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Seacon Shipping Group Holdings Limited
洲際船務集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2409)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the "**Board**") of directors (the "**Directors**") of Seacon Shipping Group Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Period**") together with the comparative figures for the six months ended 30 June 2023.

In this announcement, "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Unaudited	
		Six months ended 30 June	
	Note	**2024**	2023
		US$'000	*US$'000*
Revenue	4	**137,778**	119,171
Cost of sales		**(99,943)**	(102,535)
Gross profit		**37,835**	16,636
Selling, general and administrative expenses		**(8,895)**	(8,631)
Net impairment losses on financial assets		**(944)**	(199)
Other income		**373**	376
Other gains, net	5	**12,753**	6,496
Operating profit		**41,122**	14,678
Finance income		**30**	118
Finance costs		**(8,949)**	(4,586)
Finance costs, net		**(8,919)**	(4,468)
Share of net profit of associates and joint ventures accounted for using the equity method		**655**	1,212
Profit before income tax		**32,858**	11,422
Income tax expenses	6	**(302)**	(563)
Profit for the period		**32,556**	10,859
Profit attributable to:			
— Shareholders of the Company		**30,721**	11,028
— Non-controlling interests		**1,835**	(169)
		32,556	10,859

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Unaudited	
		Six months ended 30 June	
	Note	**2024**	2023
		US$'000	*US$'000*
Profit for the period		**32,556**	10,859
Other comprehensive income:			
— Exchange differences on translation of foreign operations		**(59)**	(60)
Other comprehensive income for the period, net of tax		**(59)**	(60)
Total comprehensive income for the period		**32,497**	10,799
Total comprehensive income attributable to:			
— Shareholders of the Company		**30,654**	10,968
— Non-controlling interests		**1,843**	(169)
		32,497	10,799
Earnings per share attributable to shareholders of the Company for the period			
Basic earnings per share (expressed in US$ per share)	7	**0.061**	0.025
Diluted earnings per share (expressed in US$ per share)	7	**0.061**	0.025

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2024

	Note	**Unaudited 30 June 2024** ***US$'000***	Audited 31 December 2023 *US$'000*
Assets			
Non-current assets			
Property, plant and equipment		**328,459**	269,186
Right-of-use assets		**51,545**	70,348
Intangible assets		**216**	97
Interests in associates and joint ventures		**12,172**	10,694
Other non-current assets		**70,656**	68,619
		463,048	418,944
Current assets			
Financial assets at fair value through profit or loss		**500**	—
Inventories		**5,983**	6,427
Prepayment and other current assets		**4,676**	3,344
Trade and other receivables	8	**34,554**	25,530
Restricted bank deposits		**249**	2,820
Cash and cash equivalents		**44,090**	27,996
		90,052	66,117
Assets classified as held for sale		**36,610**	6,996
		126,662	73,113
Total assets		**589,710**	492,057
Equity			
Share capital		**637**	637
Share Premium		**46,959**	46,959
Reserves		**8,596**	8,636
Retained earnings		**129,888**	116,100
Equity attributable to shareholders of the Company		**186,080**	172,332
Non-controlling interests		**3,280**	1,398
Total equity		**189,360**	173,730

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2024

	Note	**Unaudited 30 June 2024** *US$'000*	Audited 31 December 2023 *US$'000*
Liabilities			
Non-current liabilities			
Borrowings		**239,545**	194,512
Lease liabilities		**35,709**	50,838
Other non-current liabilities		**640**	640
		275,894	245,990
Current liabilities			
Advances and contract liabilities		**3,187**	3,030
Trade and other payables	9	**48,559**	30,550
Current tax liabilities		**1,891**	1,541
Borrowings		**34,597**	21,341
Lease liabilities		**13,159**	15,774
Derivative liabilities		**194**	101
		101,587	72,337
Liabilities directly associated with assets classified as held for sale		**22,869**	—
		124,456	72,337
Total liabilities		**400,350**	318,327
Total equity and liabilities		**589,710**	492,057

1 GENERAL INFORMATION

Seacon Shipping Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 22 October 2021 as an exempted company with limited liability under the Companies Act (Cap.22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "**Group**") are principally engaged in the provision of (i) shipping business which provides foreign trade shipping services through dry bulk carrier, oil tanker and chemical tanker with flag of convenience, and (ii) ship management business which provides ship management services. The Group is controlled by Mr. Guo Jinkui ("**Mr. Guo**").

A reorganisation (the "**Reorganisation**") in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited was completed on 28 February 2022. The Company had its primary listing on The Stock Exchange of Hong Kong Limited on 29 March 2023.

These interim condensed consolidated financial information are presented in United States dollar ("**US$**") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34. This interim condensed consolidated financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The preparation of this interim condensed consolidated financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023 as described in those annual financial statements except for the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected total earnings.

(a) New and amended standards adopted by the Group

The following amended standards are mandatory for the first time for the Group's financial year beginning on 1 January 2024 and are applicable for the Group:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
HKFRS 16 (Amendments)	Lease Liability in Sale and Leaseback
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements— Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Amendments to HKFRSs effective for the financial year beginning on 1 January 2024 do not have a material impact on the Group's interim financial information.

(b) Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 REVENUE AND SEGMENT INFORMATION

The Company's executive directors are the Group's chief operating decision maker ("**CODM**"). The Group's CODM mainly examines the Group's performance from a business perspective, and has identified two reporting segments of its business as follows:

- Shipping business
- Ship management business

(a) Segment information of the Group

The following is an analysis of the Group's revenue and results by reportable segments:

	Unaudited For the six months ended 30 June 2024			
	Shipping business *US$'000*	**Ship management business** *US$'000*	**Elimination** *US$'000*	**Total** *US$'000*
Total reportable segment revenue				
Revenue from external customers	**104,846**	**32,932**	**—**	**137,778**
Inter-segment revenue	**—**	**4,039**	**(4,039)**	**—**
Total reportable segment revenue	**104,846**	**36,971**	**(4,039)**	**137,778**
Segment results				
Profit before income tax	**28,874**	**3,984**	**—**	**32,858**
Segment results included:				
Finance income	**29**	**1**		**30**
Finance costs	**(8,917)**	**(32)**		**(8,949)**
Depreciation and amortisation	**(13,948)**	**(973)**		**(14,921)**
Net impairment losses on financial assets	**(366)**	**(578)**		**(944)**
Share of profit of associates and joint ventures	**641**	**14**		**655**
Additions to non-current assets	**105,532**	**—**		**105,532**

	Unaudited			
	For the six months ended 30 June 2023			
	Shipping business	Ship management business	Elimination	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Total reportable segment revenue				
Revenue from external customers	96,794	22,377	—	119,171
Inter-segment revenue	—	2,087	(2,087)	—
Total reportable segment revenue	96,794	24,464	(2,087)	119,171
Segment results				
Profit before income tax	10,200	1,222	—	11,422
Segment results included:				
Finance income	117	1		118
Finance costs	(4,578)	(8)		(4,586)
Depreciation and amortisation	(14,236)	(355)		(14,591)
Net impairment (losses)/reversal on financial assets	(203)	4		(199)
Share of profit of associates and joint ventures	1,207	5		1,212
Additions to non-current assets	123,538	—		123,538

The following is an analysis of the Group's assets and liabilities by reportable segments:

	As at 30 June 2024 (unaudited)			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***
Segment assets	**555,339**	**50,563**	**(16,192)**	**589,710**
Segment liabilities	**386,035**	**30,507**	**(16,192)**	**400,350**

	As at 31 December 2023 (audited)			
	Shipping business	Ship management business	Elimination	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets	470,933	31,016	(9,892)	492,057
Segment liabilities	312,717	15,502	(9,892)	318,327

(b) Analysis of revenue

The Group's businesses are managed on a worldwide basis. The revenues generated from provision of shipping business and ship management business, which is carried out internationally, and the way in which costs are allocated, preclude a meaningful presentation of geographical information.

The Group's revenues for the six months ended 30 June 2024 are recognised over-time.

5 OTHER GAINS, NET

	Unaudited	
	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
Foreign exchange losses, net	**(2,591)**	(403)
Bank charges	**(716)**	(205)
Provision for legal proceedings	**(34)**	(245)
Net gains on disposal of property, plant and equipment	**16,009**	6,909
Net fair value gains on financial assets at fair value through profit or loss	**(41)**	456
Others	**126**	(16)
	12,753	6,496

6 INCOME TAX EXPENSES

	Unaudited	
	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**88**	94
— PRC enterprise income tax	**36**	7
— Japan income tax	**229**	483
— Singapore income tax	**(54)**	12
— Germany Corporation income tax	**3**	—
Deferred income tax	**—**	(33)
	302	563

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the respective periods. The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the capitalisation issue of 374,990,000 shares on 29 March 2023 which are deemed to have been in issue since 1 January 2021.

	Unaudited	
	Six months ended 30 June	
	2024	2023
Profit attributable to the owners of the Company (US$'000)	**30,721**	11,028
Weighted average number of ordinary shares in issue	**500,000,000**	437,500,000
Basic earnings per share (expressed in US$ per share)	**0.061**	0.025

As the Company has no dilutive instruments for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil), the Group's diluted earnings per share equals to its basic earnings per share.

8 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2024	Audited 31 December 2023
	US$'000	*US$'000*
Trade receivables — ship management business		
— third parties	**4,786**	4,698
— related parties	**264**	268
Less: provision for impairment	**(66)**	(70)
Trade receivables — net	**4,984**	4,896
Trade receivables — shipping business		
— third parties	**4,345**	6,397
— related parties	**410**	478
Less: provision for impairment	**(1,550)**	(1,552)
Trade receivables — net	**3,205**	5,323
Other receivables		
— amount due from related parties	**13,630**	—
— deposits to related parties	**5**	4
— deposits and guarantees	**7,650**	10,204
— others	**5,319**	5,226
	26,604	15,434
Less: provision for impairment of other receivables	**(239)**	(123)
Other receivables — net	**26,365**	15,311
	34,554	25,530

(a) Aging analysis of trade receivables of the Group on each balance sheet date, based on the invoice date, was as follows:

	Unaudited 30 June 2024 ***US$'000***	Audited 31 December 2023 *US$'000*
Trade receivables — ship management business		
Within 3 months	**4,137**	4,703
3–6 months	**628**	150
6–12 months	**204**	45
1–2 years	**76**	63
2–3 years	**5**	5
	5,050	4,966
Less: provision for impairment	**(66)**	(70)
	4,984	4,896

	Unaudited 30 June 2024 ***US$'000***	Audited 31 December 2023 *US$'000*
Trade receivables — shipping business		
Within 3 months	**2,541**	5,081
3–6 months	**—**	—
6–12 months	**528**	244
1–2 years	**136**	1,550
Over 2 years	**1,550**	—
	4,755	6,875
Less: provision for impairment	**(1,550)**	(1,552)
	3,205	5,323

9 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2024 *US$'000*	Audited 31 December 2023 *US$'000*
Trade payables (a)		
— third parties	**14,596**	15,737
— related parties	**—**	10
	14,596	15,747
Other payables		
— amount due to related parties	**5,435**	7,035
— deposits from related parties	**13**	13
— dividend payable	**16,973**	—
— deposits and guarantees	**6,519**	2,565
— salaries and staff welfare payable	**3,235**	2,905
— provisions for legal proceeding	**190**	1,640
— others	**1,598**	645
	33,963	14,803
	48,559	30,550

(a) Aging analysis of trade payable of the Group on each balance sheet date, based on the invoice date, was as follows:

	Unaudited 30 June 2024 *US$'000*	Audited 31 December 2023 *US$'000*
Less than 1 year	**14,386**	15,603
1–2 years	**164**	98
2–3 years	**27**	20
Over 3 years	**19**	26
	14,596	15,747

10 DIVIDENDS

On 27 March 2024, the Board proposed a final dividend of HKD0.15 per ordinary share and declared a special dividend of HKD0.115 per ordinary share in respect of the year ended 31 December 2023, totaling HKD132.5 million (equivalents to USD 16,933,000), US$11,433,000 of which was settled in July and August 2024. No dividends have been declared or paid by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

11 SUBSEQUENT EVENTS

On 12 July 2024, the Group entered into an agreement with PT Primatama Energi Mandiri, an independent third party, pursuant to which the subsidiary agreed to sell a vessel for a consideration of USD13.8 million.

On 22 July 2024, the Group entered into two bareboat charter agreements with Tianjin Dongjiang Comprehensive Bonded Zone Yingxing No. 2 Leasing Co., Ltd. and Tianjin Dongjiang Comprehensive Bonded Zone Yingxing No. 3 Leasing Co., Ltd. for two vessels. The aggregate value of the right-of-use assets that will be recognized by the Company in relation to the vessels under the bareboat charters will amount to approximately USD55.9 million.

On 29 July 2024, Seacon Shipmanage (Shanghai) Co., Ltd. (上海洲際之星海事科技有限公司), an indirect wholly-owned subsidiary of the Company executed a guarantee, pursuant to which the Group has agreed to provide a guarantee up to approximately RMB48.5 million for the due performance by a associate of its payment obligations and liabilities under a finance lease agreement, in proportion to the Group's shareholding in the associate.

On 12 August 2024, the Group entered into an agreement with a subsidiary of JIC Financial Leasing (Shanghai) Co., Ltd. (中建投融資租賃(上海)有限公司), pursuant to which the Group agreed to sell a vessel for a consideration of USD32,100,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Company Profile

The Company is an integrated shipping services provider involved in investment, operation and management of vessels. Its comprehensive services provided include (i) shipping services and (ii) ship management services, covering key processes along the value chain of the maritime shipping industry.

Industry Recognition

Relying on its rich industrial and operational experience, the Group's services are well acclaimed by the market. The Group has successfully been ranked as one of the Lloyd's List 2023 Global Top 10 Ship Management Enterprises and Managers, and became the only listed company among the top ten ship management companies and the first Chinese-funded shipping company on the list, illustrating the Group's excellent service capability and outstanding market position. In addition, Mr. Guo Jinkui, chairman of the Company, has been listed on the "Top 100 Most Notable Chinese Individuals in Shipping Industry"* (最受航運界關注的100位中國人) for eight consecutive years, which demonstrates the Company management's contribution and outstanding performance in the PRC shipping industry.

Business Highlights

Revenue: Revenue amounted to approximately US$137.8 million during the Period, representing a year-on-year increase of 15.6% from approximately US$119.2 million in the 2023 interim period.

Gross profit: Gross profit amounted to approximately US$37.8 million during the Period, representing a year-on-year increase of 127.4% from approximately US$16.6 million in the 2023 interim period.

Adjusted net profit: Adjusted net profit amounted to approximately US$32.6 million during the Period, representing a year-on-year increase of 156.5% from approximately US$12.7 million in the 2023 interim period.

	For the six months ended 30 June	
	2024	2023
	US$ million	*US$ million*
Revenue	**137.8**	119.2
Gross profit	**37.8**	16.6
Adjusted net profit	**32.6**	12.7
Net profit	**32.6**	10.9
Earnings before interest and tax	**41.8**	16.0
Profit per share (US$ per share)	**0.061**	0.025

Business Strategy

One-stop service platform of ship asset covering investment, operation and management: With the extensive maritime knowledge of the Group's management, as well as the operational experience and market information accumulated through shipping services and ship management services, the Group is able to respond in advance to the shipping industry cycles. The Company can acquire ship assets at a lower price, and make deployments in advance during the market downturn as well as generate revenue through its operation and management business when the market is sluggish. The Group may sell vessels at a premium to take advantage of the opportunities brought by the market cycle when the market is prosperous. During the Period, the Group sold a total of three vessels, being one 57,005 dwt bulk carrier, one 14,416 dwt bulk carrier, and one 34,827 dwt oil/chemical tanker, generating sales proceeds (after taxes and expenses) of approximately US$16.0 million. Through regular ship asset operation activities, the Group is able to generate additional financial incomes on the basis of stable businesses.

Allocation of light or heavy ship assets: Maintaining a well-balanced portfolio of vessel fleet assets is one of the keys to the robust development of the Group's shipping services. As the lease term of the chartered-in vessels is generally short (usually expiring within three months), this approach allows the Group to enjoy greater flexibility in vessel fleet operations while avoiding significant capital expenditure. On the other hand, controlled vessels generally enjoy a higher gross profit and could drive the financial performance. Therefore, the balanced vessel fleet assets will be conducive to the achievement of economies of scale and profit improvement of the Group, while maximizing operational flexibility.

Expanding vessel fleet: In view of the low vessel newbuilding cost in the past few years, the Group has engaged well-established shipyards located in the PRC and Japan to build new vessels for it. During the Period, the Group has two new vessels under construction put into operation, along with 3 vessels obtained through investment and bareboat leasing, with a total of additional weight carrying capacity of 142,064 dwt. One new chemical tanker and two 62,000 dwt multi-purpose pulp vessels are expected to be put into operation in the second half of 2024, with additional weight carrying capacity of

127,700 dwt. As of 30 June 2024, there are a total of 20 new vessels under construction for the Group, including 13 chemical/oil tankers and 7 bulk carriers. The Company's additional weight carry capacity covers a variety of vessel types such as oil/chemical tankers, heavy multi-purpose vessels, and general dry cargo vessels, which can effectively expand our carrying capacity while balancing asset investment and benefits.

Diversification of fleet portfolio: With a modern and flexible fleet of dry bulk carriers comprising Capesize, Panamax, Ultramax, Supramax, Handymax and Handysize bulk carrier, as well as flexible oil tankers, medium-range tankers and chemical tankers, the Group's diversified portfolio of vessels can respond more flexibly to changes in the market.

Expanding business presence: In order to support the business development, the Group is committed to setting up offices and service sites in numerous strategic regions worldwide, with an increasingly comprehensive transport network to effectively extend the Company's service capabilities globally, meet customers' needs in a comprehensive manner, improve customer acquisition ability and stickiness of existing customers. In October 2023, the new office of the Group's German branch was officially put into use, strengthening its comprehensive service capabilities in the German and European markets.

Cost reduction, operation efficiency and quality improvement: In order to reduce the impact of macro factors on its financial performance, the Group will endeavour to streamline its existing operating system and process by adopting digital technologies and implementing advanced information technology systems, while seeking diversified financing channels, selecting finance leasing and sale and leaseback in line with the characteristics of the shipping industry, and striving for bank financing at lower interest rates to further reduce financial costs. The Group will also strive to maintain a balanced and diversified vessel fleet asset portfolio, enhancing the controllability of the business and profit margin through controlled vessels increments, while at the same time leveraging chartered-in vessels to maximize operational flexibility at a lower level of capital investment. Such measures will refine cost structure to maintain the profit margin for the Group.

Implementation of environmental, social and corporate governance strategies: In response to green and low-carbon initiatives, the Group has set milestone goals to achieve carbon neutrality. Due to environmental restrictions and the enhanced supervision on carbon emissions intensity of the global shipping industry by the International Maritime Organization, the Group will gradually replace vessels with higher fuel consumption and carbon emissions with new vessels that have lower fuel consumption and carbon emissions. The Group will also adopt energy-saving operational measures and ensure that all new vessels comply with the new requirements through technological improvements and the use of low-emission fuels, thus seizing the huge opportunities brought about by green logistics.

Controlled and Chartered-in Vessel Fleets

The Group offers shipping services for commodity owners, traders and shipping service companies via its controlled or chartered-in vessels. As of 30 June 2024, the Group's controlled fleet comprises 30 vessels of various sizes, including 20 dry bulk carriers and 10 oil/chemical tankers, with a combined weight carrying capacity of 1.45 million dwt, representing a year-on-year increase of 9.8% as compared to 1.32 million dwt as of 30 June 2023, and has an average vessel age of 7.0 years, a decline from 7.3 years in the same period of last year.

Change in controlled fleet

	For the six months ended 30 June	
	2024	2023
Dry bulk carriers		
— Capesize	**1**	1
— Panamax	**7**	5
— Ultra Handysize	**6**	8
— Handysize	**6**	5
Oil/chemical tanker		
— Oil tanker	**3**	3
— Chemical tanker	**7**	2
Total	**30**	24

With its solid market position, flexible and efficient operating model, stable financial condition and performance, and information transparency, the Group has established deep cooperative relationships with shipyards in the PRC and Japan for many years. Therefore, the Group has actively seized the market trend of low vessel newbuilding cost and has separately engaged well-established shipyards located in the PRC and Japan to build new vessels. In terms of new orders, the Group signed 13 new shipbuilding orders during the Period, all of which were oil/chemical tankers. The above investment will result in an additional increase of total weight carrying capacity of 353,100 dwt, and further enrich the fleet portfolio of the Group, enhancing its competitiveness in the shipping industry.

Change in chartered-in vessel fleet

The Group believes that maintaining a suitable ratio between chartered-in vessels and controlled vessels allows the Group to maintain a sizeable fleet of vessels whilst effectively reducing its capital commitments and maximizing flexibility in its business operations. The chartered-in vessel fleet conducts ship transportation business via chartered-in vessels on long term, short term and single voyage basis. During the Period, the Group entered into over 55 chartered-in vessel engagements with a combined weight carrying capacity of approximately 0.25 million dwt.

Due to the diversity of its chartered-in vessels, the Group is able to transport all major kinds of dry bulks for its customers such as iron ore, coal, grain, steel, logs, cement, fertilizer, nickel ore and bauxite.

Global Network

The Group provides shipping services for customers under term charter, trip-based time charters ("**TCT**"), voyage charters and contract of affreightment, which cover major international dry bulk routes, including South America-China, Australia-Far East, USA-Far East, Africa-Far East, Southeast Asia-Far East and India-China.

In order to meet customers' increasing demand for shipping and vessel management services, the Group has set up subsidiaries in China, Singapore, Japan, Greece and Germany, covering Shanghai, Zhoushan, Qingdao, Ningbo, Fuzhou, Hong Kong, Singapore, Tokyo, Athens, Hamburg and other cities, with a commitment to providing services in major markets.

Customer Network

With more than 10 years of extensive industry experience in the industry, the Group is able to serve customers such as ship owners, finance leasing companies, shipyards, dry bulk traders and shipping and logistics companies, including leading shipping charterers and global trading multinationals. The Group's customers include globally-recognised blue-chip multinationals, such as one of the world's leading dry bulk owners and vessel operators; large multinational conglomerates engaging in the trading of agricultural goods; the world's largest private metals trader; one of Japan's largest steel traders; and the world's top four grain traders and global large traders.

Informatization and Intelligent Development

With the increasing competition in the shipping market, downstream market participants continue to raise their demands on the operational capability and efficiency of shipping enterprises, the construction of information systems of various shipping enterprises is accelerating, and informatization and intelligence have become a booster to promote the development of the industry. Through the development of intelligent shipping and management software, the Group has established an integrated and comprehensive shipping management system and through the centralization, integration and real-time interaction of information, the Group is capable of promoting intelligent management and control as well as analysis ability of big data, realizing all-round and refined management of shipping.

ESG Strategy and Target

As the world promotes green energy resources and reduces carbon emissions, the shipping industry is undergoing a transformation. In recent years, the International Maritime Organization (IMO) and the European Union (EU) have enacted a number of regulations to monitor greenhouse gas emissions from ships. In particular, the Marine Environment Protection Committee (MEPC) of the International Maritime Organization, in its latest strategy, has explicitly called for the upgrading of the energy-efficient design of new vessels in order to reduce the carbon emission intensity. These include the need to reduce carbon emissions from ships on international shipping routes by 20% by 2030 and 70% by 2040 as compared with the levels in 2008, and to achieve net zero emissions by 2050 or thereafter. In addition, at least 5% of the energy resources used by ships on international routes by 2030 will need to come from technologies and fuels with zero (or near-zero) greenhouse gas emissions. These regulations impose more stringent energy efficiency requirements on the existing shipping capacity supply.

To this end, the Group has formulated corresponding short, medium and long term targets. In the short term, the Group is committed to meeting the latest IMO standards for Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Index (CII) for all existing ships from 2023. In the medium term (against the 2008 baseline), the Group targets to achieve a 40% reduction in CO_2 emission intensity by 2030 and a 70% reduction in CO_2 emission intensity by 2050, with the ultimate goal of achieving carbon neutrality.

In specific practice, the Group participated in the 2024 Global Shipping Technology Conference held in Shanghai on 30 January 2024, which aims to further promote the decarbonization of the port and shipping industry, encourage technological innovation and business model innovation of enterprises, and select and grant the 2024 Green Decarbonization Innovation Application Award in the shipping industry. In particular, the "GREEN FUTURE Ship Greenhouse Gas Emission Management System", independently developed by the Group's Technology Development (Innovation) Centre, won the 2024 Green Decarbonization Innovation Application Award in the shipping industry, demonstrating the Company's determination to move towards carbon neutrality.

In addition, the Group also endeavours to prepare itself in advance of the implementation of the shipping emission requirements under the European Union Emissions Trading System in 2024 by phasing out and upgrading its vessel fleets, adopting energy-saving operational measures, promoting energy-saving technological improvements, and adopting low-emission fuels. Based on the Wind ESG rating updated in July 2024, the Company's ESG rating has been upgraded to Grade A after the release of 2023 ESG report. After the European carbon tax policy is officially implemented, it is expected that the supply of dry bulk cargo carrying capacity of the Group will be adjusted. Moreover, the Group's young fleet will be better positioned in market share and operating costs in the future as the new vessels have better performance in terms of fuel consumption and carbon emissions.

Financial Performance

In the first half of 2024, with the steady recovery in manufacturing and supply chain imbalances caused by geopolitical events, the global shipping market was generally recovering. The Baltic Dry Index (BDI, being the main benchmark to reflect the volatile movements of the dry bulk carrier charter rates and of the market charter rates) increased by 58.7% year-on-year on average over the Period, while the Baltic Clean Tanker Index (BCTI, being a major benchmark for oil tankers charter rates) increased by 20.3% year-on-year on average over the Period. The Group also expanded the size of its controlled vessel fleets to be in line with the increase in shipping rates, which led to the year-on-year increase of its combined weight carrying capacity of controlled vessel fleets by 9.8% to 1.45 million dwt from 1.32 million dwt in the same period last year. Since the second half of 2023, the Group has also been actively deploying in oil/chemical tanker market and successfully secured a higher charter rate with a diversified fleet. As a result of the above, the Group's total revenue increased by 15.6% on a year-on-year basis to US$137.8 million from US$119.2 million in the same period last year.

Gross profit margin increased from 14.0% in the same period last year to 27.5% in the Period, as revenue contribution from the high gross margin-controlled fleet increased from US$45.4 million in the same period last year to US$63.1 million for the Period, and fixed operating costs such as depreciation and crew wages enjoyed a larger scale effect in line with the increase in revenue. Accordingly, the gross profit increased by 127.4% to US$37.8 million on a year-on-year basis. In addition, as the Group closely monitored investment and trading opportunities for different types of vessels, it sold 3 vessels during the Period, generating a gain of approximately US$16.0 million of asset sales proceeds. Taking into account the aforesaid factors, profit for the Period was US$32.6 million, a year-on-year increase by 199.8% compared to US$10.9 million in the first half of 2023.

Profit attributable to the shareholders of the Company also increased from US$11.0 million in the same period last year to approximately US$30.7 million, a year-on-year increase of 178.6%.

The adjusted net profit for the Period was approximately US$32.6 million, a year-on-year increased by 156.5% compared to US$12.7 million in the first half of 2023.

The Group also strives to maintain a strong financial condition in light of the fluctuations in the market condition. As of 30 June 2024, the Group's total assets were approximately US$589.7 million (as of 31 December 2023: US$492.1 million), an increase by 19.8%. Gearing ratio, which is total liabilities dividing by total assets, also maintained at a sound level of approximately 67.9% (as of 31 December 2023: approximately 64.7%).

Ship management services segment

The Group has been serving as a vessel management service provider since 2012 and provides ship owners, finance leasing companies, shipyards, dry bulk traders, and shipping and logistics companies with tailor-made ship management and value-added services covering the whole life cycle, including technical management, crew manning, business services, sale and purchase support of vessels, insurance and financing assistance of vessels. The ship management contracts are generally entered into with service periods from one year to fifteen years. Such agreements are usually renewable at the end of each such service period. The Group generally charges management fees on lump-sum basis or management fee basis.

The Group manages a wide variety of vessel types such as dry bulk carriers, oil tankers, chemical tankers, cargo ships, container ships, automobile ships, operation support vessel for wind farms, pulp vessels, gas carriers and offshore engineering ships. In terms of the number of vessels under our combined management by the end of 2023, the Group was successfully listed in Lloyd's List 2023 Global Top 10 Ship Management Enterprises and Managers, and was the only listed company among the top 10 ship management companies and the first Chinese-funded shipping company on the list.

Leveraging its increasingly extensive industry experience and broad customer base, the Group has further broadened its service offerings to provide shipbuilding supervision services in 2019. Such services generally cover the provision of initial feasibility analysis and review of vessel blueprints, professional consultations during the shipbuilding as well as technical evaluations and ongoing support services during the course of the shipbuilding process. Since the commencement of the service provision and up to 30 June 2024, the Group has been engaged to provide shipbuilding supervision services for more than 180 shipbuilding projects of various types, covering bulk carriers, container ships, multi-purpose vessels, oil tankers, chemical tankers and marine engineering vessels, automobile ships, LPG ships, very large gas carriers, fishing breeding vessel, wind power installation ships, liquefied natural gas bunkering vessels, passenger ships, etc.

In respect of financial performance, segment revenue for the Period was US$32.9 million (the first half of 2023: US$22.4 million), a year-on-year increase by 47.2%, as a result of the increase in the number of vessels under our management where we charged management fees under lump-sum basis which generally commanded higher service fees. Profit before income tax of the segment was US$4.0 million (the first half of 2023: US$1.2 million), a year-on-year increase by 226.0%, as a result of higher profit associated with the increases in the vessels under management on lump-sum basis. Profit margin of the segment reached 12.1% for the Period (the first half of 2023:approximately 5.5%).

Shipping services segment

The Group's vessel fleet comprises mainly dry bulk carriers which are able to transport all major kinds of dry bulks, such as coal, grain, steel, logs, cement, fertilizer and iron ore. The Group also transports bunkers and petrochemical products through its oil and chemical tankers.

As at 30 June 2024, the Group's controlled fleet comprises 30 vessels, which has a combined weight carrying capacity of 1.45 million dwt, representing a year-on-year increase by 9.8% from 1.32 million dwt as at 30 June 2023, and the average age of vessels further decreased to 7.0 years from 7.3 years in the same period last year. Given its flexibility, chartered-in vessels occupy a portion of fleet of the Group. As at 30 June 2024, the Group entered into over 55 charter agreements with a combined weight carrying capacity of approximately 0.25 million dwt.

Maintaining a perfect and balanced asset mix of vessel fleet is crucial to the healthy development of the business. Controlled vessels are predominantly comprised of dry bulk carriers, oil tankers and chemical tankers which we solely own or jointly own with our business partners, or chartered on a long-term basis through bareboat charters or finance lease arrangements. On the other hand, chartered-in vessels are comprised of dry bulk carriers chartered from vessel suppliers predominantly under term charters and TCT. The generally shorter lease term of chartered-in vessels, which is usually within three months, enables the Group to exert its flexibility in vessel fleet operation while avoiding significant capital expenditure. However, controlled vessels generally bring higher gross profits and can drive financial performance of the Group. Therefore, balanced vessel fleet assets will facilitate the Group to benefit from profit improvement and economics of scale and maximise operating flexibility.

Meanwhile, the Group generally charters its vessels to its customers under term charter and TCT. The Group also provides shipping services to its customers through contract of affreightment including the transport of iron ore from India and Australia to China and metallurgical coal from China to Japan.

During the Period, due to the recovery of global trade volumes, an increase in the number of controlled vessel fleets, and a year-on-year increase of 58.7% and 20.3% in the average BDI and BCTI compared to the same period last year, the segment revenue amounted to US$104.8 million, a year-on-year increase by 8.3% from US$96.8 million in the first half of 2023. In particular, revenue from chartered-in vessels was US$41.7 million, a year-on-year decrease by 18.7% from US$51.4 million in the first half of 2023, while revenue from controlled vessels was US$63.1 million, a year-on-year increase by 38.9% from US$45.4 million in the first half of 2023.

In terms of gross profit, gross profit of shipping services was US$30.9 million (the first half of 2023: US$12.3 million) during the period, a year-on-year increase by 151.3%. In particular, the gross profit of chartered-in vessels was US$0.7 million (the first half of 2023: US$1.0 million), a year-on-year decrease by 31.4%, and the gross profit margin was 1.7% (the first half of 2023: 2.0%). The gross profit of controlled vessels was US$30.2 million, a year-on-year increase by 167.6% from US$11.3 million in the first half of 2023, and gross margin was 47.9% (the first half of 2023: 24.8%). Profit before income tax of this segment was US$28.9 million (the first half of 2023: US$10.2 million), a year-on-year increase by 183.1%, while profit margin of the segment for the period was approximately 27.5% (the first half of 2023: 10.5%).

Market Overview

In the fourth quarter of 2023, the dry bulk shipping market was affected by the congestion of the Mississippi River in the United States, Panama Canal and Suez Canal, resulting in a decrease in overall supply of carrying capacity. On the other hand, stimulated by factors such as the increase in grain in Brazil since August and the commencement of bauxite projects in Guinea in October, terminal demand has rebounded. Together, the BDI was driven to reach a high of over 3,000 by the end of 2023. At the beginning of the first quarter of 2024, even though BDI had a short-term slide due to the traditional low season, throughout the first half of 2024, the dry bulk shipping market delivered satisfactory performance due to the market's positive expectations for China's economic recovery, the persistent congestion at the two major canals caused by weather, and the fact that spillover effect of the Israeli-Palestinian conflict has led to a significant heightened risk in the Red Sea maritime route and a large number of ships have been forced to divert via the Cape of Good Hope in Africa.

According to the data published by the National Bureau of Statistics, the total steel production in China in the first half of 2024 was 19.564 million tons, an increase of 0.7% compared to the same period in 2023, among which, the production in June reached 4.185 million tons, a two-year high. Meanwhile, in the first half of 2024, China imported 611 million tons of iron ore, a year-on-year increase of 6.2%, and 250 million tons of coal, a year-on-year increase of 12.5%. These increased commodities were mainly transported via large and medium-sized dry bulk carriers, especially Capesize, which brought stable orders.

Taking into account the above factors, the average BDI from January to June 2024 was 1,837.6, a significant year-on-year increase of 58.7% compared to 2023, among which, the Baltic Capesize Index (BCI) has performed particularly well, surging 88.9% compared to the same period in 2023. The indices of other vessel types, including BPI (Baltic Panamax Index), BSI (Baltic Supramax Index), and BHSI (Baltic Handysize Spot Index), were also significantly higher than those as compared to the same period in 2023 respectively.

In terms of the oil and chemical shipping market, the geopolitical turmoil in the Middle East at the beginning of 2024 stimulated a surge in oil and chemical shipping rates. In the first half of the year, the BDTI (Baltic Dirty Tanker Index) and BCTI reached the record high in mid to late January, but they showed a fluctuating downward trend due to the absence of further impact from geopolitical momentum on supply and demand. However, overall BCTI is still operating at a high level, with an average of 1,003.3 from January to June 2024, an increase of 19.7% compared to the same period in 2023. The trends of different vessel types also vary, with VLCC rent prices falling sharply since late May, while Suez, Afra, and MR tankers also experienced correction of varying degrees in June after strong upturn.

On the ship supply side, the slipway resources of the mainstream shipyards in China, Japan and Korea are still tight. The relatively low proportion of dry bulk carriers orders on hand such as the Capesize Ship to the existing fleet means that the number of dry bulk carriers and oil tankers and chemical tankers available for delivery in the next three to five years will remain limited. At the same time, the ageing trend of dry bulk and oil tankers and chemical tankers is also worsening. With the European Emissions Trading System (EU ETS) coming into force and the establishment of new carbon emission regulations by IMO, it will be more urgent for the phasing out of aged ships and the gradual replacement of vessels fueled by traditional fuels, which will further drive the demand for new dry bulk carriers and oil tankers and chemical tankers.

Looking ahead to future demand, Clarkson's data forecasts that seaborne trades in iron ore, coal, grain and minor commodities is expected to maintain positive growth in 2024, and is expected to grow by approximately 2.7%, 0.3%, 2.2% and 3.3%, respectively. Meanwhile, Clarkson also expects crude oil, refined oil and chemicals will maintain positive growth of approximately 0.4%, 1.4% and 2.4%, respectively. As the volume of seaborne trade in major commodities is closely related to the demand for dry bulk carriers and oil tankers and chemical tankers, a positive growth trend in the former will positively support the latter. In terms of ship allocation, as the Group expects improvements in chemical products and related logistics needs, the Group will also actively increase the number of oil tankers and chemical tankers to better meet market demand.

In terms of ship management market, amid increasing compliance requirements, shipowners in the market are gradually inclined to seek advice from professional third-party ship managers. As one of the world's top ten largest ship management services provider headquartered in the PRC, the Group has obvious advantages in brands, experience and scale, which will help it to capture a larger share of the market in the future.

Prospects

Following its successful listing on the Main Board of the Stock Exchange of Hong Kong Limited, the Group has been actively harnessing the international capital to expand controlled vessel fleet and chartered-in vessel fleet with light and heavy assets. During the Period, the Group has launched two new vessels, together with the joint acquisition of two chemical tanker with a combined weight carrying capacity of 11,650 dwt during the Period and one chemical tanker with 7,474 dwt acquired under a bareboat, the combined weight carrying capacity reached 1.45 million dwt, an increase of 9.8% of weight carrying capacity as compared with that as of 30 June 2023. Meanwhile, the Group is also actively expanding its fleet coverage. The Group expects to add 26 vessels successively from the second half of 2024 to 2027, including 11 bulk carriers, 11 chemical tankers, and 4 MR product oil tankers, which is expected to enable the combined weight carrying capacity to increase by an additional 940,000 dwt. With the overall enhancement of the Group's shipping service capacity, the Group expects its financial results to remain solid growth in the short term.

Meanwhile, the operation of new vessels will bring more opportunities for replacing old vessels. The Group will be dedicated to capturing the cyclical nature of the industry and release capital values at market highs to lift its asset return. Following the successful disposal of three vessels, the Group has recorded sales proceeds (after tax and expenses) of approximately US$16.0 million during the period. Subsequent to the reporting period, the Group also continued to implement its vessel replacement plan to optimize its fleet size and improve working capital liquidity. In particular, the Group disposed 1 bulk carrier of 50,944 dwt, 1 bulk carrier of 12,138 dwt and 1 bulk carrier of 63,289.90 dwt in July and August 2024, respectively. Upon completion of the transactions, it is estimated that total sales proceeds (after tax and expenses) of approximately US$17.0 million will be realised. Through its regular vessel investment activities, the Group will continue to seize opportunities to generate additional financial gains on the basis of stable businesses. As the Group eliminates and upgrades fleets in due course, the Group will capture larger market share with vessels that meet the updated international standard and have greater advantages in oil consumption and carbon tax expenses.

In terms of ship management business, the Group will continue to consolidate its market leadership by properly leveraging its roles as the world's top ten and China's largest third-party ship management service provider to utilize the business opportunities from future policies. The Group will also expand its major ship management presences currently located in Qingdao, Shanghai, Ningbo and Fuzhou so as to meet the market needs with more comprehensive services.

Under the multi-pronged development direction, the Group will keep pursuing higher operational efficiency and greater business scale and strive to create higher value for the Shareholders and other stakeholders.

FINANCIAL REVIEW

Revenue

The Group's revenue was principally derived from the provision of (i) shipping services; and (ii) ship management services. The Group's revenue increased by approximately US$18.6 million or 15.6% from approximately US$119.2 million for the six months ended 30 June 2023 to approximately US$137.8 million for the Period.

Shipping services

The Group's revenue from shipping services increased by approximately US$8.0 million or 8.3% from approximately US$96.8 million for the six months ended 30 June 2023 to approximately US$104.8 million for the Period primarily due to the recovery of global trade volumes, an increase in the number of controlled vessel fleets, and an increase in the market charter and freight rates during the Period.

Ship management services

The Group's revenue from ship management services increased by approximately US$10.5 million or 47.2% from approximately US$22.4 million for the six months ended 30 June 2023 to approximately US$32.9 million for the Period primarily due to the increase in the number of vessels under the Group's management where the Group charged management fees under lump-sum basis which generally commanded higher service fees.

Cost of sales

The Group's cost of sales decreased by approximately US$2.6 million or 2.5% from approximately US$102.5 million for the six months ended 30 June 2023 to approximately US$99.9 million for the Period primarily due to a decrease in charter hire cost as a result of a decrease in chartered-in vessels engagements from vessel suppliers during the Period, which was partially offset by an increase in crew manning expenses due to the increase in number of vessels under the Group's management during the Period.

Gross profit and gross profit margin

The Group's gross profit increased by approximately US$21.2 million or 127.4% from approximately US$16.6 million for the six months ended 30 June 2023 to approximately US$37.8 million for the Period. The Group's overall gross profit margin increased from approximately 14.0% for the six months ended 30 June 2023 to approximately 27.5% for the Period. Such increase was primarily due to revenue contribution from the high gross margin-controlled fleet increased, and fixed operating costs such as depreciation and crew wages enjoyed a larger scale effect in line with the increase in revenue.

Selling, general and administrative expenses

The Group's selling, general and administrative expenses increased by approximately US$0.3 million or 3.1% from approximately US$8.6 million for the six months ended 30 June 2023 to approximately US$8.9 million for the Period primarily due to the increase in employee benefit expenses during the Period.

Other gains, net

The Group recorded other gains of approximately US$12.8 million for the Period as compared to approximately US$6.5 million for the six months ended 30 June 2023 primarily due to the recognition of net gains of approximately US$16.0 million from the disposal of property, plant and equipment during the Period, which was partially offset by foreign exchange losses of approximately US$2.6 million during the Period.

Finance costs

The Group's finance costs increased by approximately US$4.3 million or 93.5% from approximately US$4.6 million for the six months ended 30 June 2023 to approximately US$8.9 million for the Period primarily due to an increase in external financing as a result of the addition of several controlled vessels during the Period and the increased interest rates as a result of the interest rate hikes by the United States Federal Reserves during the Period.

Share of net profits of associates and joint ventures

The Group recorded share of net profit of approximately US$0.7 million for the Period as compared to approximately US$1.2 million for the six months ended 30 June 2023 primarily due to a decrease in profitability of several associates of the Company.

Profit for the Period

As a result of the foregoing, the Group's profit increased by approximately US$21.7 million or 199.1% from approximately US$10.9 million for the six months ended 30 June 2023 to approximately US$32.6 million for the Period.

Non-HKFRS measure

Non-HKFRS measure is not a standard measure under HKFRSs. To supplement the Group's unaudited consolidated financial statements which are presented in accordance with HKFRS, the Group also use non-HKFRS measure, namely, adjusted net profit which is not required by, or presented in accordance with HKFRS. While adjusted net profit (non-HKFRS measure) provides an additional financial measure for investors to assess the Group's operating performance, the use of adjusted net profit (non-HKFRS measure) has certain limitations. Further, the Group's presentation of the adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. You should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS. The Group define adjusted net profit (non-HKFRS measure) as profit for the period adjusted by adding listing expenses. The table below sets out the Group's adjusted net profit (non-HKFRS measure) for the periods indicated:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	US$ million	*US$ million*
Profit for the period	**32.6**	10.9
Add: Listing expenses[1]	—	1.8
Non-HKFRS measure:		
Adjusted net profit for the period	**32.6**	12.7

Note:

(1) Listing expenses relate to the global offering of the Company.

Indebtedness

As of 30 June 2024, the Group's borrowings and lease liabilities amounted to approximately US$323.0 million in aggregate (as of 31 December 2023: US$282.5 million).

As of 30 June 2024, the amount guaranteed by the Group for joint ventures and associates amounted to approximately US$94.6 million (as of 31 December 2023: nil).

Borrowings

The Group's total borrowings increased from approximately US$215.9 million as at 31 December 2023 to approximately US$274.1 million as at 30 June 2024 primarily due to the finance leases the Group entered into in relation to certain vessels during the Period. The Group's borrowings are denominated in US$, RMB, JPY and SG$.

Pledge of assets

For financing arrangements of the Group's controlled vessels, the Group generally financed the acquisition or newbuilding of controlled vessels through a mix of internal resources, bank loans and finance lease arrangements. The Group companies provide security by way of guarantees or pledge vessels as collateral to secure bank loans or finance lease arrangements.

As at 30 June 2024, property, plant and equipment with the carrying amount of approximately US$325.3 million was pledged to secure borrowings (As at 31 December 2023: approximately US$266.9 million).

Lease liabilities

The Group's lease liabilities primarily represent the long-term bareboat charters with lease periods of one year or more. The Group's lease liabilities decreased from approximately US$66.6 million as at 31 December 2023 to approximately US$48.9 million as at 30 June 2024.

Contingent liabilities

As of 30 June 2024, the Group did not have any material contingent liabilities.

Capital structure

The Group's total assets increased from approximately US$492.1 million as of 31 December 2023 to approximately US$589.7 million as of 30 June 2024. The Group's total liabilities increased from approximately US$318.3 million as of 31 December 2023 to approximately US$400.4 million as of 30 June 2024.

The Group's net debt to equity ratio remained relatively stable, which was approximately 150.5% as of 31 December 2023 and approximately 150.2% as of 30 June 2024. Net debt to equity ratio is calculated as net debt divided by total equity as of relevant date. Net debt is calculated as total borrowings, lease liabilities, amount due to related parties and amount due to third parties less cash and cash equivalents. Total equity is shown in the consolidated balance sheet.

Capital commitments

The capital commitment as at 30 June 2024 was approximately US$320.5 million (as at 31 December 2023: US$278.5 million), which was mainly related to eleven vessels purchase contracts of which the vessels were not yet delivered up to 30 June 2024. Among such eleven vessels, the expected delivery date of eight vessels will be in 2025 and three vessels will be in 2026.

Save as disclosed, the Group did not have any other material capital commitments as at 30 June 2024.

Liquidity and financial resources

As at 30 June 2024, the Group recorded net current assets of approximately US$2.2 million compared to approximately US$0.8 million as at 31 December 2023. The Group's current ratio (namely current assets as of relevant dates divided by current liabilities) increased from 1.01 as of 31 December 2023 to 1.02 as of 30 June 2024.

As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately US$44.1 million and the Group's cash and cash equivalents amounted to approximately US$28.0 million as at 31 December 2023. The Group's cash and cash equivalents are denominated in US$, RMB, JPY, SG$, EUR and HKD.

TREASURY POLICY

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the Shareholders and to maintain an optimal capital structure to enhance Shareholders' value in the long term. The Group has adopted a prudent financial management approach towards the treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of its assets, liabilities and other commitments can meet its funding requirements at all times.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 30 June 2024, there were 20 vessels under construction for the Group. It is expected that three, nine, five and three of such vessels will be delivered in late 2024, 2025, 2026 and 2027, respectively. In respect of 13 of the vessels under construction for the Group, relevant shipbuilding or acquisition contracts were entered into during the Period. Details of those material relevant contracts entered into during the Period have been disclosed in the Company's announcements dated 31 January 2024, 18 February 2024, 15 March 2024, 2 April 2024, 15 April 2024 and 3 June 2024, respectively, and the Company's circulars dated 23 February 2024 and 24 May 2024, respectively.

Save as disclosed, the Group did not have any other material investment or capital assets during the Period. In addition, the Group will utilise net proceeds from the global offering in the same manner as indicated in the section headed "Use of Net Proceeds from the Global Offering" of this announcement. Save as disclosed, the Group does not currently have any other plans for significant investment or capital assets. However, the Group will continue to seek for new opportunities for business development.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 12 July 2024, the Group entered into an agreement with PT Primatama Energi Mandiri, pursuant to which the Group agreed to sell a vessel to the latter for a consideration of USD13.8 million. For details of the transaction, please refer to the Company's announcement dated 12 July 2024.

On 22 July 2024, the Group entered into two bareboat charter agreements with Tianjin Dongjiang Comprehensive Bonded Zone Yingxing No. 2 Leasing Co., Ltd. and Tianjin Dongjiang Comprehensive Bonded Zone Yingxing No. 3 Leasing Co., Ltd. for two vessels. The aggregate value (unaudited) of the right-of-use assets that will be recognized by the Company in relation to the vessels under the bareboat charters will amount to approximately USD55.9 million. For details of the transaction, please refer to the Company's announcement dated 22 July 2024.

On 29 July 2024, the Group provided a guarantee, pursuant to which the Group has agreed to provide a guarantee up to approximately RMB48.5 million for the due performance by Xiamen U-Link Shipping Co., Ltd.* (廈門新永聯航運有限公司) (the "**Obligor**"), an associate company of the Company, of the Obligor's payment obligations and liabilities under a finance lease agreement, in proportion to the Group's shareholding in the Obligor. For details of the transaction, please refer to the Company's announcement dated 29 July 2024.

On 12 August 2024, the Group entered into an agreement with SHENXIN SHIP LEASING (SHANGHAI) CO., LTD.* (申鑫船舶租賃 (上海) 有限責任公司), pursuant to which the Group agreed to sell a vessel to the latter for a consideration of USD32.1 million. For details of the transaction, please refer to the Company's announcement dated 12 August 2024.

Save as disclosed, there was no other significant event since 30 June 2024 and up to the date of this announcement that could have a material impact on the Company's operations and financial performance.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Period.

EMPLOYEES

The Group recognises that employees are valuable wealth of the Group, and that achieving and improving employees' values will facilitate the achievement of the Group's overall goals. The Group has been committed to providing employees with competitive remuneration packages, attracting promotion opportunities and a respectful and professional working environment. The Group participates in and contributes to statutory social benefit and mandatory contribution schemes, social benefits (including pension insurance, medical insurance, work injury insurance, unemployment insurance and maternity insurance) and housing provident fund contributions in accordance with applicable laws, rules and regulations. The Group's employees are also entitled to various subsidies and benefits, including but not limited to paid annual leave, paid birthday leave and maternity allowance, etc. The Group believes that its training culture helps the Group to recruit and retain talents. The Group provides internal training and external seminars related to quality, operation, internal control, environment and health and safety policies depending on the departments and scope of work of the employees. The Group will continue to attract and retain more talent by regularly reviewing the performance of its employees and using the review results as reference in determining any salary adjustments and promotions. As of the date of this announcement, certain of the Group's employees belonged to a trade union called China Seamen's Union Seacon Shandong Shipping Group Committee* (中國海員工會山東洲際航運集團委員會). The Group believes that it maintains good working relationships with its employees and there were no significant disruptions in the Group's operations due to industrial actions or labour disputes during the Period.

The Company has also adopted a share option scheme pursuant to the written resolutions of the Shareholders and Directors passed on 2 March 2023 (the "**Share Option Scheme**") to incentivise eligible Directors, senior management and employees, to attract, motivate and retain skilled and experienced personnel, and to provide incentives or rewards for their contribution or potential contribution to the Group. Further information of the Share Option Scheme will be available in the interim report of the Company for the Period.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company's shares were listed on the Stock Exchange on 29 March 2023 and a global offering of the Company's ordinary shares was offered, comprising 12,500,000 shares under the Hong Kong public offering and 112,500,000 shares under international placing, both at an offer price of HK$3.27 per share (collectively, the "**Global Offering**"). The net proceeds from the Global Offering, after deduction of underwriting fees and related expenses, amounted to approximately HK$333.8 million (the "**Net Proceeds**").

The following table sets forth the status of the use of the Net Proceeds:

Purpose	**% of total proceeds**	**Planned allocation of Net Proceeds (approximately)** *(HK$ in million)*	**Utilised Net Proceeds as of the date of this announcement (approximately)** *(HK$ in million)*	**Unutilised Net Proceeds as of the date of this announcement (approximately)** *(HK$ in million)*	**Expected timeline for utilisation of the remaining Net Proceeds**
• Expand and optimize the Company's vessel fleet					
— Expand and optimize the Company's controlled vessel fleet	57.0	190.3	190.3	—	—
— Increase the scale of the Company's chartered-in vessel fleet by entering into 20 to 25 chartered-in engagements predominantly through time charters	20.0	66.8	66.8	—	—
• (i) Reinforce the Company's ship management capabilities by setting up new offices in strategic locations such as Shanghai, Greece, Philippines and Japan by renting office premises, and (ii) expand the Group's current ship management operations in Qingdao, Ningbo and Fuzhou.	10.0	33.4	33.4	—	—
• Adopt digital technologies and implement advanced information technology in the Company's business operations.	3.0	10.0	6.0	4.0	By the end of 2024
• General working capital and other general corporate purpose.	10.0	33.4	33.4	—	—
Total	100%	333.8	329.9	4.0	

Note:

(1) Using USD/HK$ exchange rate as of 30 June 2024.

There has been no change in the intended use of Net Proceeds as previously disclosed in the Company's prospectus dated 14 March 2023 (the "**Prospectus**"). The Group has been gradually utilizing the net proceeds from the Global Offering according to the manner and proportions disclosed in the Prospectus.

The remaining Net Proceeds are currently held in bank deposits and it is intended that it will similarly be applied in the manner consistent with the proposed allocations in the Prospectus. For more details, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

ROUNDING

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

OTHER INFORMATION

Purchase, sale or redemption of the Company's listed securities

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, (including sales of treasury shares (the "**Treasury Shares**") within the meaning under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")). As at 30 June 2024, the Company did not hold any Treasury Shares.

Corporate governance

The Board is committed to maintaining corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and improve its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis for the corporate governance practices of the Company.

During the Period, the Company complied with all applicable code provisions of the CG Code, except for the deviation as follows:

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separate and shall not be performed by the same individual. Mr. Guo Jinkui, being the Chairman and executive Director of the Company, is responsible for the operation and management of the Board. No chief executive officer has been appointed by the Company. The day-to-day management of the Group is delegated to other executive Directors and the management of the Company. The Board is of the view that the current management structure can effectively facilitate the Group's operation and business development.

The Company is committed to enhancing its corporate governance practices used to regulate conduct and promote growth of its business and to reviewing such practices from time to time to ensure that the Company comply with the CG Code and align with the latest developments of the Company.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the Model Code for the Period.

Audit committee

The audit committee of the Company has reviewed the unaudited interim results of the Group for the Period, including the accounting principles adopted by the Group, with the Company's management.

Publication of the interim report

The interim report of the Company for the Period containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.seacon.com) in due course.

By order of the Board
Seacon Shipping Group Holdings Limited
Guo Jinkui
Chairman

Hong Kong, 28 August 2024

As at the date of this announcement, the Board comprises executive Directors of Mr. Guo Jinkui, Mr. Chen Zekai, Mr. He Gang, and Mr. Zhao Yong; and independent non-executive Directors of Mr. Fu Junyuan, Ms. Zhang Xuemei, and Mr. Zhuang Wei.

* *For identification purposes only*