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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 2023

The board (the "**Board**") of directors (the "**Directors**") of Seacon Shipping Group Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023 (the "**Period**") together with the comparative figures for the corresponding period in 2022.

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 2023

		Unaudited	
		Six months ended 30 June	
	Note	**2023**	2022
		US$'000	*US$'000*
Revenue	4	**119,171**	206,029
Cost of sales		**(102,535)**	(170,041)
Gross profit		**16,636**	35,988
Selling, general and administrative expenses		**(8,631)**	(5,225)
Net impairment losses on financial assets		**(199)**	(293)
Other income		**376**	39
Other gains, net	5	**6,496**	5,083
Operating profit		**14,678**	35,592
Finance income		**118**	4
Finance costs		**(4,586)**	(3,016)
Finance costs, net		**(4,468)**	(3,012)
Share of net profit of associates and joint ventures accounted for using the equity method		**1,212**	5,153
Profit before income tax		**11,422**	37,733
Income tax expenses	6	**(563)**	(1,513)
Profit for the period		**10,859**	36,220
Profit attributable to:			
— Shareholders of the Company		**11,028**	35,654
— Non-controlling interests		**(169)**	566
		10,859	36,220

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Unaudited	
		Six months ended 30 June	
	Note	**2023**	2022
		US$'000	*US$'000*
Other comprehensive income:			
Item that may be reclassified to profit or loss			
— Exchange differences on translation of foreign operations		**(60)**	(58)
Other comprehensive income for the period, net of tax		**(60)**	(58)
Total comprehensive income for the period		**10,799**	36,162
Total comprehensive income attributable to:			
— Shareholders of the Company		**10,968**	35,596
— Non-controlling interests		**(169)**	566
		10,799	36,162
Earnings per share attributable to shareholders of the Company for the period			
Basic earnings per share (expressed in US$ per share)	7	**0.025**	0.095
Diluted earnings per share (expressed in US$ per share)	7	**0.025**	0.095

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Note	**Unaudited 30 June 2023** *US$'000*	Audited 31 December 2022 *US$'000*
Assets			
Non-current assets			
Property, plant and equipment		**201,864**	91,135
Right-of-use assets		**67,899**	78,148
Intangible assets		**104**	92
Interests in associates and joint ventures		**9,058**	7,846
Deferred tax assets		**70**	37
Other non-current assets		**60,949**	47,742
		339,944	225,000
Current assets			
Financial assets at fair value through profit or loss		—	1,232
Inventories		**3,934**	10,630
Prepayment and other current assets		**5,002**	5,181
Trade and other receivables	8	**30,391**	25,002
Restricted bank deposits		**43**	32
Cash and cash equivalents		**35,348**	20,170
		74,718	62,247
Total assets		**414,662**	287,247
Equity			
Share capital		**637**	—*
Share Premium		**46,959**	—
Reserves		**9,632**	9,692
Retained earnings		**105,942**	94,914
Equity attributable to shareholders of the Company		**163,170**	104,606
Non-controlling interests		**80**	4,404
Total equity		**163,250**	109,010

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2023

	Note	**Unaudited 30 June 2023** *US$'000*	Audited 31 December 2022 *US$'000*
Liabilities			
Non-current liabilities			
Borrowings		**143,613**	61,575
Lease liabilities		**47,895**	55,504
		191,508	117,079
Current liabilities			
Advances and contract liabilities		**1,661**	4,396
Trade and other payables	9	**24,414**	27,695
Current tax liabilities		**2,300**	1,941
Borrowings		**16,199**	9,851
Lease liabilities		**15,330**	17,275
		59,904	61,158
Total liabilities		**251,412**	178,237
Total equity and liabilities		**414,662**	287,247

—* The amount which is less than US$1,000 is presented as "—*".

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 has 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 2023 has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). 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 2022, 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 2022 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

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(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 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**

	Unaudited For the six months ended 30 June 2022			
	Shipping business	Ship management business	Elimination	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Total reportable segment revenue				
Revenue from external customers	178,103	27,926	—	206,029
Inter-segment revenue	—	1,338	(1,338)	—
Total reportable segment revenue	178,103	29,264	(1,338)	206,029
Segment results				
Profit before income tax	33,467	4,266	—	37,733
Segment results included:				
Finance income	—*	4	—	4
Finance costs	(2,985)	(31)	—	(3,016)
Depreciation and amortisation	(14,711)	(243)	—	(14,954)
Net impairment (loss)/reversal on financial assets	(298)	5	—	(293)
Share of profit of associates and joint ventures	5,059	94	—	5,153

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

	As at 30 June 2023 (unaudited)			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***
Segment assets	**398,692**	**23,600**	**(7,630)**	**414,662**
Segment liabilities	**248,566**	**10,476**	**(7,630)**	**251,412**

	As at 31 December 2022 (audited)			
	Shipping business	Ship management business	Elimination	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets	270,193	23,248	(6,194)	287,247
Segment liabilities	171,905	12,526	(6,194)	178,237

(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 2023 are recognised over-time.

For the six months ended 30 June 2023, there were no sales to any single customer which contributed 10% or more of the Group's revenue (2022: Nil).

5 OTHER GAINS, NET

	Unaudited Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Foreign exchange gains/(losses), net	**(403)**	67
Bank charges	**(205)**	(204)
Provision for legal proceedings	**(245)**	(680)
Net gains on disposal of property, plant and equipment	**6,909**	5,425
Net gains on disposal of financial assets at fair value through profit or loss	**456**	83
Net fair value gains on financial assets at fair value through profit or loss	**—**	383
Others	**(16)**	9
	6,496	5,083

6 INCOME TAX EXPENSES

	Unaudited Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**94**	187
— PRC enterprise income tax	**7**	9
— Japan income tax	**483**	1,030
— Singapore income tax	**12**	280
Deferred income tax	**(33)**	7
	563	1,513

For the six months ended 30 June 2023 and 2022, taxation has been provided at the appropriate rates of taxation prevailing in the countries in which the Group operates.

(i) Cayman Islands Income Tax

The Company is incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to Cayman Islands income tax.

(ii) British Virgin Islands ("BVI") Income Tax

Under the current laws of the BVI, the BVI subsidiaries are not subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the BVI.

(iii) Marshall Islands Income Tax

Under the current laws of the Marshall Islands, the Marshall Islands subsidiaries are not subject to Marshall Islands tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the Marshall Islands.

(iv) Liberia Income Tax

Under the current laws of Liberia, the Liberia subsidiaries are not subject to tax on its income or capital gains as the income is not Liberia sourced.

(v) Singapore Income Tax

Certain subsidiaries engaged in ship management business and shipping business are registered in Singapore or are Singapore tax resident, while the statutory rate for Singapore income tax is 17%, however, profit from shipping business derived by the Group is exempted from tax under Section 13F of the Singapore Income Tax Act.

For subsidiaries which are engaged in ship management business, the three-year start-up tax exemption scheme applies on the first SG$200,000 of normal chargeable income; and specifically 75% of up to the first SG$100,000 of a company's normal chargeable income, and 50% of up to the next SG$100,000 is exempt from corporate tax. The partial tax exemption scheme applies on the first SG$200,000 of normal chargeable income; and specifically 75% of up to the first SG$10,000 of a company's normal chargeable income, and 50% of up to the next SG$190,000 is exempt from corporate tax.

(vi) Hong Kong Profits Tax

Certain subsidiaries engaged in ship management business and shipping business are registered in Hong Kong or are Hong Kong tax resident. The provision for Hong Kong profits tax of shipping management services are calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profit tax rates regime, the first HK$2 million of profits of qualifying corporation are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%. A group of "connected entities" can only nominate one entity within the group to enjoy the two-tier rates for a given year of assessment. The profits of corporation which is not qualifying for the two-tiered profits tax rates regime is taxed at a flat rate of 16.5%.The profits from shipping business which are not derived from or arising in Hong Kong meets the criteria of Inland Revenue Ordinance of Hong Kong Section 23B and should be exempt from profits tax.

(vii) Japan Income Tax

Certain subsidiaries engaged in shipping business are registered in Japan or are Japanese tax resident. The Japan income tax have been provided at the progressive tax rate on the estimated profits.

(viii) PRC Enterprise Income Tax ("EIT")

Certain subsidiaries engaged in ship management business are registered in the PRC. The statutory rate for PRC enterprise income tax is 25% except for certain subsidiaries which are taxed at preferential tax rate.

According to Cai Shui [2019] No. 13, Announcement [2021] No. 12, Announcement [2022] No. 13 and [2023] No. 6 issued by the Ministry of Finance and the State Administration of Taxation, certain PRC subsidiaries of the Company were entitled to the preferential income tax applied for small low-profit enterprises as follows:

— For companies with the annual taxable income of no more than RMB1 million, the portion of annual taxable income shall be deducted into the taxable income by 12.5%, and the EIT shall be prepaid at the rate of 20% for the year ended 31 December 2022; and the annual taxable income shall be deducted into the taxable income by 25%, and the EIT shall be prepaid at the rate of 20% from 1 January 2023 to 31 December 2024.

— For companies with the annual taxable income exceeds RMB1 million but no more than RMB3 million, the annual taxable income shall be deducted into the taxable income by 25%, and the EIT shall be prepaid at the rate of 20% from 1 January 2022 to 31 December 2024.

(ix) Greece Income Tax

Under the prevailing tax laws and regulations of Greece, the Greek offices of foreign legal entities established under Law 89/1967 (as amended through the provisions of article 25 of L.27/1975) that are engaged in the management of vessels flying a Greek or foreign flag and other activities approved by the license of operation, are exempt while subject to tonnage tax. The L.89 regime is applicable to offices or branches of foreign legal entities (irrespective of their type) that are exclusively engaged either in the management, exploitation, chartering, insurance, average adjustments, or in the sales, chartering, insurance or shipbuilding brokerage of Greek or foreign vessels over 500 GRT (which are not routed in domestic voyages), as well as in the representation of foreign ship-owing companies.

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	
	2023	2022
Profit attributable to the owners of the Company (US$'000)	**11,028**	35,654
Weighted average number of ordinary shares in issue	**437,500,000**	375,000,000
Basic earnings per share (expressed in US$ per share)	**0.025**	0.095

As the Company has no dilutive instruments for the six months ended 30 June 2023 (2022: Nil), the Group's diluted earnings per share equals to its basic earnings per share.

8 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2023 US$'000	Audited 31 December 2022 US$'000
Trade receivables — ship management business		
— third parties	**2,116**	2,601
— related parties	**245**	473
Less: provision for impairment	**(23)**	(21)
Trade receivables — net	**2,338**	3,053
Trade receivables — shipping business		
— third parties	**8,053**	11,640
Less: provision for impairment	**(209)**	(155)
Trade receivables — net	**7,844**	11,485
Other receivables		
— amount due from related parties	**1,960**	184
— deposits and guarantees	**11,142**	5,202
— dividends receivable from an associate	**—**	3,104
— others	**7,329**	2,053
	20,431	10,543
Less: provision for impairment of other receivables	**(222)**	(79)
Other receivables — net	**20,209**	10,464
	30,391	25,002

(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 2023 ***US$'000***	Audited 31 December 2022 *US$'000*
Trade receivables — ship management business		
Within 3 months	**2,229**	2,876
3–6 months	**51**	88
6–12 months	**59**	90
1–2 years	**22**	20
	2,361	3,074
Less: provision for impairment	**(23)**	(21)
	2,338	3,053

	Unaudited 30 June 2023 ***US$'000***	Audited 31 December 2022 *US$'000*
Trade receivables — shipping business		
Within 3 months	**5,432**	10,059
3–6 months	**190**	31
6–12 months	**881**	1,528
1–2 years	**1,528**	—
2–3 years	**—**	—
3–4 years	**22**	22
	8,053	11,640
Less: provision for impairment	**(209)**	(155)
	7,844	11,485

9 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2023 *US$'000*	Audited 31 December 2022 *US$'000*
Trade payables (a)		
— third parties	**13,330**	20,498
— related parties	**517**	556
	13,847	21,054
Other payables		
— amount due to related parties	**22**	1,345
— deposits from related parties	**9**	18
— amount due to third parties	**14**	108
— deposits and guarantees	**2,656**	980
— salaries and staff welfare payable	**847**	1,903
— dividend payable	**4,156**	—
— provisions for legal proceeding	**1,834**	1,398
— listing expenses	**496**	650
— others	**533**	239
	10,567	6,641
	24,414	27,695

(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 2023 *US$'000*	Audited 31 December 2022 *US$'000*
Less than 1 year	**12,832**	20,866
1–2 years	**910**	76
2–3 years	**74**	110
Over 3 years	**31**	2
	13,847	21,054

10 DIVIDENDS

Seacon Enterprise Pte. Ltd., is a non-wholly owned subsidiary which the Group and Wealth & Glory Marine Pte. Ltd. (the "**Wealth & Glory**") has 60% and 40% shareholding interests. Seacon Enterprise Pte. Ltd., declared cash dividend of US$10,388,951 for the six months ended 30 June 2023 to the Group of US$6,233,371 and the non-controlling interests of US$4,155,580 (the "**2023 Dividend**"). As of the date of the Interim Financial Information, Seacon Enterprise Pte. Ltd., has not yet settled 2023 Dividend. During the six months ended 30 June 2022, Seacon Enterprise Pte. Ltd., has declared and settled dividend payable of USD1,942,764 and USD1,295,176 to the Group and its non-controlling interests.

No dividends have been declared or paid by the Company for the six months ended 30 June 2023 (2022: Nil).

11 SUBSEQUENT EVENTS

The Group has contracted with a third party in August 2023 to purchase office building for consideration of RMB224,400,000 and the parking slots for consideration of RMB15,434,400. The office building and parking slots are under construction and expected to be delivered by 2026.

On 29 June 2023, the Group and Wealth & Glory entered into an agreement, pursuant which Wealth & Glory transferred 40% shareholding interests of Seacon Enterprise Pte. Ltd. to the Group with the consideration of US$730,000. The transfer of the shareholding interests has completed on 1 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Company profile

The Company is an integrated shipping services provider headquartered in the PRC. 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.

Financial highlights

Revenue: Revenue amounted to approximately US$119.2 million during the Period, representing a year-on-year decrease of 42.2% from approximately US$206.0 million in the first half of 2022.

Gross profit: Gross profit amounted to approximately US$16.6 million during the Period, representing a year-on-year decrease of 53.8% from approximately US$36.0 million in the first half of 2022.

Adjusted net profit: Adjusted net profit amounted to approximately US$12.7 million during the Period, representing a year-on-year decrease of 65.8% from approximately US$37.1 million in the first half of 2022.

	For the six months ended 30 June	
	2023	2022
	US$ million	*US$ million*
Turnover	**119.2**	206.0
Gross profit	**16.6**	36.0
Adjusted net profit	**12.7**	37.1
Earnings before interest and tax	**16.0**	40.7
Profit per share (US$ per share)	**0.025**	0.095

Business strategy

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. Controlled vessels generally enjoys a higher gross profit and could drive the financial performance of the Group. 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 fact that the management of the Company has a certain degree of foresight in terms of acquisition of vessels, it is able to better grasp the timing of acquisition of vessels and acquire vessels in line with the Company's business development plan at a lower price, which effectively improves the efficiency of the Company's operations and reduces vessel acquisition costs. Over the past few years, the Group has engaged well-established shipyards located in the PRC and Japan to build thirteen new vessels for it, among which, four new vessels were in under-water operation in the first half of 2023 with an additional weight carrying capacity of 321,200 dwt. Another two new vessels are expected to be put into under-water operation in the second half of this year with an additional weight carrying capacity of 98,500 dwt. In addition, the Group also announced the purchase of two general cargo vessels each with a weight carrying capacity of 62,000 dwt, two bulk carriers each with a weight carrying capacity of 42,200 dwt and a general cargo vessel with a weight carrying capacity of 13,500 dwt on 12 April, 25 April and 30 May 2023, respectively, to further optimise and expand its controlled vessel fleet.

Expanding business presence: In order to support business development, the Group will manage to set 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, enabling the Company to meet customers' needs in a comprehensive manner and improve customer acquisition and stickiness of existing customers.

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 optimise its existing operating system and process by adopting digital technologies and implementing advanced information technology systems in its business operations, while seeking diversified financing channels, selecting finance leasing and sale and leaseback in line with the characteristics of the shipping industry, and bank financing at lower interest rates, etc. 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, while at the same time leveraging on chartered-in vessels to maximize operational flexibility at a lower level of capital investment, and refine cost structure to maintain profit margin.

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 2023, the Group controlled a vessel fleet comprising 24 vessels of varying sizes with a combined weight carrying capacity of 1.32 million dwt, representing an increase by 28.2% as compared to that as of 31 December 2022, and has an average vessel age of 7.3 years.

Change in controlled fleet

	For the six months ended 30 June				
	2023		2022		
	Number	**Weight carrying capacity** ***(million dwt)***	Number	Weight carrying capacity *(million dwt)*	Change in weight carrying capacity *(million dwt)*
Capesize	**1**	**0.21**	1	0.21	0.00
Panamax	**5**	**0.42**	2	0.15	0.27
Ultramax	**8**	**0.48**	7	0.41	0.07
Supramax	**5**	**0.09**	6	0.13	(0.04)
Handysize	**3**	**0.10**	4	0.14	(0.04)
Others	**2**	**0.02**	2	0.02	0.00
Total	**24**	**1.32**	22	1.06	0.26

Chartered-in vessel fleet

The Group believes that maintaining a suitable proportion of chartered-in vessels to controlled vessels allows it to maintain a sizeable fleet of vessels whilst limiting its capital commitments its 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. For the six months ended 30 June 2023, the Group entered into over 60 chartered-in vessel engagements with a combined weight carrying capacity of approximately 0.32 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.

In the meantime, the Group also provides daily operations of vessels, technical management, crew management, repair and maintenance, and regulatory management and compliance and other services for shipowners, finance lease companies, shipyards, dry bulk traders, and shipping and logistics companies.

Global network

The Group provides shipping services for customers under time charter, trip-based time charters ("**TCT**"), voyage charters and contract of affreightment, which cover major international dry bulk routes, including, among others, 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, Hong Kong, Singapore, Japan and Greece, covering Shanghai, Zhoushan, Qingdao, Ningbo, Fuzhou, Hong Kong, Singapore, Tokyo, Athens and other cities, with a commitment to providing services in major markets. Meanwhile, in order to support rapid development of its business, the Group is expected to set up subsidiaries or offices in strategic markets such as Germany and the Philippines to further expand its network coverage.

Customer network

The Group accumulated over ten years of rich experience in the industry and has served shipowners, finance and leasing companies, shipbuilders, dry bulk goods traders, and shipping and logistics companies, including leading shipping charterers and global trading multinationals. The Group's customers include generally accepted blue-chip multinationals, such as one of the world's leading dry bulk owners and vessel operators; large multinational conglomerates engaged in the trading of agricultural goods; the world's largest private metals trader; and one of Japan's largest steel traders.

Industry recognition

Relying on its rich industrial and operational experience, the Group is well acclaimed by the market for its services. The Group was awarded the "Most Popular Ship Management Company" and "2021 Best Shipping Company" by China Zhenghe Sailing Awards Organising Committee* (中國鄭和航海風雲榜組委會) in 2018 and 2022, respectively. In 2021, the Group was awarded "2021 Ship Management and Crew Service Excellence Award (2021船舶管理及船員服務卓越獎)" by 2021 International Ship Management (Shanghai) Summit Organising Committee* (2021國際船舶管理 (上海) 高峰論壇組委會), which demonstrated the Group's outstanding service capabilities and wide brand recognition.

Informatization and intelligent development

With the increasing competition in the shipping market, downstream cargo owners continue to improve the operational capacity and efficiency requirements of shipping enterprises, thus the information system construction of shipping enterprises is accelerating, and informatization and intelligence has become a booster to promote the development of the industry.

Through the development of intelligent shipping and management software, the Company can achieve all-round and thorough management of shipping so as to achieve refined management, and through integrated and comprehensive shipping management system, the Company can achieve intelligent management and control and big data analysis of the Company's business strategy through the centralization and integration of information and the application of real-time interactive tools.

ESG strategy

Maritime shipping is a major form of freight transport in international trade, accounting for more than 85% of the world's international trade transportation volume. Its carbon dioxide emissions account for approximately 2% to 3% of the world's total volume, thus playing an important role in environmental protection. In recent years, the Marine Environment Protection Committee (MEPC) of the International Maritime Organization (IMO) has been actively promoting the reduction of greenhouse gas emissions from vessels. In its latest strategy, the MEPC has explicitly called for the upgrading of the energy-efficient design of new vessels in order to reduce the overall carbon emission intensity, with the target of reducing the total annual greenhouse gas emissions of international shipping by 20% to 30% by 2030, and 70% to 80% by 2040 as compared with the levels in 2008.

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

In practice, the Group will endeavour to position itself in advance of the implementation of the shipping emissions requirements under the European Union Emissions Trading System in 2024 by phasing out and renewing its vessel fleet, adopting energy-saving operational measures, making energy-saving technological improvements, and adopting low-emission fuels. The new vessels outperform existing vessels in terms of fuel consumption and carbon emissions. As the Group continues to renew its vessel fleet, it is believed that the Group will have a greater advantage in terms of operating costs after the European carbon tax policy is officially launched.

Financial performance

In the first half of 2023, due to the combined impact of market supply and demand structure, geopolitical situation and other factors, the fundamentals of supply and demand in the shipping market weakened and freight rates fluctuated downwards. The daily average BDI (an index of daily average of charter rates for dry bulk carriers published by The Baltic Exchange Limited, being the main benchmark to reflect the volatile movements of the dry bulk carrier charter rates and of the market charter rates) fell by nearly 50% from the first half of 2022, which in turn dragged the Group's revenue from owned vessels. The decline in the number of chartered-in vessels from the same period of previous year as well as the decline in the market led to a decrease in both the revenue and cost of chartered-in vessels. At the same time, there was a decrease in the number of vessels under ship management services on a lump sum basis, and the Group's revenue from its ship management operations also decreased on a year-on-year basis, resulting in a decrease in the Group's total revenue by 42.2% on a year-on-year basis from approximately US$206.0 million in the first half of 2022 to approximately US$119.2 million during the Period.

As operating costs such as depreciation and crew wages did not decrease in line with the decrease in shipping revenue, coupled with a decrease in revenue contribution from shipbuilding supervision projects and vessel management services charged under a management fee basis during the Period, the Group's gross profit margin for the Period was approximately 14.0%, a decrease by 3.5 percentage points compared to approximately 17.5% in the first of 2022, and as a result, the gross profit for the Period was approximately US$16.6 million, a year-on-year decreased by 53.8% compared to approximately US$36.0 million in the first half of 2022. Coupled with the decrease in investment income during the Period, profit for the Period was approximately US$10.9 million, a year-on-year decrease by 70.0% compared to approximately US$36.2 million in the first half of 2022. Profit attributable to shareholders of the Company (the "**Shareholders**") also decreased from approximately US$35.7 million in the first half of 2022 to approximately US$11.0 million, a year-on-year decrease of 69.1%. Excluding listing expenses, adjusted net profit for the Period was approximately US$12.7 million, a year-on-year decreased by 65.8% compared to approximately US$37.1 million in the first half of 2022.

The Group strives to maintain a strong financial condition in light of the fluctuations in the market condition. As of 30 June 2023, the Group's total assets were approximately US$414.7 million, a year-on-year increase by 44.4% compared to approximately US$287.2 million as of 31 December 2022. Gearing ratio, which is total liabilities dividing by total assets, also maintained at a sound level of approximately 60.6%.

Ship management services segment

Our ship management business segment primarily comprises the provision of ship management services where we provided ship management solutions in respect of seafaring vessels.

Unlike shipping services, ship management operation business is a less capital-driven business. The Group can significantly scale up its business and have access to a wider range of market data and customer network in circumstances of light capital investment to support ship management and the development of shipping services.

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 and liquefied petroleum gas (LPG) ships.

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. The Group has been engaged to provide shipbuilding supervision services for various shipbuilding projects, 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, trailing suction hopper dredgers, wind power installation ships, liquefied natural gas bunkering vessels, passenger ships, etc.

During the Period, segment revenue was approximately US$22.4 million, a year-on-year decrease by 19.9% compared to approximately US$27.9 million in the first half of 2022, as a result of the decrease in the number of vessels under our management where we charged management fees under lump-sum basis which generally commanded higher service fees. Meanwhile, profit before income tax of the segment was approximately US$1.2 million, a year-on-year decrease by 71.4% compared to approximately US$4.3 million in the first half of 2022, as a result of lower profit and higher labour costs and management expenses associated with the decreases in the chartered-in management vessels and vessels sent for crewing business. Profit margin of the segment reached approximately 5.5% for the year (in the first half of 2022: approximately 15.3%).

Shipping services segment

The Group further expanded its income channel in 2017 by extending business offerings to include shipping service and providing shipping services for commodity owners, traders and shipping service companies through its controlled or chartered-in vessels. 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 petrochemical products and molten sulphur through its oil and chemical tankers.

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 period-based time 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 time charter (period-based time charter and trip-based time 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 decline in global trade and shipping service demand, the average daily BDI was approximately 1,157 points, a decrease by approximately 49.2% from approximately 2,279 points in the first half of 2022, and segment revenue was approximately US$96.8 million, a year-on-year decrease by approximately 45.7% from approximately US$178.1 million in the first half of 2022. In particular, revenue from chartered-in vessels was approximately US$51.4 million, a year-on-year decrease by approximately 58.2% from approximately US$122.9 million in the first half of 2022, while revenue from controlled vessels was approximately US$45.4 million, a year-on-year decrease by approximately 17.7% from approximately US$55.2 million in the first half of 2022.

In terms of gross profit, gross profit of shipping services was approximately US$12.3 million in the first half of 2023, a year-on-year decrease by 59.4% compared to approximately US$30.3 million in the first half of 2022. In particular, the gross profit of chartered-in vessels was US$1.0 million, a year-on-year decrease by 93.6% from approximately US$15.7 million, and the gross profit margin in the first half of 2023 was approximately 12.7% (in the first half of 2022: 17.0%). The gross profit of controlled vessels was approximately US$11.3 million, a year-on-year decrease by 22.6% from approximately US$14.6 million in the first half of 2022, and gross margin was approximately 24.8% (in the first half of 2022: 26.5%). Profit before income tax of this segment was approximately US$10.2 million, a year-over-year decrease by approximately 69.5% compared to approximately US$33.5 million in the first half of 2022, while profit margin of the segment for the Period was approximately 10.5% (in the first half of 2022: approximately 18.8%).

In addition, the Group had a relative cost advantage in vessel assets acquisition. Leveraging its solid market position, flexible and efficient operating model, sound financial position and performance, as well as transparent information disclosure, the Group has established close relationships with shipyards over the years, enabling the Group to secure shipbuilding opportunities at a lower cost, so as to reduce its operating costs. The launches of new vessels further enhanced the Group's capacity, which also created opportunities for the replacement of old vessels, thereby bringing additional asset revenues for the Group and improving the overall asset utilisation during the upturn of the industry cycle.

In the first half of 2023, the Group engaged well-established shipyards located in the PRC and Japan respectively to build thirteen new vessels for it to expand its vessel fleet and shipping service capacity. Nine vessels under construction of the Company are panamax or ultramax bulk carriers and general cargo vessels with weight carrying capacities ranging from 13,500 dwt to 85,000 dwt. Four of these vessels have already been launched for operation in the first half of 2023, and another two vessels are expected to be launched for operation in the second half of this year. In addition, the Group made three acquisitions during the Period, including two general dry cargo vessels each with a weight carrying capacity of 62,000 dwt acquired on 12 April 2023 at a total consideration of US$83.2 million, two bulk carriers each with a weight capacity of 42,200 dwt acquired on 25 April 2023 at a total consideration of US$63.4 million and one general carrier with a weight capacity of 13,500 dwt acquired on 30 May 2023 at a consideration of JPY2.3 billion, resulting an additional increase in total weight carrying capacity of 221,900 dwt, and further expanding its controlled vessel fleet.

Market overview

In the first half of 2023, the lack of growth momentum in the global economy, coupled with the gradual recovery of the supply chain after the pandemic era, brought overall pressure on ocean freight rates. Driven by the decline in freight rates for large vessels and weak demand in the dry bulk market, the average daily BDI declined by approximately 49.2% from approximately 2,279 points in the first half of 2022 to approximately 1,157 points for the Period. During the Period, as the impact of the Russia-Ukraine war gradually receded and the market demand for refined oil and its transportation slowed down, coupled with the significant rebound in transportation capacity, the average daily BCTI (the BCTI, the Baltic Clean Tanker Index, being a major basis for charter rates of oil tankers) decreased by approximately 20.7% from approximately 1,044 points in the first half of 2022 to approximately 828 points in the same period of the year.

The market still shows its enthusiasm for new ships manufacturing in spite of rate pressure. Orders for new oil tankers and LGP ships soared for the Period, representing year-on-year increases of 197.7% and 165.7%, respectively, which indicated the market's confidence in medium and long-term demand for energy logistics and the shipping market's increasing concentration driven by the increasing demand from environmental protection and green transformation. According to the research report of Clarksons Research, orders for dry bulk carriers were so gloomy for the Period that orders in the first half of 2023 decreased by 18% on an annual basis, while orders for new dry bulk carriers accounted for 7.4% of the existing vessel fleets and the global dry bulk carriers recorded a moderate net increase of 1.6%. As the European Union will collect discharge fees from ships of over 5,000 tonnes from 2024 onwards, and the IMO has also introduced new regulations on energy efficiency and carbon emission of ships from 1 January 2023, it is expected that a large amount of old ships will be obsolete in the next three to five years, and the market supply and demand will see a complete shift in a hope of supporting the sound rebound of BDI.

The rapid development of professional ship management companies is driven by increasing compliance requirements and shipowners' demand for high value-added services, cost control and operation efficiency improvement. As the largest ship management service company headquartered in China, the Group owns distinct advantages in brand, experience and size, which supports its ship management business growth in the long term.

Prospects

As the Group has been successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Group will utilise the strength of international capital market and expand its controlled vessel fleet and chartered-in vessel fleet and proactively improve its market share and competitiveness. During the Period, four new vessels of the Group were in operation with an increased combined weight carrying capacity of 323,424 dwt as compared with that at the end of 2022. Besides, the Group acquired five vessels in early 2023. As of 30 June 2023, the nine vessels under construction of the Group will provide additional combined weight carrying capacity of 442,800 dwt. It is expected that two, four and three vessels will be delivered in late 2023, 2024 and 2025, respectively. The Company believes that the above initiatives are expected to significantly improve the Group's shipping service ability.

In terms of the overall management of fleets, the Group will implement its environmental, social and corporate governance strategy and eliminate and upgrade fleets in due course. As the EU Council adopted carbon border adjustment mechanism and responded to climate change by tariff, new vessels equipped with carbon emission reduction technologies will better meet the updated international standard. While new vessels enjoy greater advantages in oil consumption and carbon tax expenses, old vessels will be exposed to higher risks of elimination. This will provide broader market space for the Group's new vessels.

Meanwhile, the operation of new vessels will bring more opportunities for replacing old vessels. The Group will be dedicated to capturing cyclical highs and release capital values at market highs to lift its asset return. Thanks to its listing and market position, the Group will develop more diverse financing channels and explore more opportunities such as new financing, joint capitals and joint ventures to cater for the capital demand for new vessels procurement and thus improving the Group's asset efficiency.

In terms of ship management business, the Group will continue to consolidate its market leadership by properly leveraging its roles as the China's largest third-party ship management service provider and the only listed third-party ship management service company to utilize the market 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 by more comprehensive services.

The Group has established operations in Greece and other major shipowner centers. In the second half of this year, the Group will set up other operations in Germany and focus on strategic cities in the European market, so as to strengthen its ship management capability in an all-round way. Moreover, the Group is also looking to establish its presence in Southeast Asian markets such as the Philippines to facilitate the pre-embarkation training process for Filipino seafarers and optimize the deployment of human resources for the Group's ship management services.

Under the multi-pronged development direction, the Group will pursue greater efficiency in execution and strive to create higher value for the Shareholders and other stakeholders.

FINANCIAL REVIEW

Revenue

Our revenue was principally derived from the provision of (i) shipping services; and (ii) ship management services. Our revenue decreased by approximately US$86.8 million or 42.2% from approximately US$206.0 million for the six months ended 30 June 2022 to approximately US$119.2 million for the Period.

Shipping services

Our revenue from shipping services decreased by approximately US$81.3 million or 45.7% from approximately US$178.1 million for the six months ended 30 June 2022 to approximately US$96.8 million for the Period primarily due to a decrease in the global trade and demand for shipping services during the Period and a decrease in the market charter and freight rates during the Period.

Ship management services

Our revenue from ship management services decreased by approximately US$5.5 million or 19.9% from approximately US$27.9 million for the six months ended 30 June 2022 to approximately US$22.4 million for the Period primarily due to a decrease in the number of vessels under our management where we charged management fees under lump-sum basis which generally commanded higher service fees.

Cost of sales

Our cost of sales decreased by approximately US$67.5 million or 39.7% from approximately US$170.0 million for the six months ended 30 June 2022 to approximately US$102.5 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 depreciation expenses as a result of the addition of several controlled vessels during the Period.

Gross profit and gross profit margin

Our gross profit decreased by approximately US$19.4 million or 53.8% from approximately US$36.0 million for the six months ended 30 June 2022 to approximately US$16.6 million for the Period. Our overall gross profit margin decreased from approximately 17.5% for the six months ended 30 June 2022 to approximately 14.0% for the Period. Such decrease was primarily due to a decrease in the global trade and demand for shipping services during the Period and a decrease in the market charter and freight rates during the Period.

Selling, general and administrative expenses

Our selling, general and administrative expenses increased by approximately US$3.4 million or 65.2% from approximately US$5.2 million for the six months ended 30 June 2022 to approximately US$8.6 million for the Period primarily due to the non-recurring listing expenses incurred during the Period in relation to the listing of the shares of the Company on the Stock Exchange in March 2023.

Other gains, net

We recorded other gains of approximately US$6.5 million for the Period as compared to approximately US$5.1 million for the six months ended 30 June 2022 primarily due to the recognition of net gains of approximately US$6.9 million from the disposal of property, plant and equipment during the Period, which was partially offset by foreign exchange losses of approximately US$0.4 million during the Period.

Finance costs

Our finance costs increased by approximately US$1.6 million or 52.1% from approximately US$3.0 million for the six months ended 30 June 2022 to approximately US$4.6 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

We recorded share of net profit of approximately US$1.2 million for the Period as compared to approximately US$5.2 million for the six months ended 30 June 2022 primarily due to a decrease in profitability of several associates of the Company as a result of a decrease in the global trade and demand for shipping services during the Period and a decrease in the market charter and freight rates during the Period.

Profit for the Period

As a result of the foregoing, our profit decreased by approximately US$25.3 million or 70.0% from approximately US$36.2 million for the six months ended 30 June 2022 to approximately US$10.9 million for the Period.

Non-HKFRS measure

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	US$ million	*US$ million*
Profit for the period	**10.9**	36.2
Add: Listing expenses[1]	**1.8**	0.9
Non-HKFRS measure:		
Adjusted net profit for the period	**12.7**	37.1

Note:

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

Indebtedness

As of 30 June 2023, our borrowings and lease liabilities amounted to approximately US$223.0 million in aggregate (as of 31 December 2022: US$144.2 million).

Borrowings

Our total borrowings increased from approximately US$71.4 million as at 31 December 2022 to approximately US$159.8 million as at 30 June 2023 primarily due to the finance leases we entered into in relation to SEACON HAMBURG, SEACON TOKYO, SEACON OSLO, SEACON NOLA and SEACON VANCOUVER during the Period. Our borrowings are denominated in US$, RMB, JPY and SG$.

Pledge of assets

For financing arrangements of our controlled vessels, we generally financed the acquisition or newbuilding of controlled vessels through a mix of internal resources, bank loans and finance lease arrangements. Our 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 2023, property, plant and equipment with the carrying amount of approximately US$201.4 million was pledged to secure borrowings (As at 31 December 2022: approximately US$90.8 million).

Lease liabilities

Our lease liabilities primarily represent the long-term bareboat charters with lease periods of one year or more. Our lease liabilities decreased from approximately US$72.8 million as at 31 December 2022 to approximately US$63.2 million as at 30 June 2023.

Contingent liabilities

As of 30 June 2023, we did not have any material contingent liabilities.

Capital structure

Our total assets increased from approximately US$287.2 million as of 31 December 2022 to approximately US$414.7 million as of 30 June 2023. Our total liabilities increased from approximately US$178.2 million as of 31 December 2022 to approximately US$251.4 million as of 30 June 2023.

Our net debt to equity ratio remained relatively stable, which was approximately 115.1% as of 31 December 2022 and approximately 115.0% as of 30 June 2023. 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 2023 was approximately US$224.6 million (as at 31 December 2022: US$183.0 million), which was mainly related to nine vessels purchase contracts of which the vessels were not yet delivered up to 30 June 2023. Among such nine vessels, the expected delivery date of 2 vessels will be in 2023, 4 vessels will be in 2024 and 3 vessels will be in 2025.

Save as disclosed, we did not have any other material capital commitments as of 31 December 2022 and 30 June 2023.

Liquidity and financial resources

As at 30 June 2023, we recorded net current assets of approximately US$14.8 million compared to approximately US$1.1 million as at 31 December 2022. Our current ratio (namely current assets as of relevant dates divided by current liabilities) increased from 1.0 as of 31 December 2022 to 1.2 as of 30 June 2023.

As at 30 June 2023, our cash and cash equivalents amounted to approximately US$35.3 million and our cash and cash equivalents amounted to approximately US$20.2 million as at 31 December 2022. Our cash and cash equivalents are denominated in US$, RMB, JPY, SG$ 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

On 29 June 2023, the Group entered into an agreement with Wealth & Glory Marine Pte. Ltd., pursuant to which Wealth & Glory transferred 40% shareholding interest in Seacon Enterprise Pte. Ltd. to the Group for the consideration of USD730,000. Such transfer was completed on 1 August 2023. Details of the transaction have been disclosed in the Company's announcement dated 28 August 2023.

Save as disclosed, we did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group acquired five vessels in early 2023. As of 30 June 2023, there were nine vessels under construction for the Group. It is expected that two, four and three vessels will be delivered in late 2023, 2024 and 2025, respectively. Details of five material shipbuilding contracts entered into by the Group during the Period have been disclosed in the Company's announcements dated 12 April 2023, 25 April 2023 and 30 May 2023, respectively, and the Company's two circulars dated 24 May 2023.

Save as disclosed, we did not have any other material investment or capital assets during the Period. In addition, we 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, we do not currently have any other plans for significant investment or capital assets. However, we will continue to seek for new opportunities for business development.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 29 June 2023, the Group entered into an agreement with Wealth & Glory, pursuant to which Wealth & Glory transferred 40% shareholding interest in Seacon Enterprise Pte. Ltd. to the Group for the consideration of USD730,000. Such transfer was completed on 1 August 2023. Details of the transaction have been disclosed in the Company's announcement dated 28 August 2023.

On 11 August 2023, the Company and Shanghai Lingang Xinpianqu Jingang Shengyuan Real Estate Co., Ltd.* (上海臨港新片區金港盛元置業有限公司) ("**Shanghai Lingang**") entered into the framework agreement and the supplemental agreements in respect of the sale and purchase of (1) an office building under construction and located at Office Building U2, Plot 01-01, Unit PDC1-0105、PDC1-0202, Lingang Special Area of China (Shanghai) Pilot Free Trade Zone (中國(上海)自由貿易試驗區臨港新片區PDC1-0105、PDC1-0202單元01-01地塊U2棟辦公樓) with a planned construction area of approximately 6,800 square metres (the "**Office Building**") and (2) underground parking slots corresponding to the Office Building (together with the Office Building, the "**Properties**"), pursuant to which the Company agreed to purchase and Shanghai Lingang agreed to sell the Properties for an aggregate consideration of RMB239,834,400. Details of the transaction have been disclosed in the Company's announcement dated 11 August 2023.

Save as disclosed, there was no other significant event since 30 June 2023 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)*[(1)]	**Unutilised Net Proceeds as of the date of this announcement (approximately)** *(HK$ in million)*	**Expected timeline of utilisation of the remaining Net Proceeds**
• Expand and optimize the Company's vessel fleet.					
— Expand and optimize the Company's controlled vessels fleet	57.0	190.3	190.3	0	By the end of 2023
— 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	0	66.8	By the end of 2023
• (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 Company's current ship management operations in Qingdao, Ningbo and Fuzhou.	10.0	33.4	6.6	26.8	By the end of 2025
• Adopt digital technologies and implement advanced information technology in the Company's business operations.	3.0	10.0	0.9	9.1	By the end of 2024
• General working capital and other general corporate purpose.	10.0	33.4	33.4	0	By the end of 2025
Total	100	333.8	231.2	102.7	—

Note:

(1) Using USD/HK$ exchange rate as of 30 June 2023.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the date of listing (i.e. 29 March 2023) to 30 June 2023.

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 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the basis for the corporate governance practices of the Company. From the date of listing (i.e. 29 March 2023) to 30 June 2023, the Company has 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 we 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 10 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 from the date of listing (i.e. 29 March 2023) up to the date of this announcement.

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 2023

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*