056	52,638

The issued share capital of the Company as at 31 December 2024 was 5,155,953,146 shares. The difference of 2,711,000 shares compared to the number of shares shown in the table above represents the shares held by the trustee of the Company's SASs, amounting to US$850,000 which are recognised as a debit to share capital.

(a) Shares issued upon conversion of convertible bonds

During the year, 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 20(b)).

(b) Shares bought back and cancelled

During the year, 138,221,000 shares were bought back on the Stock Exchange at an aggregate consideration of approximately US$40,000,000 and related expenses of US$82,000. All shares were cancelled during the year.

(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 awardees. An awardee shall not be entitled to vote, to receive dividends (except where the Board grants dividend equivalents to the awardee 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 year are as follows:

000' shares	2024	2023
At 1 January	**55,859**	69,236
Granted	**18,409**	17,741
Vested	**(28,051)**	(30,777)
Lapsed	**(3,246)**	(341)
At 31 December	**42,971**	55,859

Out of the 42,971,000 unvested restricted share awards as at 31 December 2024 and according to the vesting schedule, 12,993,000 shares, 14,681,000 shares and 15,297,000 shares will be vested on 14 July 2025, 14 July 2026 and 14 July 2027 respectively.

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Share Award Schemes

22 Share capital (continued)

(c) Restricted share awards (continued)

The fair value of the restricted share awards is determined by the closing share price on the date which the Company and employees agreed the terms and conditions of the share awards arrangement. The fair value of the shares granted during the year was HK$2.4 (2023: HK$2.2) per share.

The sources of the shares granted and the related movements between share capital and share premium and staff benefit reserve are as follows:

	2024		2023	
Sources of shares granted	Number of granted shares awards	Related movement US$'000	Number of granted shares awards	Related movement US$'000
Shares purchased by the trustee of the SASs on the Stock Exchange funded by the Company	17,874,000	5,532	16,730,000	4,822
Shares transferred from the trustee	535,000	161	1,011,000	227
	18,409,000	5,693	17,741,000	5,049

p.72 Report to the Directors
Share Capital and Pre-emptive Rights

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax) is included in equity.

For the accounting policy on equity-settled share-based payment relating to services from employees, please refer to page 70.

p.70 Remuneration Report
Accounting Policies on Employee Benefits

23 Reserves

2024

US$'000	Other reserves									
	Share[a] premium	Merger[b] reserve	Convertible bonds reserve	Staff benefits reserve	Hedging reserve	Exchange reserve	Contributed[c] surplus	Subtotal	Retained profits	Total
At 1 January	428,006	(56,606)	2,520	(7,625)	3,785	(1,802)	779,938	1,148,216	597,075	1,745,291
Comprehensive income										
Profit attributable to shareholders	–	–	–	–	–	–	–	–	131,697	131,697
Other comprehensive income										
Cash flow hedges										
– fair value gains	–	–	–	–	1,159	–	–	1,159	–	1,159
– fair value gains transferred to income statement	–	–	–	–	(2,909)	–	–	(2,909)	–	(2,909)
Currency translation differences	–	–	–	–	–	(811)	–	(811)	–	(811)
Total comprehensive income	–	–	–	–	(1,750)	(811)	–	(2,561)	131,697	129,136
Transactions with owners in their capacity as owners										
Dividends paid (Note 9)	–	–	–	–	–	–	–	–	(65,797)	(65,797)
Share-based compensation (see Remuneration Report p.69)	–	–	–	5,614	–	–	–	5,614	–	5,614
Shares issued upon conversion of convertible bonds (Note 22(a))	5,484	–	(412)	–	–	–	–	5,072	–	5,072
Shares bought back and cancelled (Note 22(b))	(38,700)	–	–	–	–	–	–	(38,700)	–	(38,700)
Share awards granted (Note 22(c))	–	–	–	(5,704)	–	–	–	(5,704)	11	(5,693)
Share awards lapsed (Note 22(c))	–	–	–	1,011	–	–	–	1,011	–	1,011
At 31 December	394,790	(56,606)	2,108	(6,704)	2,035	(2,613)	779,938	1,112,948	662,986	1,775,934

2023

US$'000	Other reserves									
	Share[a] premium	Merger[b] reserve	Convertible bonds reserve	Staff benefits reserve	Hedging reserve	Exchange reserve	Contributed[c] surplus	Subtotal	Retained profits	Total
At 1 January	427,507	(56,606)	2,558	(8,641)	6,340	(1,830)	779,938	1,149,266	705,625	1,854,891
Comprehensive income										
Profit attributable to shareholders	–	–	–	–	–	–	–	–	109,379	109,379
Other comprehensive income										
Cash flow hedges										
– fair value gains	–	–	–	–	1,222	–	–	1,222	–	1,222
– fair value gains transferred to income statement	–	–	–	–	(3,777)	–	–	(3,777)	–	(3,777)
Currency translation differences	–	–	–	–	–	28	–	28	–	28
Total comprehensive income	–	–	–	–	(2,555)	28	–	(2,527)	109,379	106,852
Transactions with owners in their capacity as owners										
Dividends paid (Note 9)	–	–	–	–	–	–	–	–	(217,861)	(217,861)
Share-based compensation (see Remuneration Report p.69)	–	–	–	5,918	–	–	–	5,918	–	5,918
Shares issued upon conversion of convertible bonds (Note 22(a))	499	–	(38)	–	–	–	–	461	–	461
Shares bought back and cancelled (Note 22(b))	–	–	–	–	–	–	–	–	–	–
Share awards granted (Note 22(c))	–	–	–	(4,981)	–	–	–	(4,981)	(68)	(5,049)
Share awards lapsed (Note 22(c))	–	–	–	79	–	–	–	79	–	79
At 31 December	428,006	(56,606)	2,520	(7,625)	3,785	(1,802)	779,938	1,148,216	597,075	1,745,291

(a) Share premium mainly represents the net share issuance proceeds in excess of the nominal value credited to share capital.

(b) Merger reserve represents the difference between the nominal value of the shares of subsidiaries acquired and the nominal value of the Company's shares issued pursuant to the transfer of PB Vessels Holding Limited and its subsidiaries into the Company through an exchange of shares prior to the listing of the shares of the Company on the Stock Exchange in 2004.

(c) Contributed surplus represents the amount of the capital reduction transferred from the share capital and share premium accounts as a result of the capital reorganisation of the Company that took effect on 27 May 2016. Under the Company Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution, but the Company cannot make a distribution out of the contributed surplus if: (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than its liabilities.

24 Notes to the consolidated cash flow statement

(a) Reconciliation of profit before taxation to cash generated from operations

US$'000	2024	2023
Profit before taxation	**132,381**	109,100
Assets and liabilities adjustments		
Depreciation on vessels and other PP&E	**154,367**	151,505
Depreciation on right-of-use assets	**46,331**	63,507
Gains on disposal of PP&E	**(8,350)**	(2,281)
Gains on disposal of assets held for sale	**(1,257)**	(8,505)
Write-back of provisions	**(4,000)**	–
Net unrealised gains on derivative instruments not qualified as hedges	**(3,989)**	4,650
Provision for impairment – owned vessels	**–**	15,997
Capital and funding adjustments		
Share-based compensation	**5,614**	5,918
Results adjustments		
Finance costs, net	**9,810**	8,463
Net foreign exchange losses/(gains)	**2,497**	(116)
Profit before taxation before working capital changes	**333,404**	348,238
Decrease/(increase) in inventories	**8,338**	(10,268)
(Increase)/decrease in trade and other receivables	**(15,348)**	17,294
Decrease in trade and other payables	**(17,231)**	(1,202)
Cash generated from operations	**309,163**	354,062

(b) Reconciliation of borrowings

US$'000	2024	2023
At 1 January	**300,400**	378,608
Cash flows		
Drawdown of bank loans	**98,571**	–
Repayment of bank loans and other borrowings	**(134,456)**	(81,325)
Coupon payment of convertible bonds	**(925)**	(1,008)
Other non-cash movements		
Amortisation of loan arrangement fee	**2,727**	725
Accrued coupon payment of convertible bonds	**1,377**	1,499
Conversion of convertible bonds	**(5,376)**	(487)
Foreign exchange adjustments	**–**	2,388
At 31 December	**262,318**	300,400

(c) Cash outflow on all leases

The total cash outflow for all leases is US$899.8 million (2023: US$688.5 million).

25 Commitments

(a) Capital commitments

US$'000	2024	2023
Contracted for but not recognised as liabilities – contracts for newbuilding LEVs and vessel equipment	**146,582**	25,221

(b) Lease commitments

(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 31 December 2024.

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

US$'000	Vessels	Office equipment	Total
At 31 December 2024			
Within one year	**81,105**	**136**	**81,241**
In the second to fifth year	**101,165**	**24**	**101,189**
After the fifth year	**27,634**	**4**	**27,638**
	209,904	**164**	**210,068**
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	2024	2023
Within one year	**46,444**	68,665
In the second to fifth year	**6,117**	14,565
	52,561	83,230

The Group leases vessels including a lease of a Capesize vessel which will be expiring in 2 years.

Accounting policy – Operating leases: where the Group is the lessor

When the Group leases out assets under operating leases, the assets are included in the balance sheet and, where applicable, are depreciated in accordance with the Group's depreciation policies as set out in Note 11 Property, plant and equipment. Revenue arising from assets leased out under operating leases is recognised over time based on daily rate.

26 Financial liabilities summary

This note should be read in conjunction with the Liquidity Risk section on page 61. The maturity profile of the Group's financial liabilities, net-settled derivative financial instruments and gross-settled derivative financial instruments based on the remaining period from the balance sheet date to the contractual maturity date are summarised below. These represented contractual cash flows which include principal and interest elements where applicable.

	Within one year		In the second year		In the third to fifth year		After the fifth year		Total	
US$'000	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Borrowings										
Bank loans	**59,295**	59,482	**95,072**	61,014	**86,850**	159,149	**–**	3,484	**241,217**	283,129
Convertible bonds	**28,953**	1,008	**–**	34,618	**–**	–	**–**	–	**28,953**	35,626
Other borrowings	**3,801**	3,812	**3,801**	3,801	**17,222**	21,023	**–**	–	**24,824**	28,636
Lease liabilities	**36,199**	41,403	**19,737**	13,394	**35,908**	15,517	**–**	1	**91,844**	70,315
Derivative financial instruments										
(i) Net-settled (a)										
Interest rate swap contracts	**(1,626)**	(2,515)	**(468)**	(1,141)	**–**	(298)	**–**	–	**(2,094)**	(3,954)
Bunker swap contracts	**1,391**	2,564	**452**	791	**47**	–	**–**	–	**1,890**	3,355
(ii) Gross-settled (b)										
Forward foreign exchange contracts										
– Outflow	**27,863**	1,095	**–**	547	**–**	–	**–**	–	**27,863**	1,642
– Inflow	**(26,660)**	(1,038)	**–**	(519)	**–**	–	**–**	–	**(26,660)**	(1,557)
Net outflow	**1,203**	57	**–**	28	**–**	–	**–**	–	**1,203**	85
Trade and other payables	**173,791**	207,581	**–**	–	**–**	–	**–**	–	**173,791**	207,581

(a) Net-settled derivative financial instruments represent derivative assets or liabilities whose terms result in settlement by a netting mechanism, such as settling the difference between the contract price and the market price of the financial assets or liabilities.

(b) Gross-settled derivative financial instruments represent derivative assets or liabilities which are not settled by the above mentioned netting mechanism.

27 Significant related party transactions

Significant related party transactions (that do not fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules) carried out in the normal course of the Group's business and on an arm's length basis comprised only key management compensation. For the compensation of key management (including Directors' emoluments) and the accounting policy on employee benefits, please refer to the Remuneration Report on pages 68 to 70.

28 Contingent liabilities and contingent assets

The Group had no material contingent liabilities and contingent assets as at 31 December 2024 and 2023.

Accounting policy

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognised but are disclosed in the notes to the financial statements when an outflow of economic resources is probable, a provision is recognised.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When an inflow is virtually certain, an asset is recognised.

29 Principal subsidiaries

As at 31 December 2024, the Company has direct and indirect interests in the following wholly owned principal subsidiaries:

Company	Place of incorporation/ operation[2]	Issued and fully paid share capital	Principal activities
Shares held directly			
PB Vessels Holding Limited	BVI	US$1,191,118,775	Investment holding
PB Management Holding Limited	BVI	US$12,313	Investment holding
PB Issuer (No.5) Limited	BVI	US$1	Convertible bonds issuer
Shares held indirectly			
Vessel owning and chartering			
Albatross Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Astoria Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Badger Limited	BVI/Int'l	US$1	Vessel owning and chartering
Baker River Limited	HK/Int'l	HK$1	Vessel owning and chartering
Barracuda Island Limited	HK/Int'l	HK$1	Vessel chartering
Barrow Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Bass Strait Limited	HK/Int'l	HK$1	Vessel owning and chartering
Bayview Shipping Limited	Republic of the Marshall Islands	US$1	Vessel owning
Bell Bay Shipping Limited	HK/Int'l	HK$1	Vessel owning and chartering
Block Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Bonny Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Bridge Bay Limited	Republic of the Marshall Islands	US$1	Vessel owning
Bright Cove Limited	HK/Int'l	HK$1	Vessel owning and chartering
Chatham Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Chiloe Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Columbia River Shipping Limited	HK/Int'l	HK$1	Vessel owning and chartering
Cooper Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Corio Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Cramond Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Discovery Bay Limited	Republic of the Marshall Islands	US$1	Vessel owning and chartering
Disko Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Eaglehill Trading Limited 鷹峯貿易有限公司	HK/Int'l	HK$1	Vessel owning and chartering
Eastern Cape Limited	BVI/Int'l	US$1	Vessel owning and chartering
Elizabeth River Limited	HK/Int'l	HK$1	Vessel owning and chartering

29 Principal subsidiaries (continued)

Company	Place of incorporation/ operation[2]	Issued and fully paid share capital	Principal activities
Engine Shipping Limited	Republic of the Marshall Islands	US$1	Vessel owning
Esperance Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Fortune Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Future Sea Limited	HK/Int'l	HK$1	Vessel owning and chartering
Gharapuri Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Gold River Vessel Limited	HK/Int'l	HK$1	Vessel owning and chartering
Good Shape Limited	HK/Int'l	HK$1	Vessel owning and chartering
Goodwyn Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Grande Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Gullholmen Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Helen Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Honey Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Hull Shipping Limited (Formerly Harbour Limited)	Republic of the Marshall Islands	US$1	Vessel owning
Illovo River Limited	HK/Int'l	HK$1	Vessel owning and chartering
Imabari Logger Limited	BVI/Int'l	US$1	Vessel owning and chartering
Impression Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Ince Point Limited	HK/Int'l	HK$1	Vessel owning and chartering
Incheon Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Indian Ocean Limited	HK/Int'l	HK$1	Vessel owning and chartering
Indigo Lake Limited	HK/Int'l	HK$1	Vessel owning and chartering
Iona Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Ipanema Beach Limited	HK/Int'l	HK$1	Vessel owning and chartering
Ipswich Bay Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Irvine Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Isabela Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Iwagi Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Jamaica Bay Limited	BVI/Int'l	US$1	Vessel owning and chartering
James Bay Limited	BVI/Int'l	US$1	Vessel owning and chartering
Jericho Beach Limited	BVI/Int'l	US$1	Vessel owning and chartering
Jervis Bay Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Jiangmen Trader Limited	BVI/Int'l	US$1	Vessel owning and chartering
Jules Point Limited	BVI/Int'l	US$1	Vessel owning and chartering
Jumeirah Beach Limited	HK/Int'l	HK$1	Vessel owning and chartering
Kanda Logger Limited	HK/Int'l	HK$1	Vessel owning and chartering
Key West Shipping Limited	HK/Int'l	HK$1	Vessel owning and chartering
Kodiak Island Limited	HK/Int'l	HK$1	Vessel owning and chartering

Company	Place of incorporation/ operation[2]	Issued and fully paid share capital	Principal activities
Kultus Cove Limited	HK/Int'l	HK$1	Vessel owning and chartering
Labrador Shipping (BVI) Limited	BVI/Int'l	US$38,001	Vessel owning and chartering
Lake Stevens Limited	HK/Int'l	HK$1	Vessel owning and chartering
Liberty Vessel Limited	BVI/Int'l	US$1	Vessel owning and chartering
Longview Logger Limited	HK/Int'l	HK$1	Vessel owning and chartering
Luzon Strait Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Marawah Limited	BVI/Int'l	US$1	Vessel owning and chartering
Matakana Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Mega Fame Limited	BVI/Int'l	US$1	Vessel owning and chartering
Mount Aso Limited	HK/Int'l	HK$1	Vessel owning and chartering
Mount Hikurangi Limited	HK/Int'l	HK$1	Vessel owning and chartering
Mount Rainier Limited	HK/Int'l	HK$1	Vessel owning and chartering
Mount Seymour Limited	HK/Int'l	HK$1	Vessel owning and chartering
Mount Taranaki Limited	HK/Int'l	HK$1	Vessel owning and chartering
Neptune Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Newman Shipping (BVI) Limited	BVI/Int'l	US$26,001	Vessel owning and chartering
Nightingale Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Nobal Sky Limited	BVI/Int'l	US$1	Vessel owning and chartering
Nootka Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
North Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Novelty Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Oak Bay Shipping Limited	HK/Int'l	HK$1	Vessel owning and chartering
Olive Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Olympia Logger Limited	HK/Int'l	HK$1	Vessel owning and chartering
Osaka Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Otago Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Oyster Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Pacific Basin Chartering Limited	BVI/Int'l	US$10	Vessel chartering
Palm Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Paqueta Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Pearl Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Pelican Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Penguin Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Pitt Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Port Alberni Limited	HK/Int'l	HK$1	Vessel owning and chartering
Port Alfred Limited	HK/Int'l	HK$1	Vessel owning and chartering
Port Alice Limited	BVI/Int'l	US$1	Vessel owning and chartering
Port Angeles Limited	HK/Int'l	HK$1	Vessel owning and chartering

29 Principal subsidiaries (continued)

Company	Place of incorporation/ operation[2]	Issued and fully paid share capital	Principal activities
Port Pirie Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Puget Sound Limited	HK/Int'l	HK$1	Vessel owning and chartering
Saldanha Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Scrub Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Seal Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Shakespeare Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Shark Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Sharp Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Shelter Island Limited	HK/Int'l	HK$1	Vessel owning and chartering
Silhouette Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Skomer Shipping (BVI) Limited	BVI/Int'l	US$1	Vessel owning and chartering
Soko Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Swan River Limited	HK/Int'l	HK$1	Vessel owning and chartering
Tampa Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Texel Island Limited	HK/Int'l	HK$1	Vessel chartering
Turtle Shipping Limited	Republic of the Marshall Islands/Int'l	US$1	Vessel owning and chartering
West Bay Shipping Limited	HK/Int'l	HK$1	Vessel owning and chartering
White Bay Limited	HK/Int'l	HK$1	Vessel owning and chartering
Zhoushan Shipping Limited	BVI/Int'l	US$1	Vessel owning and chartering
Others			
Pacific Basin Agencies Limited 太平洋航運代理有限公司	HK/Int'l	HK$10	Shipping consulting services
Pacific Basin Handysize Limited	BVI/HK	US$10	Provision of ship management and ocean shipping services
Pacific Basin Handysize (HK) Limited	HK	HK$10	Provision of ship management and ocean shipping services
Pacific Basin Supramax Limited	HK	HK$10	Provision of ship management and ocean shipping services
Pacific Basin (UK) Limited	England and Wales	GBP2	Shipping consulting services
Pacific Basin Shipping (Australia) Pty Ltd	Australia	AUD1	Shipping consulting services
Pacific Basin Shipping (Brasil) Ltda	Federative Republic of Brazil	R$595,285	Shipping consulting services
Pacific Basin Shipping (Canada) Limited	BC, Canada	1 common share without par value	Shipping consulting services
Pacific Basin Shipping (Chile) Limitada	Chile, Santiago	Chilean pesos equivalent to US$6,000	Shipping consulting services
Pacific Basin Shipping DMCC	United Arab Emirates	AE$50,000	Ship management and operation
Pacific Basin Shipping (HK) Limited 太平洋航運(香港)有限公司	HK	HK$20	Ship agency and management services
Pacific Basin Shipping (Singapore) Pte. Ltd.	Republic of Singapore	SGD200,000	Shipping consulting services
Pacific Basin Shipping (South Africa) (Pty) Ltd	Republic of South Africa	120 shares without par value	Shipping consulting services
Pacific Basin Shipping (UK) Limited	England and Wales	GBP2	Shipping consulting services
Pacific Basin Shipping (USA) Inc.	USA	US$1,000	Shipping consulting services
PB Maritime Personnel Inc.	The Philippines	PHP17,300,000	Crewing services
PBS Corporate Secretarial Limited	HK	HK$10	Secretarial services
Taihua Shipping (Beijing) Limited[1] 太華船務(北京)有限公司	PRC	US$4,000,000 (registered capital)	Agency and ship management services

(1) The subsidiary is wholly foreign-owned enterprise established in the PRC, with registered capital fully paid up by the Group.

(2) Under the place of incorporation/operation, "BVI" represents "The British Virgin Islands", "HK" represents "Hong Kong" and "Int'l" represents "International".

30 Balance sheet and reserve movement of the company

(a) Balance Sheet of the Company

	Note	As at 31 December 2024 US$'000	2023 US$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**1,331,341**	1,329,812
Current assets			
Prepayments and other receivables		**156**	174
Amounts due from subsidiaries		**253,515**	356,774
Cash and cash equivalents		**143**	181
		253,814	357,129
Total assets		**1,585,155**	1,686,941
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	22	**50,710**	52,638
Retained profits		**365,992**	433,718
Other reserves		**1,168,024**	1,200,319
Total equity		**1,584,726**	1,686,675
LIABILITIES			
Current liabilities			
Accruals and other payables		**429**	266
Total liabilities		**429**	266

Approved by the Board of Directors on 28 February 2025.

Stanley Hutter Ryan
Director

Martin Fruergaard
Director

(b) Reserve movement of the Company

US$'000	Other reserves: Share premium	Other reserves: Staff benefits reserve	Other reserves: Contributed surplus	Other reserves: Subtotal	Retained profits	Total
At 1 January 2024	**428,006**	**(7,625)**	**779,938**	**1,200,319**	**433,718**	**1,634,037**
Comprehensive income						
Loss attributable to shareholders	**–**	**–**	**–**	**–**	**(1,940)**	**(1,940)**
Transactions with owners in their capacity as owner						
Dividends paid (Note 9)	**–**	**–**	**–**	**–**	**(65,797)**	**(65,797)**
Share-based compensation (see Remuneration Report p.69)	**–**	**5,614**	**–**	**5,614**	**–**	**5,614**
Share issued upon conversion of convertible bonds (Note 22(a))	**5,484**	**–**	**–**	**5,484**	**–**	**5,484**
Shares bought back and cancelled (Note 22(b))	**(38,700)**	**–**	**–**	**(38,700)**	**–**	**(38,700)**
Share awards granted (Note 22(c))	**–**	**(5,704)**	**–**	**(5,704)**	**11**	**(5,693)**
Share awards lapsed (Note 22(c))	**–**	**1,011**	**–**	**1,011**	**–**	**1,011**
At 31 December 2024	**394,790**	**(6,704)**	**779,938**	**1,168,024**	**365,992**	**1,534,016**
At 1 January 2023	427,507	(8,641)	779,938	1,198,804	653,496	1,852,300
Comprehensive income						
Loss attributable to shareholders	–	–	–	–	(1,849)	(1,849)
Transactions with owners in their capacity as owner						
Dividends paid (Note 9)	–	–	–	–	(217,861)	(217,861)
Share-based compensation (see Remuneration Report p.69)	–	5,918	–	5,918	–	5,918
Share issued upon conversion of convertible bonds (Note 22(a))	499	–	–	499	–	499
Share awards granted (Note 22(c))	–	(4,981)	–	(4,981)	(68)	(5,049)
Share awards lapsed (Note 22(c))	–	79	–	79	–	79
At 31 December 2023	428,006	(7,625)	779,938	1,200,319	433,718	1,634,037

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Pacific Basin Shipping Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 84 to 119, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to carrying value of owned vessels and right-of-use assets.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Carrying value of owned vessels and right-of-use assets *Refer to notes 11 and 12 to the consolidated financial statements.* As at 31 December 2024, the Group has a fleet of owned vessels and right-of-use assets (the "Dry Bulk Vessels"), amounting to US$1,697.2 million and US$74.3 million respectively. Right-of-use asset represents the Group's right (as a lessee) to use an underlying vessel for a lease term. The net asset value of the Group at 31 December 2024 is higher than its market capitalisation. This is considered as an indicator of possible impairment. Management has therefore performed an impairment assessment of the Group's Dry Bulk Vessels. The Group identifies three cash-generating units ("CGUs") for the purpose of impairment assessment. The three CGUs comprise Handysize vessels smaller than 30,000 dwt ("Small Handysize"), Handysize vessels equal to or larger than 30,000 dwt ("Large Handysize") and Supramax vessels. Management determines the recoverable amounts of each CGU based on the higher of the assets' value-in-use or fair value less costs of disposal. Value-in-use calculations are based on future discounted cash flows of each CGU which involve significant judgements and assumptions, including forecast utilisation, daily time-charter equivalent ("TCE") rates, service costs, inflation rates and discount rates applied to the future cash flows. The fair value less costs of disposal of the Dry Bulk Vessels is primarily based on the market value of vessels as assessed by independent third-party valuers. Based on the results of the assessment, the Group concluded that no impairment of Dry Bulk Vessels is required for the year ended 31 December 2024. We focused on this area due to the significant judgements and estimates involved in determining the recoverable amount of these assets.	We evaluated management's assessment of the recoverable amounts of the CGUs by assessing the valuation methodology. For recoverable amounts based on the value-in-use model, we assessed the future discounted cash flows used in the value-in-use model and the process by which they are prepared, including comparing them to the budget approved by the Board of Directors/latest management forecast, and assessing the underlying assumptions, including: ■ the forecast daily TCE rates were compared with historical actual results and external industry forecasts; ■ the inflation rates of operating expenses and general and administrative expenses were compared with external economic forecasts; ■ the service costs were compared to external market data; ■ the forecast utilisation rates were compared with historical actual results; ■ the discount rate was assessed with our specialist knowledge of discount rates for the industry and with comparable organisations; ■ evaluating the reasonableness of historical budgets and forecasts, this included, comparing the forecast utilisation, charter rates and operating expenses used in the prior year value-in-use model against the actual performance of the business in the current year; ■ performing sensitivity analyses over the assumptions set out above by reference to our knowledge of the business and industry. Regarding management's assessment of recoverable amounts based on fair value less costs of disposal ■ we evaluated and assessed the competence, independence, capabilities and objectivity of the external valuers used by management; ■ we received the valuation reports and discussed the valuation methodologies and key assumptions with the external valuer; ■ we also benchmarked valuations performed by the valuers to external market data. We found the management's judgements and assumptions used in the impairment assessment to be reasonable based on the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the Annual Report other than the consolidated financial statements and our auditor's report thereon. The other information does not include the specific information presented therein that is identified as being an integral part of the consolidated financial statements and, therefore, covered by our audit opinion on the consolidated financial statements.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is John J. Ryan.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 February 2025

GROUP FINANCIAL SUMMARY

A summary of the results, balance sheet, cash flows and other data of the Group for the last five financial years, as extracted from our Annual Reports of those years without retrospective adjustments for currently prevailing accounting standards, is set out below:

US$'000		2024	2023	2022	2021	2020
Results						
Revenue		**2,581,552**	2,296,622	3,281,626	2,972,514	1,470,932
EBITDA		**333,404**	347,185	935,131	889,858	184,736
Underlying profit/(loss)		**114,094**	119,234	714,722	698,307	(19,444)
Profit/(loss) attributable to shareholders		**131,697**	109,379	701,856	844,810	(208,228)
Balance Sheet						
Total assets		**2,414,035**	2,432,462	2,648,685	2,745,432	2,189,527
Total liabilities		**(587,391)**	(634,533)	(741,330)	(914,206)	(1,125,018)
Total equity		**1,826,644**	1,797,929	1,907,355	1,831,226	1,064,509
Total cash and deposits		**282,037**	261,453	443,877	459,721	234,824
Net cash/(borrowings)		**19,719**	(38,947)	65,269	(128,435)	(629,061)
Cash Flows						
Operating		**309,335**	353,400	935,317	850,422	219,613
Investing		**(87,397)**	(61,166)	63,179	(334,001)	(92,114)
of which Purchase of PP&E		**(128,405)**	(252,072)	(84,718)	(224,483)	(102,031)
Financing		**(214,402)**	(389,728)	(949,128)	(433,027)	(101,572)
Net change in cash and cash equivalents		**7,536**	(97,494)	49,368	83,394	25,927
Other Data						
Basic EPS	US cents	**2.54**	2.10	13.93	17.90	(4.45)
Dividends per share	US cents	**1.2**	1.6	10.0	9.5	–
Eligible profit payout ratio		**50%**	75%	75%	54%	–
Operating cash flows per share	US cents	**6.0**	6.8	18.5	18.0	4.7
Equity per share	US cents	**35.4**	34.2	36.3	38.0	22.2
Closing price at year end	HK$	**1.64**	2.57	2.64	2.86	1.46
Market capitalisation at year end	US$'000	**1,088,800**	1,731,300	1,781,600	1,764,800	902,000

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Investors > Financial Highlights
Historical Financial Summary

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Listing Venue & Listing Date
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14 July 2004

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Certified Public Accountants
Registered Public Interest Entity Auditor

Solicitors
Holman Fenwick Willan

Stock Code
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Bloomberg: 2343 HK
Reuters: 2343.HK

Total Shares in Issue
5,155,953,146 as at 31 December 2024

Website
www.pacificbasin.com

Social Media Channels
Facebook, X, LinkedIn, YouTube and WeChat

Sustainability Report 2024

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

Please send us your feedback via our online feedback form

Pacific Basin Shipping Limited
(incorporated in Bermuda with limited liability)
(Stock Code: 2343)

OUR PACIFIC BASIN CREW ARE OUR HEROES AT SEA

ANNUAL REPORT 2024

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